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

FORM 10-K

(Mark One)

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

**For the fiscal year ended December 31, 2022
OR**

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

**For the transition period from to
Commission File Number 001-40406**

ZIPRECRUITER, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

27-2976158
(I.R.S. Employer
Identification Number)

ZipRecruiter, Inc.
604 Arizona Avenue
Santa Monica, CA 90401
(Address of principal executive office, including zip code)

(877) 252-1062
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Class A common stock, \$0.00001 par value per share	ZIP	New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act: None.

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

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

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

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

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

Large accelerated filer ☒
Non-accelerated filer ☐

Accelerated filer ☐
Smaller reporting company ☐
Emerging growth company ☐

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

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

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

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

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

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The aggregate market value of voting stock held by non-affiliates of the registrant, as of June 30, 2022, the last day of the registrant's most recently completed second fiscal quarter, was \$1.1 billion (based on the closing price for the shares of the registrant's common stock as reported by the New York Stock Exchange on June 30, 2022). Shares of common stock held by each executive officer, director, and holder of 5% or more of the outstanding common stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

The registrant had 74,825,822 shares of Class A common stock outstanding and 30,183,316 shares of Class B common stock outstanding as of February 17, 2023.

DOCUMENTS INCORPORATED BY REFERENCE

Information required in response to Part III of Form 10-K (Items 10, 11, 12, 13 and 14) is hereby incorporated by reference to portions of the Registrant's Proxy Statement for the Annual Meeting of Stockholders to be held in 2023. The Proxy Statement will be filed by the Registrant with the Securities and Exchange Commission no later than 120 days after the end of the Registrant's fiscal year ended December 31, 2022.

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NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements. All statements contained in this Annual Report on Form 10-K other than statements of historical fact, including statements regarding our future operating results and financial position, our business strategy and plans, market growth, and our objectives for future operations, are forward-looking statements. The words “believe,” “may,” “will,” “estimate,” “potential,” “continue,” “anticipate,” “intend,” “expect,” “could,” “would,” “project,” “plan,” “target,” and similar expressions are intended to identify forward-looking statements.

Forward-looking statements contained in this Annual Report on Form 10-K include, but are not limited to, statements about:

- our future financial performance, including our expectations regarding our revenue, cost of revenue, gross profit, operating expenses including changes in research and development, sales and marketing, and general and administrative expenses (including any components of the foregoing), and our ability to achieve and/or maintain future profitability;
- effects of a variety of macroeconomic factors that affect our business, the employment market, and the economy in general, including inflationary pressures, a higher interest rate environment, increasing borrowing costs and the ongoing impacts of the COVID-19 pandemic;
- our business plan and our ability to effectively manage our growth;
- our ability to compete with well-established competitors and new entrants;
- our ability to enhance our marketplace and introduce new and improved offerings;
- our ability to increase the number of employers and job seekers in our marketplace;
- our ability to strengthen our technology that underpins our marketplace;
- our ability to attract and retain qualified employees and key personnel;
- our ability to execute our strategy;
- beliefs and objectives for future operations;
- the effects of seasonal trends on our results of operations;
- our ability to expand to new markets;
- our ability to maintain, protect, and enhance our brand and intellectual property;
- our ability to stay in compliance with laws and regulations that currently apply or become applicable to our business;
- economic and industry trends, projected growth, or trend analysis; and
- increased expenses associated with being a public company.

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

We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties, and assumptions, including those described in the section titled “Risk Factors.” Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management

to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties, and assumptions, the future events and trends discussed in this Annual Report on Form 10-K may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. The events and circumstances reflected in the forward-looking statements may not be achieved or occur. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, performance, or achievements. We undertake no obligation to update any of these forward-looking statements for any reason after the date of this Annual Report on Form 10-K or to conform these statements to actual results or revised expectations, except as required by law.

You should read this Annual Report on Form 10-K with the understanding that our actual future results, performance, and events and circumstances may be materially different from what we expect.

As used herein, “ZipRecruiter,” “the Company,” “we,” “us,” “our,” and similar terms include ZipRecruiter, Inc. and its subsidiaries, unless the context indicates otherwise.

SUMMARY OF RISK FACTORS

Our business is subject to numerous risks and uncertainties, including those highlighted in the section titled “Risk Factors” later in this Annual Report on Form 10-K. These risks include, but are not limited to, the following:

- We face intense competition and could lose market share to our competitors, which could adversely affect our business, operating results, and financial condition.
- Our business is significantly affected by fluctuations in general economic conditions. There is risk that any economic recovery may be delayed, short-lived and and/or uneven, and may not result in increased demand for our services.
- Our marketplace functions on software that is highly technical and complex and if it fails to perform properly, our reputation could be adversely affected, our market share could decline and we could be subject to liability claims.
- Our future success depends in part on employers purchasing and renewing or upgrading subscriptions and performance-based services from us. Any decline in our user renewals or upgrades or performance-based services could harm our future operating results.
- We have experienced growth in recent periods and expect to continue to invest in our growth for the foreseeable future. If we cannot manage our growth effectively, our business, operating results, and financial condition could be adversely affected.
- Significant segments of the market for job advertisement services may have hiring needs and service preferences that are subject to greater volatility than the overall economy.
- Our efforts and ability to sell to a broad mix of businesses could adversely affect our operating results in a given period.
- Our business depends largely on our ability to attract and retain talented employees, including senior management and key personnel. If we lose the services of Ian Siegel, our Chief Executive Officer, or other members of our senior management team, we may not be able to execute on our business strategy.

- If internet search engines' methodologies or other channels that we use to direct traffic to our website are modified to our disadvantage, or our search result page rankings decline for other reasons, our user growth could decline.
- Our quarterly results may fluctuate significantly and may not fully reflect the underlying performance of our business, which makes our future results difficult to predict.
- Our success depends on our ability to maintain the value and reputation of the ZipRecruiter brand.
- Our indebtedness could adversely affect our liquidity and financial condition.
- Market volatility may affect the value of an investment in our Class A common stock and could subject us to litigation.
- The dual class structure of our common stock concentrates voting control with those stockholders who held our capital stock prior to our listing, including our directors, executive officers, and 5% stockholders. This ownership will limit or preclude your ability to influence corporate matters, including the election of directors and the approval of any change of control transaction.

Part I

Item 1. Business

Overview

The job market remains painfully inefficient. Job seekers are required to navigate on their own in order to find the right jobs to apply to, usually across multiple sites and without effective tools for monitoring new opportunities. Employers in turn are overwhelmed by the complexity of modern recruiting given the abundance of job boards, search engines, and social networks to source talent from. Neither side is an expert at their role. Neither side enjoys the process.

ZipRecruiter is a two-sided marketplace for work that simplifies the job market for both job seekers and employers. Unlike traditional online job sites, ZipRecruiter works like a matchmaker curating job opportunities for job seekers, and candidates for employers.

Our Mission. *To actively connect people to their next great opportunity.*

Creating Value for Job Seekers. For job seekers across all industries and levels of seniority, we operate like a dedicated recruiter. That means presenting strong fit job opportunities, proactively pitching potential candidates to employers and providing job seekers with updates on the status of their applications and guidance on how to get more attention from potential employers. This makes job seekers feel supported while searching for work.

Creating Value for Employers. For employers, we focus on building technology to rapidly deliver quality candidates to companies of all sizes and across all industries. Our algorithms alert strong-fit job seekers in our marketplace when a job is posted. We also present high quality candidates to employers whom we believe will be a Great Match for their jobs, and allow these employers to invite those candidates to apply.

Unique Data and Artificial Intelligence Provide Better Outcomes for Employers and Job Seekers. With a relevant data pipeline created from billions of interactions between job seekers and employers, we are uniquely positioned to harness that data to fuel the advanced artificial intelligence behind our matching, recommendation and marketplace optimization capabilities. Through our deep learning-based natural language processing, we understand job seekers' and employers' nuanced needs. We analyze clicks, applications, hiring signals and numerous other interactions to improve outcomes for all participants in our marketplace. Our advanced technology stack processes the data generated by our highly engaged user base to continuously improve our matching.

Accelerating Network Effects. Increasing the number of jobs in our marketplace attracts more job seekers. A greater number of job seekers attracts more employers who in turn post more job opportunities in our marketplace. These natural, self-perpetuating network effects increase our data and thereby accelerate the rate at which our matching technology gets smarter over time.

Compelling Financial Results. The combination of the scale on both sides of our marketplace, our efficient go-to-market strategy and intelligent use of technology has resulted in compelling financial results. For the year ended December 31, 2022, our revenue was \$904.6 million and we generated net income of \$61.5 million and Adjusted EBITDA of \$184.9 million. For the year ended December 31, 2021, our revenue was \$741.1 million and we generated net income of \$3.6 million and Adjusted EBITDA of \$108.3 million. Adjusted EBITDA is a financial measure not presented in accordance with generally accepted accounting principles, or GAAP. For a definition of Adjusted EBITDA, an explanation of our management's use of this measure, and a reconciliation of net income to Adjusted EBITDA, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Operating Metrics and Non-GAAP Financial Measures."

What We Do

We enable work by connecting job seekers and employers in our marketplace.

How We Work for Employers

Our technology delivers high-quality matches to our employers immediately after a job goes live and provides tools to streamline the candidate selection process.

Quality Candidates Fast

- ***Instant alerts to qualified potential candidates.*** When employers post a job, ZipRecruiter's matching technology immediately identifies and sends an alert to strong-fit job seekers in our marketplace.
- ***Direct recruitment messages from the employer.*** Immediately after a job is posted, ZipRecruiter's matching technology presents the employer with a list of the best potential candidates in the market. The employer can then, with a single click, personally invite the most qualified potential candidates to apply. These recruitment messages directly from the employer drive the highest rated candidates ever delivered through ZipRecruiter.
- ***Matching that learns.*** When an employer gives an applicant a "thumbs up" rating, our technology searches for other job seekers with similar profiles to that candidate and proactively encourages them to apply. Our matching will continue to improve over time as we collect more data and our technology applies the learnings embedded in the data.
- ***Job distribution.*** Jobs posted on ZipRecruiter are distributed to well over 1,000 sites managed by our Job Distribution Partners. Job Distribution Partners are third-party sites who have a relationship with us and advertise jobs from our marketplace, and include job boards, newspaper classifieds, search engines, social networks, talent communities and resume services. The diversity and depth of our partner network enables employers to reach an especially broad job seeker audience.
- ***Access to an expansive database of job seekers.*** We provide employers the ability to search through our database of job seekers who have broad skill sets and a range of experiences.

Efficient Candidate Vetting

- ***All the applicants in one place.*** For employers who do not already have an established process to manage hiring, job applicants are captured inside the ZipRecruiter Applicant Tracking System, or ATS. Our ATS centralizes and simplifies the decision-making process. Inside this system, hiring teams can review, rate, manage the status of, and ultimately decide which candidate to hire. For employers already using certain third-party ATSs, we seamlessly populate candidates into their existing workflow.
- ***Great Matches.*** Our technology labels candidates identified as a Great Match to help hiring managers avoid missing high quality candidates.
- ***In-demand candidate alerts.*** We apply an "Act Fast!" label to notify employers when their candidates have received interest from other employers, encouraging them to reach out quickly. In a tight, competitive market for top-quality talent, these notifications prompt hiring managers to move quickly to avoid losing out on a potentially great hire.

Flexible Pricing

- ***Flexible pricing based on customer needs.*** We provide a variety of pricing plans to best suit an employer's specific needs, including flat rate pricing on terms typically ranging from a day to a

year, as well as performance-based pricing for employers that run sophisticated recruitment marketing campaigns.

How We Work for Job Seekers

For job seekers, we make finding work easier.

Process Efficiency

- **Search millions of jobs in one place.** ZipRecruiter provides job seekers with access to millions of jobs from all over the internet. Job seekers can filter this vast array of opportunities by using numerous criteria to find the handful of best potential matches on our website or in our mobile app.
- **Simple, one-click applications.** On ZipRecruiter, job seekers create a profile and can then apply for certain opportunities with a single click. Our one-click application technology works across both our marketplace and certain Job Distribution Partners to remove barriers between a job seeker and their next opportunity. This is particularly useful for job seekers on mobile devices where a resume can't be easily created or uploaded.
- **Job application tracking.** Job seekers typically apply to numerous opportunities throughout the course of their search. Our simple, user-friendly dashboard aggregates their application history so job seekers can track opportunities they have reviewed or applied to.

Personalized Recruiter Assistance

- **"Phil," your personal (automated) recruiter.** Our automated recruiter "Phil" welcomes job seekers to our marketplace and engages with them throughout their onboarding and job seeking journeys. Through Phil, job seekers are presented with curated opportunities for which they might be a Great Match. Phil provides positive, personalized messages to candidates, inviting them to apply for new open positions. Through repeated interaction throughout the ZipRecruiter job seeker experience, Phil learns about each job seeker and is able to deliver better matches and recommendations.
- **Pitched to employers as a potential candidate.** After a new job is posted, ZipRecruiter's matching technology immediately presents strong-fit in-market job seekers to the employer for consideration. Employers can then directly invite the job seekers they like best to apply. Candidates receive inbound requests from interested employers before applying or even actively searching. While job seekers typically do not like the process of applying to jobs, the feeling of affirmation from being recruited to a particular job drives greater engagement.
- **Job alerts.** ZipRecruiter delivers a digest of relevant new opportunities from across the web on a frequent basis, enabling job seekers to monitor the full breadth of our marketplace offerings.
- **Application updates.** Our technology notifies job seekers when an employer either views their application or gives them a "thumbs up" rating. This addresses the #1 complaint we hear from job seekers: applying to a job and then hearing nothing back.

Our Strengths

Our core competitive advantages that have been critical to our success include:

- **Large and unique set of jobs.** Our technology brings jobs listed directly in our marketplace as well as those from our Job Acquisition Partners together. Job Acquisition Partners are third-party sites and ATs who have a relationship with us and from whom we receive jobs for our marketplace. ZipRecruiter was the original source for millions of these jobs in 2022, which means a job seeker's search is incomplete unless they access our marketplace.
- **Engaged job seeker community.** Over 42 million Active Job Seekers¹ engaged in the ZipRecruiter marketplace in 2022. Those job seekers come to us directly and through our network of sites managed by our Job Distribution Partners.
- **Powerful artificial intelligence powered technology.** Our technology captures insights from billions of user interactions facilitated by our marketplace, driving meaningful increases in the quality of matches we can enable over time. We do this by leveraging our software to ingest and analyze candidate behavior, including resume data, searches, and certifications, to find the most relevant jobs for each candidate on the ZipRecruiter network.
- **Designed for simplicity and speed.** We thrive on taking unnecessarily complex processes and simplifying them. This product design philosophy permeates our entire company. We focus on continually making ZipRecruiter faster and simpler for employers and job seekers to use.
- **Metrics-driven culture.** We are a metrics and data-driven company. We are disciplined about setting quantitative operating goals and then finding innovative ways to achieve those goals.
- **Powerful network effects.** The scale of matching activity in our marketplace provides us with a unique and growing data set consisting of billions of signals which help drive superior matching. More jobs, more job seekers and better matching technology over time create more high-velocity hiring activity in our marketplace, fueling a self-perpetuating cycle of network effects.
- **Our brand.** Since our founding, we have invested to build the ZipRecruiter brand to over 80% aided brand awareness among U.S. employers and job seekers.

Our Competition

Hiring is a vast, competitive, and highly fragmented market. We compete in varying degrees with other online job sites including CareerBuilder, Craigslist, Glassdoor, Indeed, LinkedIn, Monster and hundreds of others.

Competition for Employers

Employers have a range of options when posting job opportunities. We compete to attract and retain employers to advertise their jobs in our marketplace. We compete for employers based on several factors including the pricing and features of our offerings, the speed of receiving great candidates, the size of our job seeker community, the simplicity of our user experience, and our trusted brand. We believe that our employers are able to cost-effectively attract the right job seekers in our marketplace compared to other online recruiting sites due to the combination of the strength of our job seeker community and our proven matching technology that continues to get smarter over time.

¹ "Active Job Seeker" means a job seeker who, within a specified period, takes one or more of the following actions: (1) makes at least one visit to a ZipRecruiter-hosted site, (2) launches a ZipRecruiter job seeker iOS mobile application, or (3) opens a ZipRecruiter-hosted engagement email. For purposes of counting Active Job Seekers, we count only unique users who are registered with ZipRecruiter as job seekers and who have previously visited a ZipRecruiter-hosted site at least once. Activity by users not registered with ZipRecruiter, registered users who are logged out of their job seeker account, or users who have opened an email alert generated by sign-ups with a ZipRecruiter partner will not contribute toward the Active Job Seeker metric.

Competition for Job Seekers

Job seekers have a variety of choices when searching for their next great job opportunity. We compete for job seekers on many fronts, including our ability to surface unique and attractive jobs, our ability to simplify the search process, the transparent feedback job seekers receive on the status of their applications, and our trusted brand. Our marketplace is free to job seekers. We believe our offering to job seekers compares favorably to alternatives due to the combination of our large and unique pool of job opportunities, and the personalized job seeker experience facilitated by our AI-powered personal recruiter named Phil.

Our Employees and Human Capital Resources

As of December 31, 2022, we employed over 1,400 individuals across the United States, the United Kingdom, Canada and Israel. We also engage independent contractors and consultants. We have efficiently operated and adapted as a remote and hybrid workforce since the beginning of 2020; however, we maintain office spaces for in-person work in Santa Monica, California, Palo Alto, California, Phoenix, Arizona, the United Kingdom, and Tel Aviv, Israel. Collectively, we view the team at ZipRecruiter as our greatest asset, and we take great pride in having been recognized by companies such as Comparably and Newsweek for various awards including “Best Company Culture”, “Best Place to Work,” and “Newsweek’s Top 100 Most Loved Workplaces” to name a few.

Several aspects of how we operate our business have been critical to building our team:

- **We use ZipRecruiter.** We utilize the power of the marketplace we have built to connect to our next great employees.
- **We foster an entrepreneurial culture of safety and innovation.** We believe a safe, professional environment empowers people to take risks and be their best selves. Our employees are encouraged to champion great ideas, embrace innovative approaches and use data to advocate for their point of view.
- **We embrace diversity, equity & inclusion, or DE&I:** We believe our company is strengthened by a culture that embraces diversity and inclusion. We create a safe space for all employees to feel heard, included and like they belong. Our employee-led and executive-sponsored Employee Resource Groups are highly active and create communities for employees to engage in. Our commitment to diversity, equity and inclusion is aligned with our mission to actively connect people from all backgrounds to their next opportunity.
- **We reward high performance.** We focus on attracting and retaining results-oriented employees who are passionate about our mission. We use a variety of compensation tools to recruit, retain and reward employees whose achievements exceed our high expectations.
- **We are committed to our employees’ career development.** We invest in our people so that ZipRecruiter is not just a great place to work, but also a great place to advance and grow a rewarding career. Over 66% of our leadership positions are held by people who grew internally at ZipRecruiter, demonstrating our dedication to fostering a culture of professional growth and development.

Our Technology

Our research and development efforts are focused on delivering great products through data driven systems, machine learning technology, and robust infrastructure to ensure that our marketplace is sophisticated, low latency, resilient, and available to our users at all times.

Our research and development organization is built around small, cross-functional development teams. These development teams foster greater agility, which enables us to develop new, innovative product features as well as iterate quickly on new capabilities and optimizations. Our development teams design, build and continue to expand our ATS, mobile apps, data processing and analysis pipelines, marketplace functionality, search and matching, email and messaging, and third-party product integrations as well as the software infrastructure that supports best practices such as high frequency deployment, orchestrating containers, and leveraging open-source technologies. Our systems are currently operated entirely on cloud services.

We have engineers, product managers and data scientists all over the United States and in Tel Aviv, Israel. We intend to continue to invest in our technology capabilities as we further build out a category-defining marketplace for job seekers and employers.

Regulatory Matters

We are subject to many varying laws and regulations in the United States, Canada, the European Union, the United Kingdom and throughout the world, including those related to privacy, data protection, content regulation, intellectual property, consumer protection, e-commerce, marketing, advertising, messaging, rights of publicity, health and safety, employment and labor, product liability, accessibility, competition, and taxation. These laws and regulations are constantly evolving and may be interpreted, applied, created, or amended in a manner that could harm or require us to change our current or future business and operations. In addition, it is possible that certain governments may seek to block or limit our products and services or otherwise impose other restrictions that may affect the accessibility or usability of any or all of our products and services for an extended period of time or indefinitely.

Data Privacy and Security Laws

We are subject to various federal, state and international laws and regulations relating to the privacy and security of consumer, customer and employee personal information. These laws often require companies to implement specific information security controls to protect certain types of data (such as personal data, "special categories of personal data" or health data), and/or impose specific requirements relating to the collection or processing of such data.

In the United States, the Federal Trade Commission, or the FTC, the Department of Commerce, and various states continue to call for greater regulation of the collection of personal data, as well as restrictions for certain targeted advertising practices. Section 5(a) of the FTC Act empowers the agency to enforce against "unfair or deceptive acts or practices in or affecting commerce," and the FTC has used this authority extensively to hold businesses to fair and transparent privacy and security standards. Numerous states have also enacted or are proposing legislation to enact state-level data privacy laws and regulations governing the collection, use, and processing of state residents' personal information. For example, the California Consumer Privacy Act, or CCPA, came into force in California in 2020. The CCPA established a new privacy framework for covered businesses such as ours, created new privacy rights for consumers residing in the state, and required us to modify our data processing practices and policies and incur compliance related costs and expenses. The California Privacy Rights and Enforcement Act of 2020, or CPRA, which took effect January 1, 2023, further expanded the CCPA with additional data privacy compliance requirements and rights for California consumers, and established a new regulatory agency dedicated to enforcing those requirements. Comprehensive privacy legislation has also been enacted in four other states and imposes similar compliance obligations. These laws are the Virginia Consumer Data Protection Act of 2021, or VCDPA, which went into effect on January 1, 2023, the Colorado Privacy Act, or CPA, and Connecticut Data Privacy Act, or CTDPA, which will each go into effect on July 1, 2023, and the Utah Consumer Privacy Act, or UCPA, which will go into effect on December 1, 2023. Each of these laws creates new privacy rights for consumers residing in those states and new obligations for businesses operating in those states, including obligations relating to data minimization, processing of sensitive information, and targeted advertising practices. In the United States, several data privacy proposals (including proposed comprehensive legislation) are pending before federal and state legislative and regulatory bodies, which may impose additional obligations and restrictions.

In Canada, the federal Personal Information Protection and Electronic Documents Act, or PIPEDA, sets forth ten principles that are designed to protect the personal information of individuals in Canada, and places obligations on companies that process personal information. PIPEDA applies to organizations that collect, use or disclose personal information in the course of commercial activities, where such activities take place within a Canadian province that does not otherwise have “substantially similar” legislation. Alberta, British Columbia and Québec are the only provinces that have enacted comprehensive private sector privacy statutes that have each been deemed “substantially similar” to PIPEDA. As such, PIPEDA will not apply to commercial organizations operating within Alberta, British Columbia and Québec, although the data protection obligations throughout Canada are substantially the same.

In the European Union, the General Data Protection Regulation, or the GDPR, became effective on May 25, 2018. The GDPR created a single legal framework in relation to the collection, control, processing, sharing, disclosure and other use of data relating to an identifiable living individual that applies across all EU member states. However, the GDPR allows for derogations where EU member states can deviate from the requirements in their own legislation, including for example, introducing measures that apply in specific situations and implementing rules regarding legal basis of processing. It is therefore likely that we will need to comply with these local regulations in addition to the GDPR, where we operate or provide services in those EU member state jurisdictions. Local supervisory authorities are able to impose fines for non-compliance and have the power to carry out audits, require companies to cease or change processing, request information, and obtain access to premises. The GDPR created more stringent operational requirements for processors and controllers of personal data, including, for example, granting new rights for data subjects as well as enhancing existing rights, requiring enhanced disclosures to data subjects about how personal data is processed (including information about the profiling of individuals and automated individual decision-making), records of processing activities, limiting retention periods of personal data, requiring mandatory data breach notification to data protection regulators or supervisory authorities (and in certain cases, to the affected individuals), and requiring additional policies and procedures to comply with the accountability principle under the GDPR.

In the United Kingdom, the UK Data Protection Act 2018, is the UK’s implementation of the GDPR, which also became effective on May 25, 2018. However, the UK left the EU on January 31, 2020 and entered a transition period, which ended on December 31, 2020. As a result of Brexit, we now have compliance obligations under the EU’s GDPR and the UK’s GDPR. The European Commission adopted a decision on the UK’s adequacy under the GDPR in June 2021, meaning that most data can continue to flow from the European Economic Area, or EEA, to the UK without the need for additional safeguards. In 2023, the UK government may turn its focus back to data protection reform to make further modifications to the UK GDPR.

In any event, we are subject to laws, rules, and regulations regarding cross-border transfers of personal data, including laws relating to the transfer of personal data outside the EEA and the UK. Recent legal developments in the EEA and the UK have created complexity and uncertainty regarding transfers of personal information from the EEA and the UK to “third countries,” especially the United States. For example, in July 2020, the Court of Justice of the European Union, or CJEU, invalidated the EU-U.S. Privacy Shield Framework (a mechanism for the transfer of personal information from the EEA to the United States). The CJEU also made clear that reliance on standard contractual clauses (another mechanism for the transfer of personal data outside the EEA) alone may not be sufficient in all circumstances. We currently rely on standard contractual clauses and these changes, coupled with additional enforcement on data transfers by EU data protection authorities, are therefore continuing to require us to review and update our current compliance approach (including review of new and existing data processors and subprocessors), and may result in additional compliance costs or the inability to transfer personal data outside of the EEA and/or the United Kingdom. For example, the UK’s Information Commissioner’s Office published new standard contractual clauses for cross-border transfers of UK personal data under the UK GDPR. This new documentation was mandatory for relevant data transfers

beginning September 21, 2022, and existing standard contractual clauses arrangements for UK data transfers entered into prior to that date must be migrated to the new documentation by March 21, 2024.

We are also subject to evolving EU and UK privacy laws on cookies and e-marketing. In the EU and the UK, regulators are increasingly focusing on compliance with requirements in the digital advertising ecosystem. In addition, the current national laws that implement the e-Privacy Directive are highly likely to be replaced by an EU regulation known as the e-Privacy Regulation, which will significantly increase fines for non-compliance. The text of the e-Privacy Regulation is still under development, and recent EU regulatory guidance and court decisions have created uncertainty about the level to which such laws and regulations will be enforced, which may require us to review our compliance approach and increase compliance costs. Informed consent is required for the placement of a cookie or similar technologies on a user's device and for direct electronic marketing. The GDPR also imposes conditions on obtaining valid consent, such as a prohibition on pre-checked consents and a requirement to ensure separate consents are sought for each type of cookie or similar technology.

Similarly, other jurisdictions are instituting privacy and data security laws, rules, and regulations, or may do so in the future, which could increase our risk and compliance costs.

Seasonality

For a discussion of the seasonality of our business, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting our Performance—Seasonality."

Intellectual Property

We rely on a combination of trademarks and trade secrets, as well as contractual provisions and restrictions, to protect our intellectual property.

As of December 31, 2022, we owned three U.S. and 20 international trademark registrations for the mark ZIPRECRUITER. We also own one pending trademark application, and numerous domain names, including www.ziprecruiter.com.

We rely primarily on trade secrets and confidential information to develop and maintain our competitive position. We seek to protect our trade secrets and confidential information through a variety of methods, including confidentiality agreements with employees, third parties, and others who may have access to our proprietary information. We also require employees to sign invention assignment agreements with respect to inventions arising from their employment, and strictly control access to our proprietary technology.

Corporate Information

We were incorporated in 2010 as ZipRecruiter, Inc., a Delaware corporation. Our website address is www.ziprecruiter.com. The information contained on, or that can be accessed through, our website is not incorporated by reference into, and is not a part of, this Annual Report on Form 10-K or any other report or document we file with the Securities and Exchange Commission, or SEC.

Available Information

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and other filings with the SEC, and all amendments to these filings, can be obtained free of charge from our website at www.ziprecruiter-investors.com/financials/sec-filings. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at www.sec.gov. We also use our Investor Relations page on our website at www.ziprecruiter.com, press releases, public conference calls, public webcasts, Twitter feed (@ZipRecruiter), Facebook page, and LinkedIn page as means of disclosing material information and for complying with our disclosure obligations under Regulation FD. The information contained on, or that can

be accessed through, any website reference herein is not incorporated by reference into, and is not a part of, this Annual Report on Form 10-K, and the inclusion of such website addresses is as inactive textual references only.

Item 1A. Risk Factors

Investing in our Class A common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K, before making a decision to invest in our Class A common stock. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of or that we deem immaterial may also become important factors that adversely affect our business. If any of the following risks occur, our business, financial condition, operating results, and future prospects could be materially and adversely affected. In that event, the price of our Class A common stock could decline, and you could lose part or all of your investment.

Risk Related to Our Business

Operational Risks

We face intense competition and could lose market share to our competitors, which could adversely affect our business, operating results, and financial condition.

We face intense competition from many well-established online job sites such as CareerBuilder, Craigslist, Glassdoor, Indeed, LinkedIn and Monster as well as from newer entrants such as Google or Facebook. Many of our existing and potential competitors are considerably larger or more established than we are and have larger workforces and more substantial marketing and financial resources. Price competition for job marketplaces such as ours is likely to remain high, which could limit our ability to maintain or increase our market share, subscriber base, revenue and/or profitability.

Many of our larger competitors have long-standing relationships or access to employers, including our Paid Employers², as well as those whom we may wish to pursue. Some employers may be hesitant to use a new platform and prefer to upgrade products offered by these incumbent platforms for reasons that include price, quality, sophistication, familiarity, and global presence. These platforms could offer competing products on a standalone basis at a low price or bundled as part of a larger product sale.

Many of our competitors are able to devote greater resources to the development, promotion, sale, and support of their products and services. Furthermore, our current or potential competitors may be acquired by third parties with greater available resources and the ability to initiate or withstand substantial price competition. Our competitors may also establish cooperative relationships among themselves or with third parties to enhance their product offerings or resources. If our competitors' products, platforms, services or technologies maintain or achieve greater market acceptance than ours, if they are successful in bringing their products or services to market earlier than ours, or if their products, platforms or services are more technologically capable than ours, then our revenue could be adversely affected. Also, some of our competitors may offer their products and services at a lower price. If we cannot optimize pricing, our operating results may be negatively affected. Pricing pressures and increased competition could result in reduced sales, reduced margins, losses or a failure to maintain or improve our competitive market position, any of which could adversely affect our business.

The number of employers distributing their job posting service purchases among a broader group of competitors may increase which may make it more difficult to retain or maintain our current share of

² "Paid Employer(s)" means any employer(s) (or entities acting on behalf of an employer) on a paying subscription plan or performance marketing campaign for at least one day. Paid Employer(s) excludes employers from our Job Distribution Partners or other indirect channels, employers who are not actively searching for candidates, but otherwise have access to previously posted jobs, and employers on free trial.

business with existing Paid Employers. We also face the risk that employers may decide to provide similar services internally or reduce or redirect their efforts to recruit job seekers through online job advertisements. As a result, there can be no assurance that we will not encounter increased competition in the future.

Our business is significantly affected by fluctuations in general economic conditions. There is risk that any economic recovery may be delayed, short-lived and/or uneven, and may not result in increased demand for our services.

Our business depends on the overall demand for labor and on the economic health of current and prospective employers and job seekers that use our marketplace. Demand for recruiting and hiring services is significantly affected by the general level of economic activity and employment in the United States and the other countries in which we operate. Any significant weakening of the economy in the United States or the global economy, increased unemployment, reduced credit availability, reduced business confidence and activity, decreased government spending, economic uncertainty, financial turmoil affecting the banking system or financial markets, trade wars and higher tariffs, changes in interest rates, inflation in the cost of goods and services including labor, and other adverse economic or market conditions may adversely impact our business and operating results. Significant swings in, or periods of reduced, economic activity historically have had a disproportionately negative impact on hiring activity and related efforts to find candidates. We may also experience more pricing pressure during periods of economic downturn.

Economic recoveries are difficult to predict, and may be delayed, short-lived, and/or uneven, with some regions, or countries within a region, continuing to experience declines or weakness in economic activity while others improve. Differing economic conditions and patterns of economic growth or contraction in the geographical regions in which we operate may affect demand for our marketplace. We may not experience uniform, or any, increases in demand for our marketplace within the markets where our business is concentrated.

There has been volatility in financial markets as a result of a number of factors, including, but not limited to, the COVID-19 pandemic, the war in Ukraine, inflation, changes in interest rates, and the possibility of a U.S. and global recession. There is a risk that as a result of these macroeconomic factors, we could continue to experience declines in all, or in portions, of our business. Economic uncertainty may cause some of our current or potential employers to curtail spending in our marketplace and may ultimately result in cost challenges to our operations. Additionally, ongoing resurgences of COVID-19 as the virus transitions from pandemic to endemic and related precautionary measures instituted by governments, businesses, and individuals to mitigate its spread, including travel restrictions and quarantines, could continue to contribute to a general economic slowdown, adversely impact our employers, job seekers, and other business partners, and disrupt our operations. These adverse conditions could result in reductions in revenue, increased operating expenses, longer sales cycles, slower adoption of new technologies, and increased competition. We cannot predict the timing, strength, or duration of any economic slowdown or any subsequent recovery generally. There is also risk that when overall global economic conditions are positive, our business could be negatively impacted by decreased demand for job postings and our services. If general economic conditions significantly deviate from present levels, our business, financial condition, and operating results could be adversely affected.

Substantially all of our revenue is generated by our business operations in the United States. Prior to the COVID-19 pandemic, the United States had largely experienced positive economic and employment trends since our founding in 2010 and therefore we do not have a significant operating history in periods of weak economic environments and cannot predict how our business will perform in such periods. Any significant economic downturn in the United States or other countries in which we operate could have a material adverse effect on our business, financial condition and results of operations.

Our marketplace functions on software that is highly technical and complex and if it fails to perform properly, our reputation could be adversely affected, our market share could decline and we could be subject to liability claims.

Our marketplace functions on software that is highly technical and complex and may now or in the future contain undetected errors, bugs, or vulnerabilities. Some errors in our software code may be discovered only after the code has been deployed. Any errors, bugs, or vulnerabilities discovered in our code after deployment, inability to identify the cause or causes of performance problems within an acceptable period of time, or difficulty maintaining and improving the performance of our marketplace could result in damage to our reputation or brand, loss of employers and job seekers, loss of revenue, or liability for damages, any of which could adversely affect our business and results of operations.

As the usage of our marketplace grows, we will need an increasing amount of technical infrastructure, including network capacity and computing power, to continue to operate our marketplace. If we cannot continue to effectively scale and grow our technical infrastructure to accommodate these increased demands, it may adversely affect our user experience. We also rely on third-party software and infrastructure, including the infrastructure of the internet, to provide our marketplace. Any failure of or disruption to this software and infrastructure, whether intentional or malicious in nature or due to our activities or those of our vendors, could also make our marketplace unavailable to our users. If our marketplace is unavailable to our subscribers or job seekers for any period of time, our business could be adversely affected.

Our marketplace technology is constantly changing with new updates, which may contain undetected errors when first introduced or released. Any errors, defects, disruptions in service, or other performance or stability problems with our marketplace, or the insufficiency of our efforts to adequately prevent or timely remedy errors or defects, could result in negative publicity, loss of or delay in market acceptance of our marketplace, loss of competitive position, our inability to timely and accurately maintain our financial records, inaccurate or delayed invoicing of Paid Employers, delay of payment to us, claims by users for losses sustained by them, corrective action taken by gatekeepers of components integral to our marketplace, or investigation and corrective action taken by a regulatory agency. In such an event, we may be required, or may choose, for user relations or other reasons, to expend additional resources to help resolve the issue. Accordingly, any errors, defects, or disruptions in our marketplace could adversely impact our brand and reputation, revenue, and operating results.

Because of the large amount of data that our Paid Employers collect and manage by means of our services, it is possible that failures or errors in our systems could result in data loss or corruption, or cause the information that we or our Paid Employers collect to be incomplete or contain inaccuracies that our Paid Employers regard as significant. Furthermore, the availability or performance of our marketplace could be adversely affected by a number of factors, including users' inability to access the internet or to send or receive email messages, the failure of our network or software systems, security breaches or variability in user traffic for our services. We may be required to issue credits or refunds for prepaid amounts related to unused services or otherwise be liable to our users for damages they may incur resulting from certain of these events. In addition to potential liability, if we experience interruptions in the availability of our marketplace, our reputation could be adversely affected and we could lose employers and job seekers.

Our errors and omissions insurance may be inadequate or may not be available in the future on acceptable terms, or at all. In addition, our policy may not cover all claims made against us and defending a suit, regardless of its merit, could be costly and divert management's attention.

Our future success depends in part on employers purchasing and renewing or upgrading subscriptions and performance-based services from us. Any decline in our user renewals or upgrades or performance-based services could harm our future operating results.

Many of our Paid Employers pay for access to our marketplace on a per-job-per-day basis, rather than entering into new longer term paid time-based job posting plans, renewing their paid time-based job posting plans when such contract terms expire, or purchasing performance-based services from us. Employers who enter into paid plans have no obligation to renew their plans after the expiration of their contract period, which typically range from one day to 12 months. In addition, employers may renew for lower subscription amounts or for shorter contract lengths. Historically, some of our Paid Employers have elected not to renew their agreements with us and as we expand into new products and markets, we have a limited ability to reliably predict future renewal rates. Our future renewal rates for both existing and potential new products may be lower, possibly significantly lower, than historical trends.

Our future success also depends in part on our ability to sell upsell services to employers who use our marketplace. If employers do not purchase upsell services from us, our revenue may decline and our operating results may be harmed.

Our Paid Employer subscription renewals, performance-based services, and upsells may decline or fluctuate as a result of a number of factors, including user usage, user satisfaction with our services and user support, our prices, the prices of competing services, mergers and acquisitions affecting our user base, the effects of U.S. and global economic conditions, or reductions in our Paid Employers' spending levels generally.

We have experienced growth in recent periods and expect to continue to invest in our growth for the foreseeable future. If we cannot manage our growth effectively, our business, operating results, and financial condition could be adversely affected.

We have experienced growth in a relatively short period of time. For example, our total revenue for the year ended December 31, 2022 was \$904.6 million, representing an increase of 22% over the \$741.1 million in total revenue we recorded for the year ended December 31, 2021. Over time, we expect to expand our operations and personnel significantly. Sustaining our growth will place significant demands on our management as well as on our administrative, operational, and financial resources. To manage our growth, we must continue to improve our operational, financial, and management information systems; expand, motivate, and effectively manage and train our workforce; and effectively collaborate with our third-party partners. If we cannot manage our growth successfully, our business, operating results, financial condition, and ability to successfully advertise our marketplace and serve our employers and job seekers could be adversely affected.

Our historical growth should not be considered indicative of our future performance. We have encountered in the past, and will encounter in the future, risks, challenges, and uncertainties frequently experienced by growing companies in rapidly changing industries. If our assumptions regarding these risks, challenges, and uncertainties, which we use to plan and operate our business, are incorrect or change, or if we do not address these risks successfully, our financial condition and operating results could differ materially from our expectations, our growth rates may slow, and our business would be adversely impacted.

Significant segments of the market for job advertisement services may have hiring needs and service preferences that are subject to greater volatility than the overall economy.

The employers in the United States' private sector are diverse across a number of business characteristics, including company size, geography, and industry, among other factors. Hiring activity may vary significantly among businesses with different characteristics and accordingly, any concentration we may have among businesses with certain characteristics may subject us to high volatility in our financial results. Smaller businesses, for example, typically have less persistent hiring needs and may experience greater volatility in their need for job advertisement services and preferences among providers of such services. Along with a relatively shorter sales cycle, smaller businesses may be more likely to change platforms based on short-term differences in perceived price, value, service level, or other factors. Difficulty in acquiring and/or retaining these employers may adversely affect our operating results.

Our efforts and ability to sell to a broad mix of businesses could adversely affect our operating results in a given period.

Our ability to increase revenue and maintain profitability depends, in part, on widespread acceptance and utilization of our marketplace by businesses of all sizes and types. Because our customers reflect a wide variety of businesses, we face a variety of challenges, including but not limited to, pricing pressure, cost variances and marketing strategies that vary based on the business type and size, varying lengths of sales cycles, and less predictability in completing some of our sales. For example, some of our larger prospective customers may need us to provide greater levels of education regarding the use and benefits of our marketplace and services, because the prospective customer's decision to use our marketplace and services may be a company-wide decision. We are in the nascent stages of developing the analytical tools that will allow us to determine how prospective customers can be most effectively directed within, and addressed by, our sales organizations. As a result, we may not always approach new opportunities in the most cost-effective manner or with the most appropriate resources. Developing and successfully implementing these tools will be important as we seek to efficiently capitalize on new and expanding market opportunities. In addition, because we are a relatively new company with a limited operating history when compared to some of our existing competitors, our target employers and job seekers may prefer to use offerings from more established competitors that are more tailored to their specific requirements.

Our business depends largely on our ability to attract and retain talented employees, including senior management and key personnel. If we lose the services of Ian Siegel, our Chief Executive Officer, or other members of our senior management team, we may not be able to execute on our business strategy.

Our future success depends in large part on the continued services of our senior management and other key personnel and our ability to retain and motivate them. In particular, we are dependent on the services of Ian Siegel, our Chief Executive Officer, and our technology, marketplace, future vision, and strategic direction could be compromised if he were to take another position, become ill or incapacitated, or otherwise become unable to serve as our Chief Executive Officer. We rely on our leadership team in the areas of marketing, sales, finance, support, product development, human resources, and technology. Our senior management and other key personnel are all employed on an at-will basis, which means that they could terminate their employment with us at any time, for any reason, and without notice. If we lose the services of senior management or other key personnel, or if we cannot attract, train, and retain the highly skilled personnel we need, our business, operating results, and financial condition could be adversely affected.

Our future success also depends on our continuing ability to attract, train, and retain highly skilled personnel, including software engineers and sales personnel. We face intense competition for qualified personnel from numerous software and other technology companies. This competition for highly skilled personnel is especially intense in the regions where we have significant operations, and we may incur significant costs to attract and retain them. We have, from time to time, experienced, and we expect to continue to experience, difficulty in hiring and retaining highly skilled employees with appropriate qualifications. We may incur significant costs to attract and retain highly skilled personnel, and we may lose new employees to our competitors or other technology companies before we realize the benefit of our investment in recruiting and training them. In addition, in a tight labor market, we may experience increased difficulty in hiring and retaining, or increased costs in attracting and retaining, highly skilled personnel, or we may lose new employees to our competitors or other technology companies at a greater rate. To the extent we move into new geographies, we would need to attract and recruit skilled personnel in those areas. Moreover, uncertainty arising from economy-wide shifts toward remote work could negatively impact our ability to recruit or retain talent, particularly in light of our workforce historically being concentrated largely in the Los Angeles and Phoenix metropolitan areas. In addition, job candidates and existing employees often consider the value of the equity awards they receive in connection with their employment. If the perceived value of our equity or equity awards declines, it may adversely affect our ability to retain highly skilled employees. If we cannot attract and retain suitably qualified individuals who

are capable of meeting our growing technical, operational, and managerial requirements, on a timely basis or at all, our business may be adversely affected.

If internet search engines' methodologies or other channels that we use to direct traffic to our website are modified to our disadvantage, or our search result page rankings decline for other reasons, our user growth could decline.

We depend in part on various internet search engines, such as Google, as well as other channels to direct a significant amount of traffic to our website. Our ability to maintain the number of visitors directed to our website is not entirely within our control. For example, our competitors' search engine optimization and other efforts such as paid search may result in their websites receiving a higher search result page ranking than ours, internet search engines or other channels that we utilize to direct traffic to our website could revise their methodologies in a manner that adversely impacts traffic to our website, or we may make changes to our website that adversely impact our search engine optimization rankings and traffic. As a result, links to our website may not be prominent enough to drive sufficient traffic to our website, and we may not be able to influence the results.

Search engines and other channels that we use to drive employers and job seekers to our website periodically change their algorithms, policies, and technologies, sometimes in ways that cause traffic to our website to decline. These changes can also result in an interruption in their ability to access our website or a drop in our search ranking, or have other adverse impacts that negatively affect our ability to maintain and grow the number of employers and job seekers that visit our website. We may also be forced to significantly increase marketing expenditures in the event that market prices for online advertising and paid listings escalate or our organic ranking decreases. Any of these changes could have an adverse impact on our business, user acquisition, and operating results.

Our quarterly results may fluctuate significantly and may not fully reflect the underlying performance of our business, which makes our future results difficult to predict.

Our quarterly results of operations, including the levels of our revenue, gross margin, and profitability, may vary significantly in the future and period to period comparisons of our operating results may not be meaningful. Accordingly, the results of any one quarter should not be relied upon as an indication of future performance. We also have a limited operating history and make pricing and other changes from time to time, all of which make it difficult to forecast our future results. As a result, you should not rely upon our past quarterly operating results as indicators of future performance.

Factors that may cause fluctuations in our quarterly financial results include, without limitation, those listed below:

- our ability to attract new employers and job seekers;
- Paid Employer renewal rates;
- Paid Employers purchasing upsell services;
- the addition or loss of large Paid Employers, including through acquisitions or consolidations;
- the timing of recognition of revenue;
- the amount and timing of operating expenses related to the maintenance and expansion of our business, operations and infrastructure;
- network outages or security breaches;
- general economic, industry and market conditions;
- changes in our pricing policies or those of our competitors;

- seasonal variations in sales of our products, which have historically been most pronounced in the fourth quarter of our fiscal year;
- the timing and success of new product or service introductions by us or our competitors or any other change in the competitive dynamics of our industry, including consolidation among competitors or strategic partners; and
- the timing of expenses related to the development or acquisition of technologies or businesses and potential future charges for impairment of goodwill from acquired companies.

Our success depends on our ability to maintain the value and reputation of the ZipRecruiter brand.

We believe that our brand is important to attracting and retaining both employers and job seekers. Maintaining, protecting, and enhancing our brand depends largely on the success of our marketing efforts, our ability to provide a compelling job marketplace, including services, features, content, and support related to our marketplace, and our ability to successfully secure, maintain, and defend our rights to use the “ZipRecruiter” mark, our logo, and other trademarks important to our brand. We believe that the importance of our brand will increase as competition further intensifies and brand promotion activities may require substantial expenditures. Our brand could be harmed if we cannot achieve these objectives or if our public image were to be tarnished by negative publicity. Unfavorable publicity about us could diminish confidence in our marketplace and services. Such negative publicity also could have an adverse effect on the volume, engagement and loyalty of our employers and job seekers and could have an adverse effect on our business.

If we are not able to provide successful enhancements, and new products, services, and features, our business could be adversely affected.

The market for job-posting marketplaces is characterized by frequent product and service introductions and enhancements, changing user demands, and rapid technological change. The introduction of products and services embodying new technologies can quickly make existing products and services obsolete and unmarketable. The success of our business will depend, in part, on our ability to adapt and respond effectively and timely to these changes. We invest substantial resources in researching and developing new products and services and enhancing our marketplace by incorporating additional features, improving functionality, and adding other improvements to meet our employers’ and job seekers’ evolving demands in our highly competitive industry. If we cannot provide enhancements and new features or services that achieve market acceptance or that keep pace with rapid technological developments and the competitive landscape, our business could be adversely affected. The success of any enhancements or improvements to, or new features of, our marketplace or any new products and services depends on several factors, including timely completion, competitive pricing, adequate quality testing, integration with new and existing technologies in our marketplace and third-party partners’ technologies, overall market acceptance, and resulting user activity that is consistent with the intent of such products or services. We cannot be sure that we will succeed, either timely or cost effectively, in developing, marketing, and delivering enhancements or new features, products and services to our marketplace that respond to continued changes in the market for job placement services, nor can we be sure that any enhancements or new features to our existing or any new products and services will achieve market acceptance or produce the intended effect. In addition, if new technologies emerge that allow our competitors to deliver similar services at lower prices, more efficiently, more conveniently, or more securely, such technologies could adversely impact our ability to compete.

Additionally, because our marketplace operates on a variety of third-party systems and platforms, we will need to continuously modify and enhance our offerings to keep pace with changes in internet-related hardware, operating systems, cloud computing infrastructure, and other software, communication, browser and open source technologies. We may not be successful in either developing these modifications and enhancements or in bringing them to market timely. Furthermore, uncertainties about the timing and nature of new network platforms or technologies, or modifications to existing platforms or

technologies, could increase our research and development expenses. Parts of the technology stack supporting our marketplace may also become difficult to maintain and service as there become fewer software engineers who are skilled with respect to the programming languages used to build such pieces of software. Any failure of our marketplace to operate effectively with future network systems and technologies could reduce the demand for our marketplace, result in user dissatisfaction and adversely affect our business.

Issues with the use of artificial intelligence (including machine learning) in our marketplace may result in reputational harm or liability, or could otherwise adversely affect our business.

Artificial intelligence, or AI, is enabled by or integrated into some of our marketplace and is a significant element of our business. As with many developing technologies, AI presents risks and challenges that could affect its further development, adoption, and use, and therefore our business. AI algorithms may be flawed. Datasets may be insufficient, of poor quality, or contain biased information. Inappropriate or controversial data practices by data scientists, engineers, and end-users of our systems or elsewhere could impair the acceptance of AI solutions and could result in burdensome new regulations that may limit our ability to use existing or new AI technologies. If the recommendations, forecasts, or analyses that AI applications assist in producing are deficient or inaccurate, we could be subject to competitive harm, potential legal liability, and brand or reputational harm. Some AI scenarios present ethical issues. If we enable or offer AI solutions that are controversial because of their purported or real impact on human rights, privacy, employment, or other social issues, we may experience brand or reputational harm. In addition, we expect that there will continue to be new laws or regulations concerning the use of AI. It is possible that certain governments may seek to regulate, limit, or block the use of AI in our products and services or otherwise impose other restrictions that may affect or impair the usability or efficiency of our products and services for an extended period of time or indefinitely.

The forecasts of growth of online recruitment may prove to be inaccurate, and even if the market in which we compete achieves the forecasted growth, we cannot assure you that our business will grow at a similar rate, if at all.

Growth forecasts are subject to significant uncertainty and are based on assumptions and estimates that may not ultimately be accurate and are not under our control. The forecasts relating to the expected growth of the online recruitment market may prove to be inaccurate. Even if the market experiences the growth we forecast, we may not grow our business at a similar rate, or at all. Our growth is subject to many factors, including our success in implementing our business strategy, which is subject to many risks and uncertainties. Accordingly, the forecasts of market growth included in this Annual Report on Form 10-K should not be taken as indicative of our future growth.

The growth of our marketplace depends in part on the success of our strategic relationships with our Job Distribution Partners and Job Acquisition Partners.

To grow our business and the number of job seekers and employers in our marketplace, we anticipate that we will continue to depend, in part, on relationships with Job Distribution Partners and Job Acquisition Partners. Job Distribution Partners are third-party sites who have a relationship with us and advertise jobs from our marketplace, and includes job boards, newspaper classifieds, search engines, social networks, talent communities and resume services, while Job Acquisition Partners are third-party sites and ATSs who have a relationship with us and from whom we receive jobs for our marketplace. Our competitors may be effective in providing incentives to these job boards and other similar third parties to favor their products or services or to prevent or reduce engagement with our marketplace. In addition, acquisitions of the Job Distribution Partners and Job Acquisition Partners that we partner with by our competitors could reduce the number of our current and potential employers and job seekers as well as the number of job postings accessible by our marketplace. We cannot guarantee that the Job Distribution Partners and Job Acquisition Partners with which we have strategic relationships will continue to offer the services for which we rely on them, devote the resources necessary to expand our reach, or support an increased number of employers and job seekers and associated use cases. Further, some of our Job

Distribution Partners and Job Acquisition Partners offer, or could offer, competing products and services or also work with our competitors. They may also choose to develop alternative products and services in addition to, or in lieu of, our marketplace, either on their own or in collaboration with others, including our competitors.

While these relationships have not generated substantial revenue in recent periods and are not expected to generate substantial revenue in the future, they are strategically important in ensuring an appropriate balance of and interaction between jobs and job seekers in our marketplace. If we are unsuccessful in establishing or maintaining our relationships with our Job Distribution Partners and Job Acquisition Partners, or if such Job Distribution Partners or Job Acquisition Partners choose to end their relationships with us, our ability to compete with our competitors and grow our marketplace could be impaired and our operating results may be negatively impacted.

Our corporate culture has contributed to our success, and if we cannot maintain this culture as we grow, we could lose the innovation, creativity, and teamwork fostered by our culture, and our business may be harmed.

We believe that our corporate culture has been a key contributor to our success. If we do not continue to develop our corporate culture as we grow and evolve, it could harm our ability to foster the innovation, creativity, and teamwork we believe that we need to support our growth. As our organization grows and we are required to implement more complex organizational structures, we may find it increasingly difficult to maintain the beneficial aspects of our corporate culture, which could negatively impact our future success.

Additionally, our hybrid working environment may impede our ability to foster a creative environment and adversely affect the productivity of our team members and overall operations, which could have a material adverse effect on our business, results of operations, financial condition, and future prospects. While we continue to expend resources to respond to the COVID-19 pandemic, including to develop and implement internal policies and procedures and track changes in laws, our return-to-work approach may change at any time, and may vary among geographies, depending on applicable health protocols and local conditions. Any prolonged diversion of resources may have an adverse effect on our operations.

Technological advances may significantly disrupt the labor market and weaken demand for human capital at a rapid rate.

Our success is directly dependent on our employers' demands for talent. As technology continues to evolve, more tasks currently performed by people may be replaced by automation, robotics, machine learning, AI and other technological advances outside of our control. This trend poses a risk to the job posting and distribution industry as a whole, particularly in lower-skill job categories that may be more susceptible to such replacement.

Our business is seasonal.

Our business is seasonal, reflecting typical behavior in hiring markets, where hiring activity tends to decelerate in the fourth quarter. Such seasonality also causes our revenue to vary from quarter to quarter depending on the variability in the overall job market. This seasonality can make forecasting more difficult and may adversely affect our ability to predict financial results accurately.

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

We track certain performance metrics, including Quarterly Paid Employers and Revenue per Paid Employer, which are not independently verified by any third party. Our internal tools have a number of limitations and our methodologies for tracking these metrics may change over time, which could result in

unexpected changes to our metrics, including the metrics we report. If the internal tools we use to track these metrics undercount or overcount performance or contain algorithmic or other technical errors, the data we report may not be accurate. In addition, limitations or errors with respect to how we measure data (or the data that we measure) may affect our understanding of certain details of our business, which could affect our longer-term strategies. If our performance metrics are not accurate representations of our business, user base, or traffic levels; if we discover material inaccuracies in our metrics; or if the metrics we rely on to track our performance do not provide an accurate measurement of our business, our reputation may be harmed, we may be subject to legal or regulatory actions, and our operating and financial results could be adversely affected.

We derive substantially all of our revenue from job advertisements.

We derive substantially all of our revenue from sales of products and services related to the distribution of job advertisements to job seekers across the internet. As such, any factor adversely affecting the sale of these products and services, including market acceptance, product competition, performance and reliability, reputation, price competition, intellectual property claims, legal or regulatory restrictions, and economic and market conditions, could harm our business and operating results.

Failure to effectively expand our sales and marketing capabilities could harm our ability to increase our user base and achieve broader market acceptance of our services.

Our ability to increase our Paid Employer base and achieve broader market acceptance of our marketplace will depend significantly on our ability to continue to expand our sales and marketing operations. We plan to continue to expand our sales force and to dedicate significant and increasing resources to sales and marketing programs. We are expanding our sales and marketing capabilities to target additional potential Paid Employers, including some larger organizations, but there is no guarantee that we will be successful attracting and maintaining these businesses as users, and even if we are successful, these efforts may divert our resources away from and negatively impact our ability to attract and maintain our current Paid Employer base. All of these efforts will require us to invest significant financial and other resources. If we cannot find efficient ways to deploy our marketing spend or to hire, develop, and retain talented sales personnel in numbers required to maintain and support our growth, if our new sales personnel cannot achieve desired productivity levels in a reasonable period of time, or if our sales and marketing programs are not effective, our ability to increase our Paid Employer base and achieve broader market acceptance of our services could be harmed.

Paid Employers may demand more configuration and integration services, or customized features and functions that we do not offer, which could adversely affect our business and operating results.

Our current and future Paid Employers may demand more configuration and integration services, which would increase our upfront investment in sales and deployment efforts, with no guarantee that these Paid Employers will increase their use of our services. As a result of these factors, we may need to devote a significant amount of sales support and professional services resources to individual Paid Employers, which may increase the cost and time required to complete sales. If prospective Paid Employers require customized features or functions that we do not offer, and that would be difficult for them to deploy themselves, then the market for our marketplace will be more limited and our business could suffer. As a result, we may need to devote resources to continue to develop features and technology which may impact our operating results.

Any failure to offer high-quality technical support services may adversely affect our relationships with our Paid Employers and our financial results.

Once our products and services are deployed, our Paid Employers depend on our technical support organization to assist Paid Employers with service support and optimization, and resolve technical issues. We may be unable to respond quickly enough to accommodate short-term increases in demand for support services. We also may be unable to modify the format of our support services to compete with

changes in support services provided by our competitors. Increased demand for these services, without corresponding revenue, could increase costs and adversely affect our operating results. In addition, our sales process is highly dependent on our services and business reputation and on positive recommendations from our existing Paid Employers. Any failure to maintain high-quality technical support, or a market perception that we do not maintain high-quality support, could adversely affect our reputation, our ability to sell our services to existing and prospective Paid Employers, and our business, operating results and financial position.

We have incurred net losses in the past, anticipate increasing our operating expenses in the future, and may not sustain profitability.

While we earned net income of \$61.5 million, \$3.6 million, and \$86.0 million for the years ended December 31, 2022, 2021, and 2020, respectively, we have incurred significant net losses in the past. As of December 31, 2022, we had an accumulated deficit of \$6.3 million. We expect to incur additional expenses in connection with legal, accounting, and other administrative expenses related to operating as a public company in addition to ongoing stock-based compensation expense related to the vesting of our RSUs. Additionally, we expect to make significant future expenditures related to the development and expansion of our business, including investing in our technology to improve our marketplace and investing in sales and marketing channels to enhance our brand promotion efforts. These efforts may prove more expensive than we currently anticipate, and we may not succeed in increasing our revenue sufficiently to offset these higher expenses. If our revenue declines or fails to grow at a rate faster than increases in our operating expenses, we will not be able to maintain profitability in future periods. As a result, we may generate losses. We cannot ensure that we will continue to achieve profitability in the future or that we can sustain profitability.

We rely on Amazon Web Services, or AWS, to host our marketplace, and any disruption of service from AWS or material change to our arrangement with AWS could adversely affect our business.

We currently host our marketplace and support most of our operations using AWS, a provider of cloud infrastructure services. We do not control the operations of AWS's facilities. AWS's facilities are vulnerable to damage or interruption from earthquakes, hurricanes, floods, fires, cyber security attacks, terrorist attacks, power losses, telecommunications failures, and similar events or could be subject to break-ins, computer viruses, sabotage, intentional acts of vandalism, and other misconduct. The occurrence of any of these events, a decision to close the facilities or cease or limit providing services to us without adequate notice, or other unanticipated problems could result in interruptions to our marketplace, which may be lengthy. Our marketplace's continuing and uninterrupted performance is critical to our success and employers and job seekers may become dissatisfied by service interruption. Sustained or repeated system failures could reduce the attractiveness of our marketplace to employers and job seekers, cause employers and job seekers to decrease their use of or stop using our marketplace, and adversely affect our business. Moreover, negative publicity from disruptions could damage our reputation.

AWS does not have an obligation to renew its agreements with us on commercially reasonable terms, or at all. If we cannot renew our agreement or are unable to renew on commercially reasonable terms, we may experience costs or downtime in connection with the transfer to, or the addition of, new cloud infrastructure or other data center. If these providers charge high costs for or increase the cost of their services, we will experience higher costs to operate our business and may have to increase the fees to use our marketplace and our operating results may be adversely impacted.

Upon expiration or termination of our agreement with AWS, we may not be able to replace the services provided to us in a timely manner or on terms and conditions, including service levels and cost, that are favorable to us, and a transition from one vendor to another vendor could subject us to operational delays and inefficiencies until the transition is complete. Switching our operations from AWS to another cloud or other data center provider would also be technically difficult, expensive, and time consuming.

Many people are using mobile devices to access the internet. If we cannot optimize our websites for mobile access or offer a compelling mobile app, we may not remain competitive and could lose employers and job seekers.

Many employers and job seekers access our marketplace through our mobile website and mobile app. We must ensure that the experience for our mobile offerings is optimized to ensure a positive experience. It requires us to develop and enhance our offerings to be specifically designed for mobile devices, such as social media job postings. If we cannot optimize our websites and apps cost effectively and improve the monetization capabilities of our mobile services, we may not remain competitive, which may negatively affect our business and results of operations.

Additionally, there is no guarantee that employers and job seekers will use our mobile apps rather than competing marketplaces. We are dependent on the interoperability of our mobile apps with popular third-party mobile operating systems such as Apple's iOS and Google's Android, and their placement in popular app stores like the Apple App Store and Google Play Store, and any changes in such systems that degrade our apps' functionality or give preferential treatment or app store placement to competitive apps could adversely affect the access and usage of our apps on mobile devices. If it is more difficult for employers and job seekers to access and use our apps on their mobile devices, our growth and engagement levels could be harmed.

Legal and Regulatory Risks

If we or our third-party partners experience a security breach, such as a hacking or phishing attack, or other data privacy or security incident, our marketplace may be perceived as not being secure, our reputation may be harmed, demand for our marketplace may be reduced, our operations may be disrupted, we may incur significant legal costs or liabilities, and our business could be adversely affected.

Our business involves the storage, processing, and transmission of proprietary, confidential, and personal information as well as the use of third-party partners and vendors who also store, process, and transmit such user information. We also maintain certain other proprietary and confidential information relating to our business and personal information of our personnel. We have previously experienced multiple data security incidents involving the unauthorized access to personal information of job seekers utilizing our services (including their resumes) as well as affecting our business clients' accounts, some of which have required us to notify affected individuals and/or regulators. Although upon detection of these security incidents we immediately investigate them and have taken steps to reinforce our security practices and enhance our security monitoring and controls, there are no assurances that other data security incidents will not occur in the future. These incidents and any future data security breach, such as a hacking or phishing attack, or other data privacy or security incident, whether intentionally or unintentionally caused by us or by third parties, that we experience could result in unauthorized access to, misuse of, or unauthorized acquisition of our, our personnel's, or our users' data; the loss, corruption, or alteration of this data; interruptions in our operations; or damage to our computers or systems or those of our users. Any of these could expose us to claims, litigation, fines, other potential liability, and reputational harm.

An increasing number of online services have also disclosed security breaches, some of which involved sophisticated and highly targeted attacks, and as our profile and name recognition increase, we may be targeted more frequently. Additionally, malware, viruses, social engineering (including business email compromise), and general hacking in our industry have become more prevalent and more complex. Further, due to the recent shift to remote and hybrid work, there is an increased risk that we may experience cybersecurity related incidents, including breaches of information systems security, as a result of our employees, service providers, and third parties working remotely on less secure systems. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and often are not foreseeable or recognized until launched against a target, we and our third-party partners and vendors may be unable to anticipate these techniques or to implement adequate

preventative measures. If an actual or perceived breach of our or our third-party partners' or vendors' security or privacy or other data privacy or security incident occurs, public perception of the effectiveness of our security measures and brand could be harmed, and we could lose users and business.

Data security breaches and other data privacy and security incidents may also result from non-technical means, for example, through human error. Any such security compromise could result in a violation of applicable data privacy, security, breach notification and other laws, regulatory or other governmental investigations, enforcement actions, litigation, and legal and financial exposure, including potential contractual liability. We may need to expend significant resources to protect against, and to address issues created by, security breaches and other privacy and security incidents. These liabilities may exceed the amounts covered by our insurance or our insurance coverage may not extend to or be adequate for liabilities actually incurred, or our insurance may not continue to be available to us on economically reasonable terms, or at all. Any such compromise could also result in damage to our reputation and a loss of confidence in our security measures. Our systems, and the systems of our vendors and third-party partners, may also be vulnerable to computer viruses and other malicious software, physical or electronic break-ins, or weakness resulting from intentional or unintentional service provider actions, and similar disruptions that could make all or portions of our website or applications unavailable for periods of time. Any of these effects could adversely impact our business.

We face payment and fraud risks that could adversely impact our business.

Requirements in our marketplace relating to user authentication and fraud detection are complex. If our user authentication and fraud detection measures are not effective, our marketplace may be perceived as not being secure, our reputation may be harmed, and our business may be adversely impacted. In addition, bad actors use increasingly sophisticated methods to engage in illegal activities involving personal information, such as unauthorized or fraudulent use of another's identity, payment information, or other information; misrepresentation of the user's identity or skills, including using accounts that they have purchased, sold, or leased; and acquisition or use of credit or debit card details and bank account information. This conduct in our marketplace could result in any of the following, each of which could adversely impact our business:

- bad actors may use our marketplace, including our payment processing and disbursement methods, to engage in unlawful or fraudulent conduct, such as identity theft, money laundering, terrorist financing, fraudulent sale of services, bribery, breaches of security, leakage of data, piracy or misuse of software and other copyrighted or trademarked content, and other misconduct;
- we may be held liable for the unauthorized use of an account holder's credit card or bank account number and required by card issuers or banks to return the funds at issue and pay a chargeback or return fee, and if our chargeback or return rate becomes excessive, credit card networks may also require us to pay fines or other fees and the California Department of Business Oversight may require us to hold cash reserves;
- we may be subject to additional risk and liability exposure, including for negligence, fraud, or other claims, if employees or third-party service providers fraudulently misappropriate our banking or other information or user information;
- employers and job seekers that are subjected or exposed to the unlawful or improper conduct of other employers and job seekers or other third parties, or law enforcement or administrative agencies, may seek to hold us responsible for the conduct of employers and job seekers, lose confidence in our marketplace, decrease or cease use of our marketplace, seek to obtain damages and costs, or impose fines and penalties;
- we may be subject to additional risk if employers in our marketplace cannot pay hired job seekers for services rendered, as such job seekers may seek to hold us responsible for the employers'

conduct and may lose confidence in our marketplace, decrease or cease use of our marketplace, or seek to obtain damages and costs; and

- we may suffer reputational damage as a result of the occurrence of any of the above.

Despite measures we have taken to detect, prevent, and mitigate these risks, we do not have control over the employers and job seekers in our marketplace and cannot ensure that any of our measures will stop or minimize the use of our marketplace for, or to further, illegal or improper purposes. We may receive complaints from employers, job seekers and other third parties concerning misuse of our marketplace and wrongful conduct of other employers and job seekers. We may also bring claims against employers and job seekers and other third parties for their misuse of our marketplace in the future. Even if these claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the attention and resources of our management and adversely affect our business and operating results.

Changes in laws or regulations relating to data privacy or the protection, collection, storage, processing, transfer, or use of personal data, or AI, or any actual or perceived failure by us to comply with such laws and regulations or our privacy policies, could adversely affect our business.

We receive, collect, store, process, transfer, and use personal information and other user data. There are numerous federal, state, local, and international laws and regulations regarding data privacy, data protection, AI (including machine learning) information security, and the collection, storing, sharing, use, processing, transfer, disclosure, and protection of personal information and other content. The scope of these laws and regulations is changing, subject to differing interpretations, and may be inconsistent among countries, or conflict with other laws and regulations.

We are also subject to the terms of our privacy policies and obligations to third parties related to privacy, data protection, AI, and information security. The regulatory framework for privacy and data protection worldwide is uncertain and complex, and these or other actual or alleged obligations may be interpreted and applied in ways we do not anticipate or that are inconsistent from one jurisdiction to another and may conflict with other rules or our practices. Further, any significant change to applicable laws, regulations, or industry practices regarding the collection, use, retention, security, or disclosure of the data of our employers and job seekers, employees, contractors, or others, or their interpretation, or any changes regarding the manner in which the express or implied consent of employers and job seekers for the collection, use, retention, or disclosure of such data must be obtained, could increase our costs and require us to modify our services and features, which may be material or not cost-effective, and may limit our storage and processing of user data or develop new services and features.

We also expect that there will continue to be new laws, regulations, and industry standards concerning privacy, data protection, and information security proposed and enacted in various jurisdictions. For example, in 2018, European legislators adopted the General Data Protection Regulation, or the GDPR, which imposes more stringent European Union, or EU, data protection requirements, and provides for significant penalties for noncompliance. The GDPR also confers a private right of action on data subjects and consumer associations to lodge complaints with supervisory authorities, seek judicial remedies, and obtain compensation for damages resulting from violations of the GDPR. Compliance with the GDPR has been and will continue to be a rigorous and time-intensive process that may increase our cost of doing business or require us to change our business practices, and may subject us to governmental investigations or enforcement actions, fines and penalties, claims, litigation, and reputational harm in connection with any European activities. Further, the United Kingdom, or the UK, has enacted the UK GDPR, which, together with the amended UK Data Protection Act 2018, or DPA, retains the GDPR in UK national law. Fines for certain breaches of the GDPR and the UK data protection regime are significant (e.g., fines for certain breaches of the GDPR or the UK GDPR are up to the greater of 20 million Euros (or 17.5 million GBP under the UK GDPR) or 4% of total global annual turnover).

Additionally, the California Consumer Privacy Act, or CCPA, which afforded new data privacy rights for consumers and new operational requirements for companies, came into force in 2020, and also provides for fines for noncompliance. The California Privacy Rights and Enforcement Act of 2020, or CPRA, which took effect on January 1, 2023, further expanded the CCPA with additional data privacy compliance requirements and rights for California consumers, and established a new regulatory agency dedicated to enforcing those requirements. Comprehensive privacy legislation has also been enacted in four other U.S. states and imposes similar compliance obligations. These laws are the Virginia Consumer Data Protection Act of 2021, or CDPA, which went into effect on January 1, 2023, the Colorado Privacy Act, or CPA, and Connecticut Data Privacy Act, or CTDPA, which will each go into effect on July 1, 2023, and the Utah Consumer Privacy Act, or UCPA, which will go into effect on December 1, 2023. In the United States, several data privacy proposals (including proposed comprehensive legislation) are pending before federal and state legislative and regulatory bodies, which may impose significant obligations and restrictions. The effects of the CPRA, the VCDPA, the CPA, the CTDPA and the UCPA are potentially significant and may require us to modify our data collection or processing practices and policies and to incur substantial costs and expenses in an effort to comply, and increase our potential exposure to regulatory enforcement and/or litigation. In addition, New York City passed a law to regulate the use of automated employment decision tools by employers and employment agencies, and the scope of the law is currently being determined through rulemaking. The costs of compliance with, and other burdens imposed by, the GDPR, the UK GDPR, the DPA, the CCPA, and others may limit the use and adoption of our products and services and could have an adverse impact on our business. As a result, we may need to modify the way we treat, process, or store such information.

Any failure or perceived failure by us to comply with our privacy policies, our privacy-related obligations to employers and job seekers, employees, contractors, or other third parties, or any other legal obligations or regulatory requirements relating to privacy, data protection, AI, or information security may result in governmental and regulatory investigations or enforcement and/or assessment notices (for a compulsory audit), orders to cease or change our processing of our data, litigation, claims (including representative actions and other class action type litigation, where individuals have suffered harm), or public statements against us by consumer advocacy groups or others and could result in significant liability, cause our employers and job seekers to lose trust in us, and otherwise have an adverse effect on our reputation and business. Furthermore, the costs of compliance with such laws, regulations and policies may limit the adoption and use of, and reduce the overall demand for, our marketplace.

Failure to comply with anti-corruption and anti-money laundering laws, including the Foreign Corrupt Practices Act, or FCPA, and similar laws associated with our activities outside of the United States, could subject us to penalties and other adverse consequences.

We have voluntarily implemented policies and procedures designed to allow us to comply with U.S. economic sanctions laws and prevent our marketplace from being used to facilitate business in countries or with persons or entities included on designated lists promulgated by the U.S. Department of the Treasury's Office of Foreign Assets Control, or OFAC, and equivalent foreign authorities. We may be subject to fines or other penalties in one or more jurisdictions levied by federal, state or local regulators, in the event that we engage in any conduct, intentionally or not, that facilitates money laundering, terrorist financing, or other illicit activity, or that violates sanctions or otherwise constitutes sanctionable activity.

Regulators continue to increase their scrutiny of compliance with these obligations, which may require us to further revise or expand our compliance program, including the procedures that we use to verify the identity of our users and to monitor our marketplace for potential illegal activity. In addition, any policies and procedures that we implement to comply with OFAC regulations may not be effective, including in preventing users from using our services within the OFAC-sanctioned countries of North Korea, Syria, Cuba, Iran, Russia, and the Crimea, Donetsk and Luhansk regions of Ukraine, or additional countries or regions that may be included from time-to-time. Given the technical limitations in developing controls to prevent, among other things, the ability of users to publish in our marketplace false or deliberately misleading information or to develop sanctions-evasion methods, it is possible that we may inadvertently and without our knowledge provide services to individuals or entities that have been designated by OFAC

or are located in a country subject to an embargo by the United States that may not be in compliance with the economic sanctions regulations administered by OFAC.

Consequences for failing to comply with applicable rules and regulations could include fines, criminal and civil lawsuits, forfeiture of significant assets, or other enforcement actions. We could also be required to make changes to our business practices or compliance programs as a result of regulatory scrutiny. In addition, any perceived or actual breach of compliance by us, our employers and job seekers, or payment partners with respect to applicable laws, rules, and regulations could have a significant impact on our reputation and could cause us to lose existing employers and job seekers, prevent us from obtaining new employers and job seekers, cause other payment partners to terminate or not renew their agreements with us, require us to expend significant funds to remedy problems caused by violations and to avert further violations, and expose us to legal risk and potential liability, all of which may adversely affect our business, operating results, and financial condition and may cause the price of our common stock to decline.

We are also subject to the FCPA, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, and the UK Bribery Act 2010, and may be subject to other anti-bribery, anti-money laundering, and sanctions laws in countries in which we conduct activities or have employers and job seekers. The FCPA prohibits providing, offering, promising, or authorizing, directly or indirectly, anything of value to government officials, political parties, or political candidates for the purposes of obtaining or retaining business or securing any improper business advantage. The provisions of the Bribery Act extend beyond bribery of government officials and create offenses in relation to commercial bribery including private sector recipients. The provisions of the Bribery Act also create offenses for accepting bribes in addition to bribing another person. We face significant risks if we cannot comply with the FCPA, the Bribery Act and other applicable anti-corruption laws. We have implemented an anti-corruption compliance policy, but we cannot ensure that all of our employees, employers and job seekers, and agents, as well as those contractors to which we outsource certain of our business operations, will not take actions in violation of our policies or agreements and applicable law, for which we may be ultimately held responsible.

Any violation of the FCPA, the Bribery Act, other applicable anti-corruption laws, and other laws could result in investigations and actions by federal or state attorneys general or foreign regulators, loss of export privileges, severe criminal or civil fines and penalties or other sanctions, forfeiture of significant assets, debarment from government contracts, whistleblower complaints, and adverse media coverage, which could have an adverse effect on our reputation, business, operating results, and prospects. In addition, responding to any enforcement action or internal investigation related to alleged misconduct may result in a significant diversion of management's attention and resources and significant defense costs and other professional fees.

We are subject to a wide variety of foreign and domestic laws. As we look to expand our international footprint over time and as new domestic laws are implemented, we may become obligated to comply with additional laws and regulations of the countries or markets in which we operate or have employers and job seekers.

We and our employers and job seekers are subject to a wide variety of foreign and domestic laws. Laws, regulations, and standards governing issues that may affect us, such as employment, payments, whistleblowing and worker confidentiality obligations, intellectual property, consumer protection, taxation, privacy, data security, benefits, unionizing and collective action, arbitration agreements and class action waiver provisions, unfair competition, terms of service, website accessibility, background checks, and escheatment are often complex and subject to varying interpretations, and, as a result, their application in practice may change or develop over time through judicial decisions or as new guidance or interpretations are provided by regulatory and governing bodies. Many of these laws do not contemplate or address the unique issues of the internet, mobile, and related technologies. Other laws and regulations in response to internet, mobile, and related technologies may also be adopted, implemented, or interpreted to apply to

us and other online services marketplaces or our users. Likewise, these laws affect our users, and their application, or uncertainty around their application, may affect demand for our marketplace.

New approaches to policymaking and legislation may also produce unintended harms for our business, which may impact our ability to operate our business in the manner in which we are accustomed. Any of these regulations could negatively impact our users, including perceptions regarding their use of our marketplace, or have a material adverse effect on the demand for job postings in our marketplace or on how we operate our marketplace.

As we look to expand our international footprint over time, we may become obligated to comply with additional laws and regulations of the countries or markets in which we operate or have customers or job seekers. We may be harmed if we are found to be subject to new or existing laws and regulations or if those laws are interpreted and applied to us in a manner that harms our business or is inconsistent with the application of U.S. laws, including with respect to those subjects mentioned above. In addition, contractual provisions that are designed to protect and mitigate against risks, including terms of service, arbitration and class action waiver provisions, disclaimers of warranties, limitations of liabilities, releases of claims, and indemnification provisions, could be deemed unenforceable as to the application of these laws and regulations by a court, arbitrator, or other decision-making body. If we cannot comply with these laws and regulations or manage the complexity of global operations and support an international user base successfully or cost effectively, or if these laws and regulations are deemed to apply to our users or cause a decline in demand for our marketplace, our business, operating results, and financial condition could be adversely affected.

We plan to expand our international operations which could subject us to additional costs and risks, and our continued expansion internationally may not be successful.

We plan to expand our operations internationally in the future. Outside of the United States, we currently have operations in the United Kingdom, Israel, and Canada. There are significant costs and risks inherent in conducting business in international markets, including:

- establishing and maintaining effective controls at foreign locations and the associated costs;
- adapting our marketplace to non-U.S. employers' and job seekers' preferences and customs;
- increased competition from local providers;
- longer sales or collection cycles in some countries;
- compliance with foreign laws and regulations, including data privacy frameworks like the GDPR;
- adapting to doing business in other languages or cultures;
- compliance with local tax regimes, including potential double taxation of our international earnings, and potentially adverse tax consequences due to U.S. and foreign tax laws as they relate to our international operations;
- compliance with anti-bribery laws, such as the FCPA and the Bribery Act;
- currency exchange rate fluctuations and related effects on our operating results;
- economic and political instability in some countries, such as the war in Ukraine;
- the uncertainty of obtaining and protecting intellectual property rights in some countries and practical difficulties of enforcing rights abroad; and
- other costs of doing business internationally.

These factors and other factors could harm our international operations and, consequently, materially impact our business, operating results, and financial condition.

Further, we may incur significant operating expenses as a result of our international expansion, and it may not be successful. We have limited experience with regulatory environments and market practices internationally, and we may not be able to penetrate or successfully operate in new markets. We also have more limited brand recognition in certain parts of the world, leading to delayed acceptance of our marketplace by international employers and job seekers. If we cannot continue to expand internationally and manage the complexity of our global operations successfully, our financial condition and operating results could be adversely affected.

Privacy concerns and laws or other domestic or foreign regulations may reduce the effectiveness of our marketplace, disrupt our communication processes, and adversely affect our business.

In order to use our marketplace, employers, job seekers, and, to a lesser extent, other third parties including advertisers, partners, and our own employees, entrust us to collect, use, and store their personal information. Our ability to leverage this information and to effectively and efficiently provide our services, including by communicating electronically and otherwise with employers and job seekers of our marketplace, is critical to our business. By way of example, our services may include the sending and receiving of emails, SMS/text messages, in-platform messages, and push notifications on mobile devices. Certain federal, state and foreign government bodies and agencies have adopted, and others are considering adopting, or may adopt in the future, laws and regulations regarding the collection, use, transfer, storage and disclosure of personal information obtained from consumers, customers, employees, and other individuals, and the conditions under which businesses may communicate with such individuals and other third parties. The costs of compliance with, and other burdens imposed by, such laws and regulations that are applicable to the businesses of our employers and job seekers may limit the use of our marketplace and reduce overall demand, or lead to significant fines, penalties or liabilities for any noncompliance with such privacy laws. Moreover, third-party gatekeepers and service providers and their interpretation and application of privacy and data protection laws, rules, regulations, and best practices, may limit, disrupt, or require alteration of our operations, service offerings, and ability to communicate with and among employers and job seekers, and may adversely affect our business.

From time to time, we may be subject to legal proceedings, regulatory disputes, and governmental investigations that could cause us to incur significant expenses, divert our management's attention, and materially harm our business, financial condition, and operating results.

From time to time, we may be subject to claims, lawsuits (including class actions), government investigations, arbitrations and other proceedings involving competition and antitrust, intellectual property, privacy, consumer protection, securities, tax, labor and employment, commercial disputes, and other matters that could adversely affect our business operations and financial condition. The outcome of any legal proceeding, regardless of its merits, is inherently uncertain. Regardless of the merits, pending or future legal proceedings could result in a diversion of management's attention and resources and reputational harm, and we may be required to incur significant expenses defending against these claims or pursuing claims against third parties to protect our rights. If we do not prevail in litigation, we could incur substantial liabilities. We may also determine in certain instances that a settlement may be a more cost-effective and efficient resolution for a dispute.

Where we can make a reasonable estimate of the liability relating to pending litigation and determine that it is probable, we record a related liability. As additional information becomes available, we assess the potential liability and revise estimates as appropriate. However, because of uncertainties relating to litigation, the amount of our estimates could be wrong as determining reserves for pending legal proceedings is a complex, fact-intensive process that is subject to judgment calls. The results of legal and regulatory proceedings cannot be predicted with certainty, and determining reserves for pending litigation and other legal and regulatory matters requires significant judgment. There can be no assurance that our expectations will prove correct, and even if these matters are resolved in our favor or without significant

cash settlements, these matters, and the time and resources necessary to litigate or resolve them, could harm our business. Any adverse determination related to legal proceedings or a settlement agreement could require us to change our technology or our business practices in costly ways, prevent us from offering certain products or services, require us to pay monetary damages, fines, or penalties, or require us to enter into royalty or licensing arrangements, and could adversely affect our operating results and cash flows, harm our reputation, or otherwise negatively impact our business.

Our failure or inability to protect our intellectual property rights, or claims by others that we are infringing upon or unlawfully using their intellectual property, could diminish the value of our brand and weaken our competitive position, and adversely affect our business, financial condition, operating results, and prospects.

Our success depends in large part on our proprietary technology and other intellectual property rights, or IPR. We currently rely on a combination of copyright, trademark, trade secret, and unfair competition laws, as well as confidentiality agreements and procedures and licensing arrangements, to establish and protect our IPR. We currently do not own any patents. We have devoted substantial resources to the development of our proprietary technologies and related processes. To protect our proprietary technologies and processes, we rely in part on trade secret laws and confidentiality agreements with our employees, licensees, independent contractors, commercial partners, and other advisors. These agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. We cannot be certain that the steps taken by us to protect our IPR will be adequate to prevent infringement of such rights by others. Additionally, the process of obtaining protection for trademarks and other IPR is expensive and time-consuming, and we may not be able to apply for all necessary or desirable trademark and other IPR applications at a reasonable cost or in a timely manner. Additionally, the process of obtaining patent or trademark protection is expensive and time-consuming, and we may not be able to prosecute all necessary or desirable patent applications or apply for all necessary or desirable trademark applications at a reasonable cost or in a timely manner. Moreover, intellectual property protection may be unavailable or limited in some foreign countries where laws or law enforcement practices may not protect our IPR as fully as in the United States, and it may be more difficult for us to successfully challenge the unauthorized use of our IPR by other parties in these countries. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our IPR, and our failure or inability to obtain or maintain IPR protection or otherwise protect our IPR could adversely affect our business.

We may in the future be subject to patent infringement and trademark claims and lawsuits in various jurisdictions, and we cannot be certain that our products or activities do not violate the patents, trademarks, or other IPR of third-party claimants. Companies in the technology industry and other patent, copyright, and trademark holders seeking to profit from royalties in connection with grants of licenses own large numbers of patents, copyrights, trademarks, domain names, and trade secrets and frequently commence litigation based on allegations of infringement, misappropriation, or other violations of intellectual property or other rights. As we face increasing competition and gain an increasingly high profile, the likelihood of IPR claims against us has grown and will likely continue to grow.

Further, from time to time, we may receive letters from third parties alleging that we are infringing upon their IPR or inviting us to license their IPR. Successful infringement claims against us could result in significant monetary liability, prevent us from selling some of our products and services, or require us to change our branding. In addition, resolution of claims may require us to redesign our products, license rights from third parties at a significant expense, or cease using those rights altogether. We may in the future bring claims against third parties for infringing our IPR. Costs of supporting such litigation and disputes may be considerable, and there can be no assurances that a favorable outcome will be obtained. Patent infringement, trademark infringement, trade secret misappropriation, and other intellectual property claims and proceedings brought against us or brought by us, whether successful or not, could require significant attention of our management and resources and have in the past and could further result in substantial costs, harm to our brand, and have an adverse effect on our business.

Adverse tax laws or regulations could be enacted or existing laws could be applied to us or our employers and job seekers, which could increase the costs of our services and adversely impact our business.

The application of federal, state, local and international tax laws to services provided electronically is evolving. New income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time (possibly with retroactive effect), and could be applied solely or disproportionately to services provided over the internet. These enactments could adversely affect our sales activity due to the inherent cost increase the taxes would represent and ultimately result in a negative impact on our operating results and cash flows.

In addition, existing tax laws, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to us (possibly with retroactive effect), which could require us or our employers and job seekers to pay additional tax amounts, as well as require us or our employers and job seekers to pay fines or penalties and interest for past amounts. If we are unsuccessful in collecting such taxes from our employers and job seekers, we could be held liable for such costs, thereby adversely impacting our operating results and cash flows.

Furthermore, the Inflation Reduction Act imposes a 1% non-deductible excise tax on the fair market value of any stock repurchased by a publicly traded domestic corporation during any taxable year, with the fair market value of such repurchased stock reduced by the fair market value of certain stock issued by such corporation during such taxable year. This tax will apply to our share repurchase program beginning in 2023, where such program is described in the below risk factor titled “Our share repurchase program could affect the price of our Class A common stock and increase volatility and may be suspended or terminated at any time, which may result in a decrease in the trading price of our Class A common stock.”

Other Risks Related to Our Business

Our business is subject to the risk of earthquakes, fire, power outages, floods, public health crises, including pandemics, and other catastrophic events, and to interruption by man-made problems such as terrorism.

Our business is vulnerable to damage or interruption from earthquakes, fires, floods, power losses, telecommunications failures, terrorist attacks, acts of war, human errors, break-ins, public health crises, and similar events. Additionally, the third-party systems and operations, such as the data centers and online services we use in our company operations, are subject to similar risks. Our insurance policies may not cover losses from these events or may provide insufficient compensation that does not cover our total losses. For example, the COVID-19 pandemic resulted in a widespread global health crisis and adversely affected global economies and financial markets, and similar public health threats could do so in the future. To the extent the COVID-19 pandemic or another significant public health threat, or the related macroeconomic impacts, has an impact on our business, results of operations, and financial condition, it is likely also to have the effect of heightening many of the other risks described in this “Risk Factors” section. Such events have impacted, and could in the future impact, demand for products sold in our marketplace, which in turn could adversely affect our revenue and results of operations. In addition, acts of terrorism, which may be targeted at metropolitan areas that have higher population density than rural areas, could also cause disruptions in our business or the economy as a whole. A significant portion of our technology team is located in Israel, which is located in a region of the world that historically has experienced elevated levels of geopolitical instability. Our corporate offices and our primary data center facilities are located in California, a state that frequently experiences earthquakes and wildfires. We may not have sufficient protection or recovery plans. As we rely heavily on our data center facilities, computer and communications systems, and the internet to conduct our business and provide high-quality user service, these disruptions could negatively impact our ability to run our business.

Our indebtedness could adversely affect our liquidity and financial condition.

We had \$550.0 million of indebtedness (excluding intercompany indebtedness) and \$244.6 million available under our credit facility as of December 31, 2022. Our indebtedness could have important consequences, including:

- making it more difficult for us to satisfy our debt obligations;
- limiting our ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions or other general corporate requirements;
- requiring a portion of our cash flows to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flows available for working capital, capital expenditures, acquisitions and other general corporate purposes;
- increasing our vulnerability to adverse changes in general economic, industry and competitive conditions; and
- increasing our cost of borrowing.

In addition, the credit agreement that governs our credit facility and the indenture governing the \$550.0 million aggregate principal amount of our senior unsecured notes that we issued in January 2022 contain restrictive covenants that limit our ability to engage in activities that may be in our long-term best interest. Our failure to comply with those covenants could result in an event of default under the credit agreement that governs our credit facility or the indenture governing the senior unsecured notes which, if not cured or waived, could result in the acceleration of substantially all of our indebtedness.

We may not be able to generate sufficient cash to service all of our indebtedness, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or to refinance our debt obligations depends on our financial condition and results of operations, which in turn are subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance our indebtedness. Our ability to restructure or refinance our debt will depend on, among other things, the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments may restrict us from adopting some of these alternatives. In addition, any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness. In the absence of such cash flows and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations.

Further, the credit agreement governing our credit facility contains, and any future credit facility or other debt instrument may contain, provisions that will restrict our ability to dispose of assets and use the proceeds from any such disposition. We may not be able to consummate those dispositions or to obtain the proceeds that we could realize from them and these proceeds may not be adequate to meet any debt service obligations then due. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations.

If we cannot make the scheduled payments on our debt, we will be in default and, as a result, the lenders under our credit facility and the holders of the senior unsecured notes could declare all outstanding principal and interest to be due and payable, the lenders under our credit facility could terminate their commitments to loan money and foreclose against the assets securing the borrowings under such credit facility, and we could be forced into bankruptcy or liquidation, which could result in an adverse impact to your investment in our company.

Covenants in our debt agreements may restrict our operations, and if we do not effectively manage our business to comply with these covenants, our financial condition could be adversely impacted.

We entered into a Credit Agreement with the lenders named therein, and JPMorgan Chase Bank, N.A., as administrative agent, in April 2021, which provides for a \$250.0 million secured line of credit. We also entered into an indenture in January 2022, which governs the senior unsecured notes. The credit facility and the indenture that governs the senior unsecured notes contain various restrictive covenants, including, among other things, net leverage ratio requirements, and restrictions on our ability to dispose of assets, make acquisitions or investments, incur debt or liens, make distributions to our stockholders, or enter into certain types of related party transactions. These restrictions may restrict our current and future operations, particularly our ability to respond to certain changes in our business or industry, or take future actions. Pursuant to the credit agreement, we granted the lenders thereto a security interest in substantially all of our assets. See the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources” for additional information.

Our ability to meet these restrictive covenants can be impacted by events beyond our control and we may be unable to do so. Our credit agreement and the indenture governing the senior unsecured notes provides that our breach or failure to satisfy certain covenants constitutes an event of default. Upon the occurrence of an event of default, the lender could elect to declare all amounts outstanding under its debt agreements to be immediately due and payable, and holders of the senior unsecured notes could declare all outstanding principal and interest to be due and payable. In addition, the lender would have the right to proceed against the assets we provided as collateral pursuant to the credit agreement. If the debt under our credit agreement or the senior unsecured notes were to be accelerated, we may not have sufficient cash on hand or be able to sell sufficient collateral to repay such debts, which would have an immediate adverse effect on our business, liquidity, and financial condition.

We may engage in merger and acquisition activities, which could require significant management attention, disrupt our business, dilute stockholder value, consume resources that are necessary to sustain our business, and adversely affect our operating results.

As part of our business strategy, we may make investments in other companies, products, or technologies. At any given time, we may be engaged in discussions or negotiations with respect to one or more of these types of transactions. Any acquisition, investment, or business relationship may result in unforeseen or additional operating difficulties, risks, and expenditures. We may not be able to find suitable acquisition candidates and we may not be able to complete acquisitions on favorable terms, if at all. If we do complete acquisitions in the future, we may not ultimately strengthen our competitive position or achieve our goals, and any acquisitions we complete could be viewed negatively by employers and job seekers. In addition, if we cannot successfully integrate such acquisitions, or the assets, technologies or personnel associated with such acquisitions, into our company, the anticipated benefits of any acquisition, investment, or business relationship may not be realized. Additionally, we may be exposed to unknown or additional risks and liabilities.

We may in the future seek to acquire or invest in additional businesses, products, technologies, or other assets. We also may enter into relationships with other businesses to expand our marketplace or our ability to provide our marketplace in foreign jurisdictions, which could involve preferred or exclusive licenses, additional channels of distribution, discount pricing, or investments in other companies. Negotiating these transactions can be time consuming, difficult, and expensive, and our ability to close these transactions may often be subject to approvals that are beyond our control. Consequently, these

transactions, even if undertaken and announced, may not close. Acquisitions may disrupt our ongoing operations, divert management from their primary responsibilities, dilute our corporate culture, subject us to additional liabilities, increase our expenses, and adversely impact our business, financial condition, operating results, and cash flows. We may not successfully evaluate or use the acquired technology and accurately forecast the financial impact of an acquisition transaction, including accounting charges. We may have to pay cash, incur debt, or issue equity securities to pay for any such acquisition, each of which could affect our financial condition, result in dilution to our stockholders or increase our fixed obligations.

We may require additional capital to support business growth and objectives, and this capital might not be available to us on reasonable terms, if at all, and may result in stockholder dilution.

We expect that our existing cash, cash equivalents, and marketable securities will be sufficient to meet our anticipated cash needs for the foreseeable future. However, we intend to continue to make investments to support our business growth and may require additional capital to fund our business and to respond to competitive challenges, including the need to promote and enhance our marketplace, develop new products and services, enhance our operating infrastructure, and potentially to acquire complementary businesses and technologies. Accordingly, we may need to engage in equity or debt financings to secure additional funds. There can be no assurance that such additional funding will be available on terms attractive to us, or at all. Our inability to obtain additional funding when needed could have an adverse effect on our business, financial condition, and operating results. If additional funds are raised through the issuance of equity or convertible debt securities, holders of our Class A common stock could suffer significant dilution, and any new shares we issue could have rights, preferences, and privileges superior to those of our Class A common stock. Additionally, a substantial number of shares of our common stock are available for future sale pursuant to stock options, RSUs, or issuance pursuant to our equity incentive plans and employee stock purchase plan. Any debt financing secured by us in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions.

The requirements of being a public company, including maintaining adequate internal control over our financial and management systems, may strain our resources, divert management's attention, and affect our ability to attract and retain executive management and qualified board members.

We are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, the rules subsequently implemented by the SEC, the rules and regulations of the listing standards of the New York Stock Exchange and other applicable securities rules and regulations. Compliance with these rules and regulations has increased our legal and financial compliance costs and strains our financial and management systems, internal controls, and employees.

The Exchange Act requires, among other things, that we file annual, quarterly, and current reports with respect to our business and operating results. Moreover, the Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures, and internal control over financial reporting. We are required to make a formal assessment and provide an annual management report on the effectiveness of our internal control over financial reporting beginning with this Annual Report on Form 10-K. We have not identified any material weaknesses in our internal control over financial reporting during 2022, 2021 and 2020. However, to maintain and, if required, improve our disclosure controls and procedures, and internal control over financial reporting to meet the standards of the Sarbanes-Oxley Act, additional and potentially significant resources and management oversight may be required.

Further, weaknesses in our disclosure controls and internal control over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our business or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Because we no longer qualify as an emerging growth company at the conclusion of the fiscal year ended

December 31, 2022, we are required to include in this Annual Report on Form 10-K an attestation report as to the effectiveness of our internal control over financial reporting that is issued by our independent registered public accounting firm. Any failure to implement and maintain effective internal control over financial reporting could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we are required to include in our periodic reports that will be filed with the SEC. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on our stock price.

The new rules and regulations applicable to public companies, and stockholder litigation brought against recently public companies, have made it more expensive for us to obtain and maintain director and officer liability insurance, and we may be required to incur substantially higher costs to obtain and maintain the same or similar coverage.

Our management team has limited experience managing a public company.

Most members of our management team have limited experience managing a publicly traded company, interacting with public company investors, and complying with the increasingly complex laws pertaining to public companies. We are subject to significant regulatory oversight and reporting obligations under the federal securities laws and the continuous scrutiny of securities analysts and investors. These obligations and constituents require significant attention from our senior management and could divert their attention away from the day-to-day management of our business, which could adversely affect our business, financial condition, and operating results.

Our reported financial results may be adversely affected by changes in accounting principles generally accepted in the United States.

Generally accepted accounting principles in the United States are subject to interpretation by the Financial Accounting Standards Board (FASB), the SEC, and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported financial results and could affect the reporting of transactions completed before the announcement of a change.

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

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities, and stockholders' equity/deficit, and the amount of revenue and expenses that are not readily apparent from other sources. Our operating results may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our operating results to fall below the expectations of securities analysts and investors, resulting in a decline in the price of our Class A common stock.

Fluctuations in currency exchange rates could harm our operating results and financial condition.

Transactions generated in countries other than the United States as well as those incurred by our international subsidiaries are often denominated in the currencies of the local countries. As a result, our consolidated U.S. dollar financial statements are subject to fluctuations due to changes in exchange rates as the financial results of our international subsidiaries are translated from local currencies into U.S. dollars. Our financial results are also subject to changes in exchange rates that impact the settlement of transactions in non-local currencies. To date, we have not engaged in currency hedging activities to limit

the risk of exchange fluctuations and, as a result, our financial condition and operating results could be adversely affected by such fluctuations.

Risks Related to the Ownership of Our Class A Common Stock

Market volatility may affect the value of an investment in our Class A common stock and could subject us to litigation.

Technology stocks have historically experienced high levels of volatility. The price of our Class A common stock also could be subject to wide fluctuations in response to the risk factors described in this Annual Report on Form 10-K and others beyond our control, including:

- the number of shares of our Class A common stock and Class B common stock publicly owned and available for trading;
- actual or anticipated fluctuations in our financial condition, operating results and other operating and non-GAAP metrics;
- our actual or anticipated operating performance and the operating performance of our competitors;
- changes in the projected operational and financial results we provide to the public or our failure to meet those projections;
- any major change in our board of directors, management, or key personnel;
- the impact of, including but not limited to, market volatility, macroeconomic conditions such as inflation and any recession, and economic disruption caused by COVID-19 or any other worldwide pandemic;
- rumors and market speculation involving us or other companies in our industry;
- announcements by us or our competitors of significant innovations, new products, services, features, integrations or capabilities, acquisitions, strategic investments, partnerships, joint ventures, or capital commitments;
- lawsuits threatened or filed against us;
- other events or factors, including those resulting from the COVID-19 pandemic, war, incidents of terrorism, natural disasters, or responses to these events; and
- sales or expected sales of our Class A common stock by us, and our officers, directors, and principal stockholders.

Furthermore, the stock market has recently experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies and financial services and technology companies in particular. These fluctuations often have been unrelated or disproportionate to the operating performance of those companies. These broad market and industry fluctuations, as well as general economic, political, and market conditions such as recessions, interest rate changes, or international currency fluctuations, may negatively impact the market price of our Class A common stock. These fluctuations may be even more pronounced in the trading market for our Class A common stock following the recent listing of our Class A common stock on the New York Stock Exchange as a result of the supply and demand forces described above. In the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management's attention from other business concerns, which could harm our business.

The dual class structure of our common stock concentrates voting control with those stockholders who held our capital stock prior to our listing, including our directors, executive officers, and 5% stockholders. This ownership will limit or preclude your ability to influence corporate matters, including the election of directors and the approval of any change of control transaction.

Our Class B common stock has twenty votes per share and our Class A common stock has one vote per share. As of December 31, 2022, the holders of our outstanding Class B common stock beneficially owned approximately 28.9% of our outstanding common stock as a class and held approximately 89.0% of the voting power of our outstanding common stock as a class. Because of the twenty-to-one voting ratio between our Class B and Class A common stock, the holders of our Class B common stock collectively control a substantial majority of the combined voting power of our common stock and therefore are able to control all matters submitted to our stockholders for approval until the earliest of (1) the first business day falling on or after 180 days after the date on which Ian Siegel beneficially owns less than 4,000,000 shares of Class B common stock, (2) the date which is (a) 90 days after the date of death or disability of Mr. Siegel or (b) such later date, not to exceed a total period of 180 days after the date of death or disability of Mr. Siegel, as may be approved prior to the date that is 90 days after the date of death or disability of Mr. Siegel by a majority of our independent directors then in office, and (3) the first business day falling on or after the date on which Mr. Siegel elects to convert all then-outstanding shares of Class B common stock into shares of Class A common stock. This concentrated control limits or precludes your ability to influence corporate matters for the foreseeable future, including the election of directors, amendments of our organizational documents, and any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transaction requiring stockholder approval. In addition, this may prevent or discourage unsolicited acquisition proposals or offers for our capital stock that you may feel are in your best interest as one of our stockholders.

Future transfers by holders of Class B common stock will generally result in those shares converting to Class A common stock, subject to limited exceptions, such as certain permitted transfers, including certain transfers to family members, trusts solely for the benefit of the stockholder or their family members, affiliates under common control with the stockholder, and partnerships, corporations, and other entities exclusively owned by the stockholder or their family members, in each case as fully described in our amended and restated certificate of incorporation. The conversion of Class B common stock to Class A common stock will have the effect, over time, of increasing the relative voting power of those holders of Class B common stock who retain their shares in the long term.

The dual class structure of our common stock may adversely affect the trading market for our Class A common stock.

Certain stock index providers, such as S&P Dow Jones, exclude companies with multiple classes of shares of common stock from being added to certain stock indices, including the S&P 500. In addition, several stockholder advisory firms and large institutional investors oppose the use of multiple class structures. As a result, the dual class structure of our common stock may prevent the inclusion of our Class A common stock in such indices, may cause stockholder advisory firms to publish negative commentary about our corporate governance practices or otherwise seek to cause us to change our capital structure, and may result in large institutional investors not purchasing shares of our Class A common stock. Any exclusion from stock indices could result in a less active trading market for our Class A common stock. Any actions or publications by stockholder advisory firms or institutional investors critical of our corporate governance practices or capital structure could also adversely affect the value of our Class A common stock.

Our share repurchase program could affect the price of our Class A common stock and increase volatility and may be suspended or terminated at any time, which may result in a decrease in the trading price of our Class A common stock.

As of December 31, 2022, the board of directors has authorized us to repurchase up to \$450.0 million of our common stock through open market or privately negotiated transactions, block purchases, or pursuant to one or more Rule 10b5-1 plans, in compliance with applicable securities laws and other legal requirements. The timing and actual number of shares repurchased will depend on a variety of factors including price, market conditions, corporate and regulatory requirements, and other investment opportunities. Approximately \$110.7 million remains available for future repurchases under our \$450.0 million share repurchase program as of December 31, 2022.

Repurchases pursuant to our share repurchase program could affect the price of our Class A common stock and increase its volatility. The existence of our share repurchase program could also cause the price of our Class A common stock to be higher than it would be in the absence of such a program and could reduce the market liquidity for our Class A common stock. Additionally, repurchases under our share repurchase program will diminish our cash reserves, which could impact our ability to further develop our business and service our indebtedness. There can be no assurance that any repurchases will enhance stockholder value because the market price of our Class A common stock may decline below the levels at which we repurchased such shares. Any failure to repurchase shares after we have announced our intention to do so may negatively impact our reputation and investor confidence in us and may negatively impact our Class A common stock price. Although our share repurchase program is intended to enhance long-term stockholder value, short-term price fluctuations could reduce the program's effectiveness.

If securities or industry analysts do not publish research, or publish inaccurate or unfavorable research, about our business or our future prospects, the price of our Class A common stock and trading volume could decline.

The trading market for our Class A common stock depends in part on the research and reports that securities or industry analysts publish about us or our business, our market, and our competitors. We do not have control over these securities analysts. If one or more of the analysts who cover us downgrade our Class A common stock or publish inaccurate or unfavorable research about our business, our Class A common stock price would likely decline. If one or more of these analysts cease coverage of us or cannot publish reports on us regularly, demand for our Class A common stock could decrease, which might cause our Class A common stock price and trading volume to decline.

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

We have never declared or paid any cash dividends on our common stock and do not intend to pay any cash dividends in the foreseeable future. Additionally, our ability to pay dividends on our common stock is limited by the restrictions under the terms of our credit agreement. We anticipate that for the foreseeable future we will retain all of our future earnings for use in the development of our business and for general corporate purposes. Any determination to pay dividends in the future will be at the discretion of our board of directors. Accordingly, investors must rely on sales of their Class A common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

Provisions in our charter documents and under Delaware law could make an acquisition of us, which may be beneficial to our stockholders, more difficult and may limit attempts by our stockholders to replace or remove our current management.

Provisions in our amended and restated certificate of incorporation and restated bylaws may have the effect of delaying or preventing a merger, acquisition, or other change of control of our company that the stockholders may consider favorable. In addition, because our board of directors is responsible for appointing the members of our management team, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for

stockholders to replace members of our board of directors. Among other things, our amended and restated certificate of incorporation and restated bylaws include provisions that:

- provide that our board of directors will be classified into three classes of directors with staggered three-year terms;
- permit the board of directors to establish the number of directors and fill any vacancies and newly created directorships;
- require super-majority voting to amend some provisions in our amended and restated certificate of incorporation and restated bylaws, including provisions relating to the classified board, the size of the board, removal of directors, special meetings, actions by written consent, and designation of our preferred stock;
- authorize the issuance of “blank check” preferred stock that our board of directors could use to implement a stockholder rights plan;
- provide that only the chairman of our board of directors, our chief executive officer, our lead independent director, or a majority of our board of directors will be authorized to call a special meeting of stockholders;
- eliminate the ability of our stockholders to call special meetings of stockholders;
- prohibit cumulative voting;
- provide that directors may only be removed “for cause” and only with the approval of two-thirds of our stockholders;
- provide for a dual class common stock structure in which holders of our Class B common stock may have the ability to control the outcome of matters requiring stockholder approval, even if they own significantly less than a majority of the outstanding shares of our common stock, including the election of directors and significant corporate transactions, such as a merger or other sale of our company or its assets;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;
- provide that the board of directors is expressly authorized to make, alter, or repeal our bylaws; and
- establish advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

Moreover, Section 203 of the Delaware General Corporate Law, or DGCL, may discourage, delay, or prevent a change in control of our company. Section 203 imposes certain restrictions on mergers, business combinations, and other transactions between us and holders of 15% or more of our common stock. See the section titled “Description of Class A Common Stock” in Exhibit 4.6 to this Annual Report on Form 10-K for additional information. In addition, under the indenture governing the senior unsecured notes, if certain “change of control” events occur, each holder of the notes may require us to repurchase all of such holder’s notes at a purchase price equal to 101% of the principal amount of such notes. Additionally, our credit facility provides for an event of default upon the occurrence of certain specified “change of control” events.

Our amended and restated certificate of incorporation and our restated bylaws contain exclusive forum provisions for certain claims, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.

Our amended and restated certificate of incorporation, to the fullest extent permitted by law, provides that the Court of Chancery of the State of Delaware will be the exclusive forum for any derivative action or proceeding brought on our behalf; any action asserting a breach of fiduciary duty; any action asserting a claim against us arising pursuant to the DGCL, our amended and restated certificate of incorporation, or our restated bylaws; or any action asserting a claim against us that is governed by the internal affairs doctrine.

Moreover, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all claims brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder and our restated bylaws provide that the U.S. federal district courts will, to the fullest extent permitted by law, be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, or a Federal Forum Provision. Our decision to adopt a Federal Forum Provision followed a decision by the Supreme Court of the State of Delaware holding that such provisions are facially valid under Delaware law. While there can be no assurance that federal or state courts will follow the holding of the Delaware Supreme Court or determine that the Federal Forum Provision should be enforced in a particular case, application of the Federal Forum Provision means that suits brought by our stockholders to enforce any duty or liability created by the Securities Act must be brought in federal court and cannot be brought in state court. Section 27 of the Exchange Act creates exclusive federal jurisdiction over all claims brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder and neither the exclusive forum provision nor the Federal Forum Provision applies to suits brought to enforce any duty or liability created by the Exchange Act. Accordingly, actions by our stockholders to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder must be brought in federal court. Our stockholders will not be deemed to have waived our compliance with the federal securities laws and the regulations promulgated thereunder.

Any person or entity purchasing or otherwise acquiring or holding any interest in any of our securities will be deemed to have notice of and consented to our exclusive forum provisions, including the Federal Forum Provision. These provisions may limit our stockholders' ability to bring a claim in a judicial forum they find favorable for disputes with us or our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers, and other employees. Alternatively, if a court were to find the choice of forum provision contained in our amended and restated certificate of incorporation or restated bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, operating results, and financial condition.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 2. Properties

Our corporate headquarters are located in Santa Monica, California, where we currently lease approximately 60,000 square feet under agreements that expire in 2023 and 2025. We also lease facilities in Palo Alto, California, Phoenix, Arizona and Tel Aviv, Israel. We intend to procure additional space as we add employees and expand geographically. We believe that our facilities are adequate to meet our needs for the immediate future and that suitable additional space will be available to accommodate any expansion of our operations as needed.

Item 3. Legal Proceedings

Refer to the disclosure under the heading “Legal Matters” in Note 9 – Commitments and Contingencies to the audited financial statements included in this report for legal proceedings. From time to time, we may be involved in various legal proceedings arising from the normal course of our business activities.

Item 4. Mine Safety Disclosures

Not applicable.

Part II

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

Market Information for Common Stock

Our Class A common stock is listed on the New York Stock Exchange, or NYSE, under the ticker symbol "ZIP". There is no separate public trading market for our Class B common stock, which is convertible share for share at any time into Class A common stock.

Holders of Record

As of February 17, 2023, the approximate number of Class A and Class B common shareholders of record was 1,216 and 7, respectively. A substantially greater number of ZipRecruiter common shareholders are "street name" or beneficial holders, whose shares are held of record by banks, brokers and other financial institutions.

Dividend Policy

We have never declared or paid any cash dividends on our common stock and do not intend to pay any cash dividends in the foreseeable future. We anticipate that for the foreseeable future, we will retain all of our future earnings for use in the development of our business and for general corporate purposes. Any determination to pay dividends in the future will be at the discretion of our board of directors. In addition, our credit agreement contains restrictions on our ability to pay cash dividends on our capital stock.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Share repurchase activity during the three months ended December 31, 2022 was as follows (in thousands, except per share amounts):

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs ⁽¹⁾
October 1, 2022 to October 31, 2022				
Rule 10b5-1 plan repurchases	1,264	\$ 17.15	1,264	
November 1, 2022 to November 31, 2022				
Rule 10b5-1 plan repurchases	1,699	\$ 16.50	1,699	
December 1, 2022 to December 30, 2022				
Rule 10b5-1 plan repurchases	100	\$ 16.05	100	
Open market repurchases	2,409	\$ 16.29	2,409	
December ASR ⁽²⁾	2,566	(2)	2,566	
Total	8,038			\$ 110,744

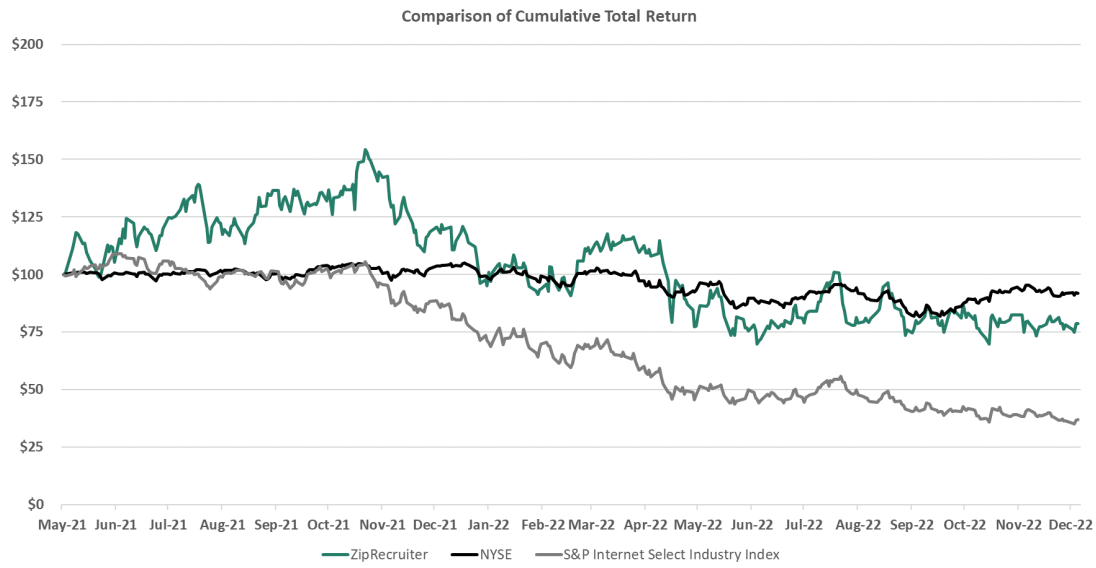
(1) As of December 31, 2022, the board of directors authorized us to repurchase up to \$450.0 million of our common stock under the share repurchase program, of which \$339.3 million had been utilized. The remaining \$110.7 million in the table represents the amount available to repurchase shares under the share repurchase program as of December 31, 2022. We may repurchase shares of common stock through open market or privately negotiated transactions, block purchases, or pursuant to one or more Rule 10b5-1 plans. The share repurchase program has no expiration date and will continue until otherwise suspended, terminated, or modified at any time for any reason by the board of directors. For more information, see Note 13 – Share Repurchase Program to the audited financial statements included in this report.

(2) In December 2022, we entered into a new accelerated share repurchase agreement (the “December ASR”) with Wells Fargo Bank, National Association. Under the terms of the agreement, we made a payment of \$50.0 million and received an initial delivery of 2.6 million shares of Class A common stock, which represented \$42.5 million (or 85%) of the December ASR. The final number of shares to be repurchased will be based on the volume-weighted average price of our Class A common stock during the term of the December ASR, less fees paid to the bank. The final settlement of the December ASR occurred during the first quarter of 2023. The ASR transaction was effectuated pursuant to our previously announced \$450.0 million share repurchase program.

Stock Performance Graph

This performance graph shall not be deemed “soliciting material” or to be “filed” with the SEC for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any of our filings under the Securities Act or the Exchange Act.

The following graph compares the cumulative total return to stockholders on our Class A common stock since May 26, 2021 (the date our Class A common stock commenced trading on the NYSE) relative to the cumulative total returns of the NYSE and the Standard & Poor’s Internet Select Industry Index over the same period. An investment of \$100 (with reinvestment of all dividends) is assumed to have been made in our Class A common stock and in each index at the market close on May 26, 2021, and its relative performance is tracked through December 31, 2022. The returns shown are based on historical results and are not intended to suggest future performance.



Item 6. [Reserved]

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

You should read the following discussion and analysis of our financial condition and results of operations together with the consolidated financial statements and the related notes included in Item 8 "Financial Statements and Supplementary Data" in this Annual Report on Form 10-K. Some of the information contained in this discussion and analysis or set forth elsewhere in this Annual Report on Form 10-K, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. You should read the sections titled "Risk Factors" and "Note Regarding Forward-Looking Statements" for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

OVERVIEW

Our Mission is to actively connect people to their next great opportunity.

ZipRecruiter is a two-sided marketplace for work. We generate substantially all of our revenue from fees paid by employers to post jobs and access other features in our marketplace. We offer our employers flat rate pricing on terms typically ranging from a day to a year, or performance-based pricing, such as cost-per-click, to align with each employer's hiring needs.

ZipRecruiter is free to use for job seekers. Job seekers come to ZipRecruiter in search of their next opportunity. After establishing a profile, job seekers are able to apply to jobs with a single click. Our automated recruiter curates jobs and proactively sends alerts for new opportunities where they are a Great Match, which is a designation assigned by ZipRecruiter's technology to indicate a high potential fit between a job seeker and a job. As our matching technology learns more about job seekers' preferences and attributes, our technology offers increasingly higher quality matches.

We plan to continue to invest aggressively in our marketplace to improve functionality and drive growth for the foreseeable future. We have made significant investments in our business to expand our employer and job seeker footprints, increase their engagement and enhance our datasets and machine learning.

For the year ended December 31, 2022, our revenue was \$904.6 million and we generated net income of \$61.5 million and Adjusted EBITDA of \$184.9 million. For the year ended December 31, 2021, our revenue was \$741.1 million and we generated net income of \$3.6 million and Adjusted EBITDA of \$108.3 million. Adjusted EBITDA is a financial measure not presented in accordance with GAAP. For a definition of Adjusted EBITDA, an explanation of our management's use of this measure and a reconciliation of net income to Adjusted EBITDA, see the section titled "Key Operating Metrics and Non-GAAP Financial Measures."

KEY OPERATING METRICS AND NON-GAAP FINANCIAL MEASURES

In addition to the measures presented in our consolidated financial statements, we use the following key operating metrics and non-GAAP financial measures to identify trends affecting our business, formulate business plans, and make strategic decisions:

	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022
Quarterly Paid Employers	114,705	169,191	169,535	147,081	150,233	156,537	135,703	108,296
Revenue per Paid Employer	\$1,093	\$1,081	\$1,254	\$1,497	\$ 1,513	\$1,533	\$1,673	\$1,944

	Year Ended December 31,	
	2022	2021
	(in thousands, except percentages)	
Adjusted EBITDA	\$ 184,866	\$ 108,329
Adjusted EBITDA margin	20 %	15 %

Quarterly Paid Employers

We quantify the revenue-generating customer base as the number of Paid Employers in our marketplace. The Quarterly Paid Employer metric includes all actively recruiting employers (or entities acting on behalf of employers) on a paying subscription plan or performance marketing campaign for at least one day in a given calendar quarter. Paid Employers excludes employers from our third-party sites or other indirect channels, employers who are not actively recruiting and employers on free-trials. This group of employers excluded from our Paid Employer count does not contribute a significant amount of revenue.

In the last quarter of the year ended December 31, 2022, Quarterly Paid Employers decreased when compared to the prior-year period. The record-setting levels of hiring activity we saw throughout the first half of 2022 started to show signs of softening near the end of June 2022. This trend continued through the remainder of the year ended December 31, 2022, as the U.S. labor market continued to be impacted by supply chain disruptions, inflation, and rising interest rates which posed challenges for many businesses.

Revenue per Paid Employer

We evaluate Revenue per Paid Employer as a key indicator of our efforts to increase value provided to employers in our marketplace. We define Revenue per Paid Employer as total company revenue in a given period divided by Quarterly Paid Employers in the same period.

In the last quarter of the year ended December 31, 2022, Revenue per Paid Employer increased by 30% when compared to the prior-year period. Despite the cooling hiring environment in the second half of the year ended December 31, 2022, employers' willingness to pay continued to grow as we saw employers being more selective in their hiring and increasingly seeking out solutions with the best matching technology to help them identify and recruit standout candidates. Our products and services continue to improve, offering more value for employers of all sizes.

Adjusted EBITDA and Adjusted EBITDA Margin

We define Adjusted EBITDA as our net income (loss) before interest expense, other income, net, income tax expense (benefit) and depreciation and amortization, adjusted to eliminate stock-based compensation expense. Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA for a period by revenue for the same period.

We believe Adjusted EBITDA and Adjusted EBITDA margin are helpful to investors, analysts and other interested parties because they can assist in providing a more consistent and comparable overview of our operations across our historical financial periods. In addition, these measures are frequently used by analysts, investors and other interested parties to evaluate and assess performance. Adjusted EBITDA is not intended to be a substitute for any U.S. GAAP financial measure and, as calculated, may not be comparable to other similarly titled measures of performance of other companies in other industries or within the same industry.

Our Adjusted EBITDA and Adjusted EBITDA margin fluctuate from quarter to quarter depending on a variety of factors including, but not limited to, our investments in research and development, sales and marketing, headcount and our ability to generate revenue.

The following table presents a reconciliation of net income to Adjusted EBITDA for each of the periods indicated:

	Year Ended December 31,	
	2022	2021
	(in thousands)	
Net income ⁽¹⁾	\$ 61,494	\$ 3,600
Stock-based compensation	76,956	107,258
Depreciation and amortization	10,682	9,463
Interest expense	28,498	916
Other income, net	(5,354)	(32)
Income tax expense (benefit)	12,590	(12,876)
Adjusted EBITDA	<u>\$ 184,866</u>	<u>\$ 108,329</u>

(1) Net income includes one-time general and administrative expenses related to financial advisory services, accounting and legal expenses, the bonus earned by our Chief Executive Officer, and other filing costs in connection with the direct listing of our Class A common stock on the New York Stock Exchange, or Direct Listing, totaling \$0 and \$34.0 million in the years ended December 31, 2022 and 2021, respectively.

The following tables present net income margin and Adjusted EBITDA margin for each of the periods indicated:

	Year Ended December 31,	
	2022	2021
<i>(in thousands, except percentages)</i>		
Revenue	\$ 904,649	\$ 741,141
Net income	61,494	3,600
Net income margin	7 %	— %

	Year Ended December 31,	
	2022	2021
<i>(in thousands, except percentages)</i>		
Revenue	\$ 904,649	\$ 741,141
Adjusted EBITDA	184,866	108,329
Adjusted EBITDA margin	20 %	15 %

FACTORS AFFECTING OUR PERFORMANCE

We believe that the growth and future success of our business depends on many factors. While each of these factors presents significant opportunities for our business, they also pose important challenges that we must successfully address in order to sustain our growth, improve our results of operations and maintain or increase profitability.

Attract More Employers

Our ability to maintain and grow an expansive universe of employers and job opportunities in our marketplace over time is critical to our business's future. We acquire new employers primarily through marketing programs and our sales teams.

Our ability to cost effectively attract both employers and job seekers is critical to our success. Given that our marketplace remains free for job seekers, employers' spending funds our continued investment in matching technology. The majority of our marketing efforts to date have been toward reaching employers. Our investment in employer-specific marketing has driven a significant increase in brand awareness. Our aided brand awareness among employers has grown to over 80% in 2022. We believe scaling our brand has a positive impact on our ability to attract both employers and job seekers to our marketplace. We plan to continue to invest in the sales and marketing channels that we believe will drive further brand awareness and preference amongst both employers and job seekers. We are focused on the effectiveness of our sales and marketing spend and will continue to be disciplined in how we measure and re-invest in growing both sides of our marketplace.

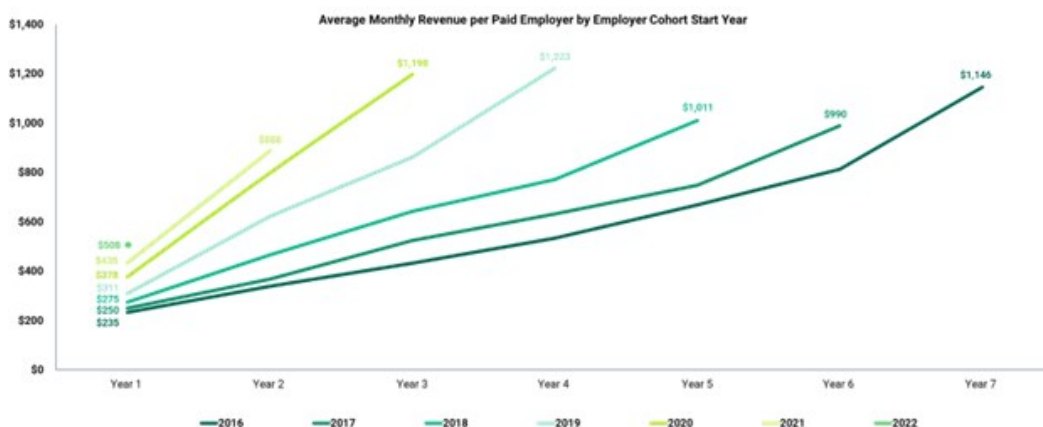
Most of the employers in our marketplace use our self-serve tools to gain access to our marketplace and do not require a salesperson to help them initially onboard and begin using ZipRecruiter. Other employers have more sophisticated needs or require greater assistance from our sales team. We expect that our sales teams will continue to become more efficient over time, even as we scale the team to appropriately meet demand from our employer customers.

Create More Value for Employers

While our marketplace serves a wide variety of employers, all employers benefit from finding the right candidate quickly. We bring employers and job seekers together using industry-leading matching technology. This technology benefits from the billions of data points we gather as job seekers and

employers interact, leading to better matches over time. As a result of our advancements with matching, we delivered over 30 million Great Match candidates in 2022.

Average Monthly Revenue per Paid Employer by Employer Cohort Start Year



Satisfied employers continue to expand their relationship with us in terms of additional jobs and tenure in our marketplace. Those with recurring hiring needs remain active in our marketplace over time and tend to increase their spend each year, posting additional jobs and purchasing job enhancement products.

Annual cohort trends also remained strong throughout 2022. The average first year revenue for the 2022 employer cohort was approximately 17% higher than the 2021 cohort. We saw this growth in Revenue per Paid Employer across employers of all sizes, continuing the years-long trend of increasing year one Revenue per Paid Employer for each annual cohort. Additionally, Revenue per Paid Employer continued to grow across each annual cohort. For example, at \$1,146, the average monthly Revenue per Paid Employer in our 2016 cohort has grown by nearly 5x since year one.

Attract More Job Seekers

For job seekers, we operate like a personal recruiter, presenting potential candidates to employers before they have applied. Phil, our AI-powered personal recruiter, engages job seekers on their journey and provides technology that makes their job search and application process more efficient. Our ability to cost effectively grow the number of job seekers and increase their engagement in our marketplace is critical to strengthen our marketplace. We compete for job seekers on many fronts, including our ability to surface unique and attractive jobs, our ability to simplify the hiring process, the transparent feedback job seekers receive on the status of their applications and our trusted brand. We believe our offering to job seekers compares favorably versus alternatives due to the combination of our large and unique set of jobs to choose from, plus our proven matching technology that continues to get smarter over time. In 2022 alone we engaged with over 42 million Active Job Seekers. Historically, we have largely focused our marketing spend on employers, and despite being the highest rated job seeker app on iOS and Android³, we are not yet the most well-known. Starting in 2021 and continuing in 2022, we have made significant investments in media campaigns focused on job seeker acquisition and engagement. With 80% aided brand awa

³ Based on job seeker app ratings, as of January 2023 from AppFollow for ZipRecruiter, CareerBuilder, Glassdoor, Indeed, LinkedIn, and Monster.

renewal among job seekers, we are focused on becoming top of mind for job seekers by increasing our brand awareness.

We will continue to invest in growing the number of job seekers in our marketplace that are either actively or passively open to evaluating new opportunities through a variety of acquisition strategies.

Investments in Technology

The technology that drives high quality matches between our job seekers and employers remains a significant investment priority. We are continuously improving our data science and machine learning models, leveraging the billions of interactions taking place in our marketplace to drive meaningful improvements in the quality of matches we share with our users. Our continued improvement of the technology underpinning our marketplace and product experience is paramount to our user experience, driving our ability to attract and retain employers and job seekers and generate revenue. As such, we will continue to invest in our technology to continue to evolve our marketplace to provide improved experiences and impact for both employers and job seekers.

We have invested in research and development to improve our matching technology and deliver a high-quality experience to employers and job seekers. In 2022 and 2021, we spent \$127.7 million and \$110.5 million, or 14% and 15% of total revenue, respectively, on research and development. We believe the return on these investments will create operating leverage over time while continuing to drive top-line growth.

Seasonality

Our business is seasonal, reflecting typical behavior in hiring markets. Hiring activity tends to decelerate in the fourth quarter. In 2019, for example, sequential revenue growth was 13% and 4% for the quarters ended June 30 and September 30, respectively. Sequential growth decelerated to 0% in the quarter ended December 31, 2019.

The COVID-19 pandemic interrupted the patterns we typically see in our quarterly seasonality. In 2020, we experienced a decrease in sequential revenue of 23% in the quarter ended June 30, 2020 as a result of the pandemic, but saw consecutive quarters of revenue growth of 17% and 11% in the third and fourth quarters of 2020, respectively, as employers started to return to and join our marketplace. In 2021, we saw sequential revenue growth in each quarter. However, growth from third to fourth quarter of 2021 decelerated to 4%, reflecting more typical seasonal patterns. While sequential growth during the first half of 2022 was more reflective of our typical seasonality, we saw consecutive quarters of revenue decline of 5% and 7% in the third and fourth quarters, respectively. We believe this decline was primarily driven by a macroeconomic cooling in the hiring market.

Impact of Macroeconomic Conditions

We saw significantly higher Revenue per Paid Employer in the year ended December 31, 2022 compared to the year ended December 31, 2021 and we delivered \$904.6 million in revenue, a 22% increase compared to the year ended December 31, 2021, driven by higher demand of our products as the economy continued to improve from the economic downturn caused by the COVID-19 pandemic amidst a more competitive labor market. However, we saw employers pulling back on job postings in the second quarter and the trend continued throughout the year ended December 31, 2022 as supply chain disruptions, inflation, and rising interest rates posed challenges for many businesses. Any global economic recovery remains uncertain and unpredictable and will be impacted by such factors, as well as developments in the COVID-19 pandemic, including any subsequent waves of outbreak or new variant strains of the COVID-19 virus, which may require additional closures or other preventative measures and influence job seeker and employer activity.

Components of Our Results of Operations

Revenue

We generate revenue primarily from fees paid by employers to post and distribute jobs in our marketplace, as well as multiple sites managed by Job Distribution Partners, which are third-party sites who have a relationship with us and advertise from our marketplace, and include job boards, newspaper classifieds, search engines, social networks, talent communities and resume services.

Our subscription revenue consists of time-based job posting plans, upsells which complement or expand visibility and prominence to job posting plans and resume database plans.

We offer job posting plans with terms typically ranging from a day to a year on a flat rate subscription basis to access our marketplace, where customers may create and manage job postings and review incoming candidate applications. We recognize revenue ratably over the subscription period beginning on the date the subscription service is made available to the customer. Our nonrefundable subscriptions are typically subject to renewal at the end of the subscription term.

Our upsell services complement or expand visibility to job posting plans and are typically sold on a subscription basis. Upsell services revenue is recognized ratably over the term of the agreement beginning on the date the upsell services are made available to the customer. Additionally, upsell services include job posting enhancements which are applied to individual job postings. Such services enhance job postings by providing customers with a temporary boost in the prominence of their job postings, expanding visibility to job postings by inviting strong fit potential candidates to apply to the job, or highlighting key attributes of job postings to make them stand out to job seekers. Revenue from job posting enhancements is recognized as the customer uses the enhancements on its job postings.

Resume database plans allow our customers to search and view resumes and revenue is recognized ratably over the subscription period.

Performance-based revenue is recognized when a candidate clicks on or applies to a job distributed by ZipRecruiter on behalf of a customer. For performance-based revenue, our customers pay an amount per click or per job application usually capped at a contractual maximum per job recruitment campaign.

For a description of our revenue accounting policies, see the section titled "Critical Accounting Policies and Estimates" below.

Cost of Revenue and Gross Profit

Cost of Revenue

Cost of revenue consists of third-party hosting, credit card processing fees, personnel-related costs (including salaries, bonuses, benefits, and stock-based compensation) for customer support employees, partner revenue share amounts, job distribution costs from performance-based revenue, and amortization of capitalized software costs associated with our marketplace technology to provide services for our customers. In addition, we allocate a portion of overhead costs, such as rent, IT costs, supplies and depreciation and amortization, to cost of revenue based on headcount.

We expect cost of revenue to increase in absolute dollars in future periods due to payment processing fees, third-party hosting fees, personnel-related costs to support additional transaction volume, and amortization expense associated with our capitalized internal-use software and development cost. Our cost of revenue may fluctuate in absolute dollars from period to period based on the amount and timing of all of these items.

Gross Profit and Gross Margin

Our gross profit and gross margin may fluctuate from period to period. Such fluctuations may be influenced by our revenue, timing and amount of investments to expand hosting capacity, our continued investments in our support teams, and the amortization expense associated with our capitalized internal-use software and development cost.

Costs and Operating Expenses

Sales and Marketing

Sales and marketing expense consists of personnel-related costs (including salaries, sales commissions, bonuses, benefits, and stock-based compensation) for our sales and marketing employees, marketing activities, and related allocated overhead costs. Marketing activities include advertising, online lead generation, customer and industry events, and candidate acquisition. We allocate a portion of overhead costs, such as rent, IT costs, supplies, and depreciation and amortization, to sales and marketing expense based on headcount.

We expect that sales and marketing expenses will increase on an absolute dollar basis and may vary from period to period as a percentage of revenue for the foreseeable future as we plan to continue to invest in sales and marketing to attract both employers and job seekers to our marketplace and to increase our brand awareness. We expect that these expenses will continue to be our largest operating expense category for the foreseeable future as we continue to expand on our sales and marketing efforts. We measure the expected returns of specific sales and marketing initiatives and adjust spend levels up or down accordingly. This discipline has been a key aspect of our strong financial performance through a wide range of macroeconomic conditions.

Research and Development

Research and development expense consists of personnel-related costs (including salaries, bonuses, benefits, and stock-based compensation) for our research and development employees, amortization of capitalized software costs associated with the development of internal databases, candidate insights, and reporting that support our marketplace technology and the cost of certain third-party service providers. We allocate a portion of overhead costs, such as rent, IT costs, supplies, and depreciation and amortization, to research and development expense based on headcount. Research and development costs, other than software development costs qualifying for capitalization, are expensed as incurred.

We believe continued investments in research and development are important to attain our strategic objectives, and expect research and development expense to increase in absolute dollars. This expense may vary as a percentage of total revenue for the foreseeable future as we continue to invest in research and development activities related to ongoing improvements to, and maintenance of, our marketplace, expansion of our services, as well as other research and development programs, including the hiring of engineering, product development, and design employees to support these efforts.

General and Administrative

General and administrative expense consists of personnel-related costs (including salaries, bonuses, benefits, and stock-based compensation) for employees in our executive, finance, human resource and administrative departments, and fees for third-party professional services, including consulting, legal and accounting services. General and administrative expense also consists of non-recurring costs as part of our transition to a publicly traded company and includes fees paid to our financial advisors in connection with our Direct Listing. In addition, we allocate a portion of overhead costs, such as rent, IT costs, supplies, and depreciation and amortization, to general and administrative expense based on headcount.

We expect to continue to invest in corporate infrastructure and incur additional expenses associated with operating as a public company, including expenses related to compliance and reporting obligations

pursuant to the rules and regulations of the SEC, and higher expenses for investor relations costs, professional services, and director and officer insurance.

Interest Expense

Interest expense consists of interest costs associated with our outstanding borrowings, undrawn fees associated with our credit facility, and amortization of issuance costs for our credit facility and senior unsecured notes.

Other Income, Net

Other income, net consists primarily of interest income recognized on cash, cash equivalents and marketable securities, gains and losses from foreign currency exchange transactions, and realized gains and losses recognized on sales of available-for-sale debt securities. We have foreign currency exposure primarily related to personnel-related expenses that are denominated in currencies other than the U.S. Dollar, principally the Canadian Dollar, British Pound and the Israeli New Shekel. Other income (expense) also includes sublease income which consists of income earned from noncancellable sublease agreements related to two of our office facilities.

Income Tax Expense (Benefit)

We are subject to federal and state income taxes in the United States, as well as several international jurisdictions. The effective tax rate for the year ended December 31, 2022 differed from the U.S. federal statutory tax rate of 21% primarily due to the net favorable adjustments related to prior years and research and development tax credits, partially offset by state taxes, state valuation allowances on certain tax credit carryforwards, and non-deductible expenses including limitations on the amount of deductible officer compensation. The effective tax rate for the year ended December 31, 2021 differed from the U.S. federal statutory tax rate of 21% primarily due to book and tax differences relating to the exercise of non-qualified stock options and from the net tax benefits from research and development tax credits, partially offset by non-deductible expenses including certain stock-based compensation expenses.

Results of Operations

A discussion regarding our financial condition and results of operations for fiscal year 2022 compared to fiscal year 2021 is presented below. A discussion regarding our financial condition and results of operations for fiscal year 2021 compared to fiscal year 2020 can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" within our Annual Report on Form 10-K for the fiscal year ended December 31, 2021, which is available free of charge on the SEC's website at <http://www.sec.gov>.

The following table sets forth our consolidated results of operations for each of the periods presented:

	Year Ended December 31,	
	2022	2021
	(in thousands)	
Revenue ⁽¹⁾	\$ 904,649	\$ 741,141
Cost of revenue ⁽²⁾	86,298	79,614
Gross profit	818,351	661,527
Operating expenses		
Sales and marketing ⁽²⁾	484,429	410,665
Research and development ⁽²⁾	127,737	110,470
General and administrative ⁽²⁾⁽³⁾	108,957	148,784
Total operating expenses	721,123	669,919
Income (loss) from operations	97,228	(8,392)
Other income (expense)		
Interest expense	(28,498)	(916)
Other income, net	5,354	32
Total other expense, net	(23,144)	(884)
Income (loss) before income taxes	74,084	(9,276)
Income tax expense (benefit)	12,590	(12,876)
Net income	\$ 61,494	\$ 3,600

(1) Revenue is comprised as follows:

	Year Ended December 31,	
	2022	2021
	(in thousands)	
Subscription revenue	\$ 696,334	\$ 600,090
Performance-based revenue	208,315	141,051
Total revenue	\$ 904,649	\$ 741,141

(2) Includes stock-based compensation expense as follows:

	Year Ended December 31,	
	2022	2021
	(in thousands)	
Cost of revenue	\$ 807	\$ 1,093
Sales and marketing	10,858	17,865
Research and development	30,985	34,230
General and administrative	34,306	54,070
Total stock-based compensation	\$ 76,956	\$ 107,258

(3) Includes one-time charges related to financial advisory services, accounting and legal expenses, the bonus earned by our Chief Executive Officer, and other filing costs in connection with our Direct Listing totaling \$0 and \$34.0 million in the years ended December 31, 2022 and 2021, respectively.

Comparison of the Years Ended December 31, 2022 and 2021

Revenue

	Year Ended December 31,			
	2022	2021	\$ Change	% Change
	(in thousands, except percentages)			
Total revenue	\$ 904,649	\$ 741,141	\$ 163,508	22 %

Revenue increased \$163.5 million, or 22%, for the year ended December 31, 2022 compared to the year ended December 31, 2021. Subscription revenue increased by \$96.2 million, or 16%, while performance-based revenue increased \$67.3 million, or 48%, for the same period. The increase in subscription revenue was primarily due to significantly higher Revenue per Paid Employer in the current year driven by higher demand of our products as employers continued to seek out the best and most efficient technology and tools to recruit talent amidst a more competitive labor market. The increase in performance-based revenue was primarily due to the onboarding of new customers who ran sophisticated recruitment marketing campaigns in addition to increased budgets as employers' hiring needs ramped up amidst a more competitive labor market in 2022.

Cost of Revenue and Gross Margin

	Year Ended December 31,			
	2022	2021	\$ Change	% Change
	(in thousands, except percentages)			
Cost of revenue	\$ 86,298	\$ 79,614	\$ 6,684	8 %
Gross margin	90 %	89 %		

Cost of revenue increased \$6.7 million, or 8%, for the year ended December 31, 2022 compared to the year ended December 31, 2021, primarily driven by an increase of \$3.7 million in credit card processing fees due to the increase in revenue. Total gross margins were 90% and 89% in the years ended December 31, 2022 and December 31, 2021, respectively, and this improvement reflected our continued commitment to operational efficiencies and maintaining costs proportionate to revenue growth.

Sales and Marketing

	Year Ended December 31,			
	2022	2021	\$ Change	% Change
	(in thousands, except percentages)			
Sales and marketing	\$ 484,429	\$ 410,665	\$ 73,764	18 %
Percentage of revenue	54 %	55 %		

Sales and marketing expenses grew \$73.8 million, or 18%, for the year ended December 31, 2022 compared to the year ended December 31, 2021. The increase was primarily due to an additional \$45.1 million in marketing and advertising compared to the prior-year period reflecting our efforts in advertising to both job seekers and employers to grow both sides of the marketplace. Personnel-related costs for our sales and marketing employees increased by \$28.4 million, largely due to an increase in headcount. These increases were partially offset by a decrease of \$7.0 million in stock-based compensation expense, primarily attributable to our RSUs which vested as a result of our board of directors' waiver of the liquidity event-based vesting condition during the second quarter of 2021.

Research and Development

	Year Ended December 31,			
	2022	2021	\$ Change	% Change
	<i>(in thousands, except percentages)</i>			
Research and development	\$ 127,737	\$ 110,470	\$ 17,267	16 %
Percentage of revenue	14 %	15 %		

Research and development expenses increased \$17.3 million, or 16%, for the year ended December 31, 2022 compared to the year ended December 31, 2021 primarily due to an increase of \$13.6 million in personnel-related costs for our research and development employees largely driven by an increase in headcount. This increase was partially offset by a decrease of \$3.2 million in stock-based compensation expense, primarily attributable to our RSUs which vested as a result of our board of directors' waiver of the liquidity event-based vesting condition during the second quarter of 2021.

General and Administrative

	Year Ended December 31,			
	2022	2021	\$ Change	% Change
	<i>(in thousands, except percentages)</i>			
General and administrative	\$ 108,957	\$ 148,784	\$ (39,827)	(27)%
Percentage of revenue	12 %	20 %		

General and administrative expenses decreased \$39.8 million, or 27%, for the year ended December 31, 2022 compared to the year ended December 31, 2021. The decrease was largely attributable to the non-recurring fees incurred in the prior-year period related to our Direct Listing, including professional fees totaling \$24.0 million, of which \$19.4 million was paid to our financial advisors, and a \$10.0 million bonus paid to our CEO. Stock-based compensation expense decreased by \$19.8 million, primarily due to our RSUs which vested as a result of our board of directors' waiver of the liquidity event-based vesting condition during the second quarter of 2021. Stock-based compensation expense also decreased by \$4.2 million related to the modification of RSUs and options granted to a former executive in the prior-year period. Non-income tax expense decreased by \$10.1 million primarily attributable to a nonrecurring expense of \$8.7 million recorded in the prior year. We record non-income taxes that may result from examinations by, or any anticipated negotiated agreements with, tax authorities when a loss is probable and reasonably estimable. These decreases were partially offset by a \$14.6 million increase in our personnel-related expenses for our general and administrative employees, primarily attributable to an increase in headcount.

Total Other Expense, Net

	Year Ended December 31,			
	2022	2021	\$ Change	% Change
	<i>(in thousands, except percentages)</i>			
Total other expense, net	\$ (23,144)	\$ (884)	\$ (22,260)	*

*Percentage not meaningful.

Total other expense, net, increased by \$22.3 million for the year ended December 31, 2022 compared to the year ended December 31, 2021, primarily due to interest expense of \$27.6 million related to our senior unsecured notes in the aggregate principal amount of \$550.0 million that commenced in January 2022. This is partially offset by \$2.6 million in accretion income and \$2.3 million in

interest income, which were earned on our marketable securities and cash equivalents acquired in the current year.

Income Tax Expense (Benefit)

	Year Ended December 31,			
	2022	2021	\$ Change	% Change
	<i>(in thousands, except percentages)</i>			
Income tax expense (benefit)	\$ 12,590	\$ (12,876)	\$ 25,466	(198)%
Effective tax rate	17 %	139 %		

For the year ended December 31, 2022, our tax expense increased by \$25.5 million as compared to the year ended December 31, 2021. Our effective tax rate in the years ended December 31, 2022 and 2021 was 17.0% and 139%, respectively. Our effective tax rate for the year ended December 31, 2022 differed from the U.S. federal statutory rate of 21% primarily due to net favorable adjustments related to prior years and research and development tax credits, partially offset by state taxes, state valuation allowances on certain tax credit carryforwards, and non-deductible expenses such as limitations on the amount of deductible executive compensation. Our effective tax rate for the year ended December 31, 2021 differed from the U.S. federal statutory rate of 21% primarily due to excess tax benefits relating to the exercise of stock-based compensation, partially offset by permanent book-tax differences such as limitations on the deductibility of executive compensation and one-time expenses related to our Direct Listing.

Liquidity and Capital Resources

As of December 31, 2022, we had cash, cash equivalents, and marketable securities totaling \$570.4 million and \$244.6 million available in unused borrowing capacity under our current credit facility. We have financed our operations and capital expenditures primarily through cash generated from operations, sales of shares of common and preferred stock and from our senior unsecured notes, bank loans, and convertible notes. As of December 31, 2022, we had no amounts outstanding under our credit facility.

We believe our existing cash, cash equivalents, marketable securities, cash flow from operations, and amounts available for borrowing under our bank loan agreement will be sufficient to meet our working capital requirements for at least the next 12 months. To the extent existing cash, cash equivalents, marketable securities, cash from operations, and amounts available for borrowing are insufficient to fund future activities, we may need to raise additional funds. In the future, we may attempt to raise additional capital through the sale of equity securities or through equity-linked or debt financing arrangements. If we raise additional funds by issuing equity or equity-linked securities, the ownership of our existing stockholders will be diluted. If we raise additional financing by the incurrence of additional indebtedness, we may be subject to increased fixed payment obligations and could also be subject to additional restrictive covenants, such as limitations on our ability to incur additional debt, and other operating restrictions that could adversely impact our ability to conduct our business. Any future indebtedness we incur may result in terms that could be unfavorable to equity investors. There can be no assurances that we will be able to raise additional capital. The inability to raise capital could adversely affect our ability to achieve our business objectives.

Prior Credit Facility

We previously entered into a loan and security agreement with a financial institution that provided for a revolving credit facility which terminated on April 30, 2021 when we entered into a new credit facility as described below.

Credit Facility

In April 2021, we entered into a \$250.0 million credit facility agreement with a syndicate of banks. The credit facility has a maturity date of April 30, 2026 and bears interest at a rate based upon our Net Leverage Ratio. Our Net Leverage Ratio is defined as total debt less total cash and permitted investments outstanding at period end, with a maximum total cash and permitted investments adjustment of \$550.0 million, divided by the trailing 12 months of earnings, adjusted for items such as non-cash expenses and other nonrecurring transactions. We are also obligated to pay other customary fees including a commitment fee on a quarterly basis based on amounts committed but unused under the credit facility at a rate between 0.25% to 0.35%, depending on our Net Leverage Ratio. The amount available under the credit facility is reduced by letters of credit outstanding, which totaled \$5.4 million as of December 31, 2022. The letters of credit outstanding relate to various leased office spaces.

The credit facility is collateralized by security interests in substantially all of our assets and includes customary events of default such as non-payment of principal, non-payment of interest or fees, inaccuracy of representations and warranties, violation of certain covenants, cross default to certain other indebtedness, bankruptcy and insolvency events, material judgments against us, and a change of control. The occurrence of an event of default could result in the acceleration of the obligations under the credit facility.

The credit facility agreement contains customary representations, warranties, affirmative covenants, such as financial statement reporting requirements, negative covenants, and financial covenants, such as maintenance of certain net leverage ratio requirements. The negative covenants include restrictions that, among other things, restrict our ability to incur liens and indebtedness, make certain investments, declare dividends, dispose of, transfer or sell assets, make stock repurchases and consummate certain other matters, all subject to certain exceptions.

For more information on the credit facility, please see Note 8 – Debt to the audited financial statements included in this report.

We have no amounts outstanding under the credit facility and are in compliance with our debt covenants as of December 31, 2022.

Issuance of Senior Unsecured Notes

On January 12, 2022, we issued an aggregate principal amount of \$550.0 million senior unsecured notes due 2030 in a private placement. The senior unsecured notes were issued pursuant to an indenture dated as of January 12, 2022, or the Indenture. Pursuant to the Indenture, the senior unsecured notes will mature on January 15, 2030 and bear interest at a rate of 5% per year. Interest on the senior unsecured notes is payable semi-annually in arrears on January 15 and July 15 of each year.

The Indenture contains certain customary negative covenants, including, but not limited to, limitations on the incurrence of debt, limitations on liens, limitations on consolidations or mergers, and limitations on asset sales. The Indenture also contains customary events of default.

At any time prior to January 15, 2030, we have the option, at our sole discretion, to redeem all or a portion of our senior unsecured notes subject to the payment of certain premiums, make-whole provisions, and accrued and unpaid interest. Upon the occurrence of a change of control triggering event, we must offer to repurchase the senior unsecured notes at a repurchase price equal to 101% of the aggregate principal amount to be repurchased, and any accrued and unpaid interest.

For more information on the senior unsecured notes, please see Note 8 – Debt to the audited financial statements included in this report.

Share Repurchase Program

During the year ended December 31, 2022, our board of directors authorized us to repurchase up to \$450.0 million of our outstanding common stock, with no fixed expiration. During the year ended

December 31, 2022, and prior to entering into a new accelerated share repurchase agreement in December 2022, or December ASR, we repurchased 16.0 million shares of our Class A common stock for \$289.3 million under our share repurchase program, including 5.1 million shares of our Class A common stock delivered under the completed accelerated share repurchase agreements entered into in March and June 2022, totaling \$100.0 million, 7.9 million shares of our Class A common stock delivered under a Rule 10b5-1 plan totaling \$137.7 million, and 3.0 million shares of our Class A common stock totaling \$51.6 million through open market purchases.

In December 2022, we entered into the December ASR with a major financial institution, to repurchase an aggregate of \$50.0 million in shares of our Class A common stock. Under the December ASR, we received an initial delivery of 2.6 million shares of our Class A common stock, which represented \$42.5 million (or 85%) of the December ASR. The payment of \$50.0 million was recognized in additional paid-in capital in our Consolidated Statements of Changes in Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit) in December 2022. The final number of shares repurchased was based on the volume-weighted average price of our Class A common stock during the term of the December ASR, net of fees. The final settlement occurred in February 2023.

Approximately \$110.7 million remains available for future repurchases of our Class A common stock under our share repurchase program as of December 31, 2022. For more information, see Note 13 – Share Repurchase Program to the audited financial statements included in this report.

Investments

During the third quarter of 2022, we began investing primarily in highly rated debt securities and money market mutual funds to manage our excess cash reserves. The primary objectives in investing our excess cash reserves are to preserve capital, provide sufficient liquidity to satisfy both operational cash flow requirements and potential strategic investment opportunities, and to obtain a reasonable or market rate of return on investments. We consider all of our investments as available for use in current operations, including those with maturity dates beyond one year, and therefore classify these securities within current assets in our Consolidated Balance Sheets.

As of December 31, 2022, we held \$404.0 million in total investments, consisting of money market mutual funds and available-for-sale debt securities. These investments are included within cash and cash equivalents and marketable securities within our Consolidated Balance Sheets. For more information, see Note 10 – Financial Instruments to the audited financial statements included in this report.

Forecasted Cash Tax Liability

Beginning in 2022, the Tax Cuts and Jobs Act of 2017 eliminates the option to deduct research and development expenditures immediately in the year incurred and requires taxpayers to amortize such expenditures over five years. While it is possible that Congress may defer, modify, or repeal this provision, potentially with retroactive effect, we have no assurance that this provision will be deferred, modified, or repealed. For the year ended December 31, 2022, we have analyzed the provision and worked with our advisors to evaluate its application to our business. This provision increased taxable income and thus cash taxes paid, with an offsetting and equal deferred tax benefit, and has decreased our expected cash from operations in 2022, and will likely continue to do so annually, unless the provision is deferred, modified, or repealed. The actual impact on future cash from operations will depend on if and

when this provision is deferred, modified, or repealed by Congress, including if retroactively, and the amount of research and development expenses paid or incurred in future years among other factors.

Cash Flows

The following table summarizes our cash flows for the periods presented (in thousands):

	Year Ended December 31,	
	2022	2021
Net cash provided by operating activities	\$ 128,808	\$ 144,136
Net cash used in investing activities	(351,134)	(13,336)
Net cash provided by financing activities	195,085	9,282
Net increase (decrease) in cash and cash equivalents	\$ (27,241)	\$ 140,082

Operating Activities

The primary source of operating cash inflows is cash collected from our customers for our services. Our primary uses of cash from operating activities are for personnel-related expenditures, marketing costs and third-party costs incurred to support our marketplace.

For the year ended December 31, 2022, cash provided by operating activities was \$128.8 million resulting from our net income of \$61.5 million, adjusted by non-cash charges of \$96.2 million and a net decrease of \$28.9 million in our operating assets and liabilities. The non-cash charges primarily resulted from \$77.0 million for stock-based compensation expense, \$10.7 million pertaining to amortization of intangible assets and depreciation, and \$4.4 million pertaining to non-cash lease expense. The decrease of \$28.9 million related to changes in our operating assets and liabilities was primarily driven by a \$22.7 million decrease in our accrued expenses and other liabilities and accounts payable, a \$6.7 million increase in our accounts receivable, a \$6.7 million decrease in operating lease liabilities, and a \$3.7 million decrease in deferred revenue, partially offset by an increase of \$12.7 million in accrued interest associated with our senior unsecured notes.

For the year ended December 31, 2021, cash provided by operating activities was \$144.1 million resulting from our net income of \$3.6 million, adjusted by non-cash charges of \$109.2 million and a net increase of \$31.4 million in our operating assets and liabilities. The non-cash charges primarily resulted from \$107.3 million for stock-based compensation expense, \$9.5 million pertaining to amortization of intangible assets and depreciation, and \$5.4 million pertaining to non-cash lease expense, partially offset by \$14.9 million related to the change in our deferred tax assets primarily driven by current year pretax losses and the tax related impact of stock-based compensation. The increase in our operating assets and liabilities was primarily driven by an increase of \$56.6 million in our accrued expenses and other liabilities and accounts payable as we increased our marketing spend during the year ended December 31, 2021, partially offset by an increase of \$22.4 million in our accounts receivable associated with an increase in revenue due to the number of Quarterly Paid Employers compared to the prior year.

Investing Activities

For the year ended December 31, 2022, cash used in investing activities was \$351.1 million resulting from purchases of marketable securities of \$367.1 million, capitalized software development costs of \$7.9 million, and capital expenditures of \$2.7 million primarily related to purchases of computer supplies and equipment, partially offset by \$25.6 million received from paydowns, maturities, and redemptions of marketable securities and \$0.9 million received from sales of marketable securities.

For the year ended December 31, 2021, cash used in investing activities was \$13.3 million resulting from capitalized software development costs of \$7.3 million and capital expenditures of \$6.1 million primarily related to leasehold improvements for one of our operating leases.

Financing Activities

For the year ended December 31, 2022, cash provided by financing activities was \$195.1 million which consisted of \$550.0 million of proceeds from the issuance of our senior unsecured notes, \$8.1 million of proceeds from the issuance of stock under the employee stock purchase plan, and \$4.7 million of proceeds from the exercise of stock options, partially offset by \$339.3 million for the repurchase of common stock, \$19.2 million for the net settlement of taxes on RSUs, and \$9.4 million for the payment of the issuance costs related to the issuance of our senior unsecured notes.

For the year ended December 31, 2021, cash provided by financing activities was \$9.3 million, which consisted of \$18.5 million of proceeds from the exercise of stock options partially offset by \$5.2 million for the net settlement of taxes on restricted stock units, \$2.8 million for the repurchase of common stock, and \$1.3 million for the payment of the issuance costs related to our credit facility.

Obligations and Other Commitments

See Note 9 – Commitments and Contingencies to the audited financial statements included in this report for our future minimum commitments related to certain software service agreements. Through December 31, 2022, we did not have any relationships with unconsolidated organizations or financial partnerships, such as structured finance or special purpose entities that have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Critical Accounting Policies and Estimates

Critical accounting policies and estimates are both the most important to the portrayal of our net assets and results of operations and require difficult, subjective, or complex judgments. We often need to make estimates about the effect of matters that are inherently uncertain and these estimates are developed based on historical experience and various other assumptions that we believe to be reasonable under the circumstances.

Critical accounting estimates are accounting estimates where the nature of the estimates are material due to the levels of subjectivity and judgment necessary to account for highly uncertain matters or the susceptibility of such matters to change and the impact of the estimates on financial condition or operating performance is material.

The critical accounting policies and estimates, assumptions, and judgments that we believe have the most significant impact on our consolidated financial statements are described below.

Revenue Recognition

We derive our revenue primarily from fees for subscription services and performance-based job posting activities. Revenue is recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services.

We determine revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer
- Identification of all performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, the performance obligation or obligations are satisfied

We identify enforceable revenue contracts when the terms are agreed to by the customer. Some of our contracts with customers contain multiple performance obligations. For these contracts, we account for performance obligations separately if they are distinct. The transaction price is allocated to the separate performance obligations on a relative standalone selling price basis. We determine the standalone selling prices based on our overall pricing objectives, taking into consideration market conditions and other factors, including the value of our contracts, the products sold, and the number and types of users within our contracts.

Revenue is recognized as performance obligations are satisfied and is presented net of sales allowances.

We derive our revenues from the following sources:

Subscription Revenue

Subscription revenue consists of time-based job posting plans, upsells which complement or expand visibility and prominence to job posting plans, and resume database plans. Plans are priced at a flat rate based on plan size and whether the plan is for a daily, monthly, or annual term. Customer contracts are typically subject to renewal at the end of the subscription term and are nonrefundable.

Time-based job posting plans: Job posting plans provide customers access to cloud-based software services, where they may create job postings that are posted to our marketplace in addition to numerous other job sites or partner networks with job seeker communities. Customers may also access our software to review job applications and manage job postings. We recognize revenue from job posting plans ratably over the term of the agreement beginning on the date the subscription service is made available to the customer. Once a customer requests a cancellation of their subscription, the open job postings are closed at the end of the term; however, the customer may still access the software to review past job postings or prior applications received under a separate upsell subscription. Job posting plans are billed in advance of the subscription period, which typically ranges from one to twelve months, except for daily subscription plans, which are billed in arrears based on how many days the customer uses the services.

Upsell services: Additional features to complement or expand visibility to job posting plans may be purchased as an upsell service. For these services, we bill the customers in advance and recognize revenue ratably over the term of the agreement beginning on the date the upsell services are made available to the customer, which typically ranges from one to twelve months.

Upsell services also include job posting enhancements which are applied to individual job postings. Such services enhance job postings by providing customers with a temporary boost in the prominence of their open jobs, expanding visibility to job postings by inviting strong fit potential candidates to apply to the job, or highlighting key attributes of job postings to make them stand out to job seekers. Individual job posting enhancements may be purchased by a customer when needed, or in recurring monthly prepaid bundles to complement their job posting subscription plan, and are billed in advance of use. Typically these prepaid bundles can be used over a period ranging from one to twelve months. Revenue from job posting enhancements is recognized as the customer uses the enhancement on their job postings. Unused prepaid job enhancements are not refundable, and we recognize revenue for the estimated portion of prepaid job enhancements that are expected to expire unused, or breakage, based on estimates considering historical breakage levels for upsell plans. Breakage is recognized as revenue in proportion to the pattern of actual usage by customers.

Resume database plans: Access to our resume database is purchased on a subscription basis and allows a customer to search for and view resumes. Resume database plans are priced based on how many resumes the customer would like to view in a month and may be purchased independent of, or in addition to, a job posting plan. Resume database plans are billed in advance of the subscription period, which typically ranges from one to twelve months. Revenue is recognized ratably over the subscription period.

Performance-based Revenue

Performance-based revenue consists of customers who pay on a per click by job applicant or per job application basis for the job postings customers wish to distribute through our software. Customers pay an amount per click or per application that is usually capped at a contractual maximum per recruitment campaign, with campaigns typically lasting from one to three months. Customers on this pricing model do not have access to our applicant tracking software for subscription customers though they may purchase resume database subscription plans separately. Customers that use performance-based revenue plans are typically companies with consistent hiring needs and sophisticated recruitment campaigns where they manage incoming applications and job postings on their own ATSs.

Performance-based revenue is typically billed monthly, in arrears, and revenue is recognized as job applicants click on or apply to the distributed job postings, up to the contractual maximum per recruitment campaign.

Sales Allowance

We establish a sales allowance to estimate refunds and credits that we may grant to customers in the future for cancellations of subscriptions and concessions to customers who are not satisfied with services received. While subscriptions are noncancelable once the contract term has commenced, we may at times allow customers who miss their cancellation window prior to an autorenewal to cancel their contract, and we may issue refunds or credits to maintain overall customer satisfaction. The sales allowance is estimated by considering historical results and trends and is accounted for as a reduction to revenue or deferred revenue for contracts where payments are received upfront and revenue is recognized over time.

Stock-Based Compensation

Compensation expense related to stock-based awards is measured and recognized in the financial statements based on the fair value of the awards granted. The fair value of each option award and employee stock purchase right associated with our Employee Stock Purchase Plan is estimated on the grant date using the Black-Scholes option-pricing model. We have elected to treat stock-based awards with graded vesting schedules and time-based service conditions as a single award and recognize stock-based compensation expense on a straight-line basis over the requisite service period.

For awards that contain both performance and service vesting conditions, the grant date fair value is recognized as compensation expense using a graded vesting attribution model. No expense is recognized for awards with performance conditions until the performance condition is probable of being met.

The Black-Scholes option pricing model requires us to make certain assumptions including:

Fair Value of our Common Stock. See the section titled “Determination of the Fair Value of Common Stock on Grant Dates” below.

Expected Term. Given that we do not have sufficient exercise history to develop reasonable expectations about future exercise patterns and post-vesting employment termination behavior, we determine the expected term for our “plain vanilla” stock options using the simplified method, which is calculated as the midpoint of the stock option vesting term and the expiration date of the stock option. For stock options that contain a performance condition, we are using the contractual term as the expected term as those awards were only granted to nonemployees.

Expected Volatility. Because our common stock has limited trading history, we estimate the expected volatility of the awards from the historical volatility of selected public companies that represent similar but alternative investment opportunities to an investment in us. Characteristics considered in identifying guideline public companies include similarity in size, lines of business, market capitalization, revenue and financial leverage. We determined the expected volatility assumption using the frequency of daily

historical prices of comparable public company common stock for a period equal to the expected term of the option. We periodically assess the comparable companies and other relevant factors used to measure expected volatility for stock option grants.

Risk-free Rate. The risk-free interest rate assumption is based upon observed interest rates on the U.S. government securities appropriate for the expected term of our employee stock options.

Dividend Yield. The dividend yield assumption is based on our history and expectation of dividend payouts. We have never declared nor paid any cash dividends on our common stock, and we do not anticipate paying any cash dividends in the foreseeable future.

The determination of stock-based compensation is inherently uncertain and subjective and involves the application of valuation models and assumptions requiring the use of judgment. If we had made different assumptions, our stock-based compensation expense and our results of operations for the years ended December 31, 2022, 2021, and 2020 may have been significantly different.

Determination of the Fair Value of Common Stock on Grant Dates

Prior to the completion of our Direct Listing on May 26, 2021, our common stock was not publicly traded, and therefore, our board of directors exercised significant judgment in determining the fair value of our common stock on the date of each stock-based grant, with input from management and the assistance from an independent third-party valuation firm based on several objective and subjective factors. The valuations of our common stock were determined in accordance with the guidelines outlined in the American Institute of Certified Public Accountants Practice Aid, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*. In determining the fair market value of our common stock prior to the Direct Listing, the board of directors considered the following:

- the prices of our redeemable convertible preferred stock sold to outside investors in arms-length transactions;
- the rights, preferences and privileges of our redeemable convertible preferred stock relative to our common stock;
- our operating and financial performance;
- the present value of our anticipated future cash flows;
- our stage of development and current business conditions and projections affecting our business, including the introduction of new products and services;
- the likelihood of achieving a liquidity event for the shares of common stock underlying these stock options, such as an initial public offering or sale of our company, in light of prevailing market conditions;
- any adjustment necessary to recognize a lack of a liquid trading market for our common stock;
- the market performance of comparable publicly traded companies; and
- the overall U.S. economic, regulatory and capital market conditions.

In valuing our common stock, our board of directors determined the equity value of our business using various valuation methods including market and income approaches with input from management.

The market approaches we used prior to the Direct Listing were the Guideline Public Company Method and the Guideline Transaction Method. The Guideline Public Company Method estimated our equity value by applying a representative market value multiple from comparable companies to our financial forecasts. The Guideline Transaction Method estimated our equity value by using pricing multiples derived from sales of companies with similar characteristics to us. Under the income approach,

a Discounted Cash Flow, or DCF, model was used, where net cash flows attributable to our business and an assumed terminal value were discounted to present value using a discount rate, based on our estimated weighted average cost of capital that reflected the risks inherent in the cash flows.

After determining our equity value, we then allocated the equity value to our classes of stock using either an Option Pricing Method, or OPM, or a hybrid of OPM and Probability Weighted Expected Return Method, or PWERM.

The OPM allocated values to each equity class by creating a series of call options on our equity value, with exercise prices based on the liquidation preferences, participation rights, and strike prices of the equity instruments. In determining the estimated fair value of our common stock, we considered the fact that our stockholders could not freely trade our common stock in the public markets. Accordingly, we also applied a discount for lack of marketability to the equity value.

Under the hybrid OPM and PWERM, the allocation was based on the likelihood of a near-term liquidity exit or an alternative exit scenario. For a near-term liquidity scenario, the allocation was based on the expected pricing and timing of the liquidity event. For the alternative exit scenario, an OPM with an appropriate time to liquidity was used to estimate the fair value of the share classes assuming the near-term liquidity scenario does not occur, with the resulting share values under each scenario weighted by management's estimate of their respective probabilities. We also applied a discount for lack of marketability.

In valuing our common stock at various dates in 2019 through September 30, 2020, our board of directors determined the equity value of our business using the Guideline Public Company Method and the equity value was then allocated to our classes of stock using an OPM given the uncertainty with regards to the timing and type of future exit scenario.

In valuing our common stock as of December 31, 2020 and March 31, 2021, our board of directors determined the equity value of our business using the Guideline Public Company Method, the Guideline Transaction Method, and a DCF. The equity value was then allocated to our classes of stock using the hybrid OPM and PWERM based on management's estimate of the likelihood of a near-term liquidity event or an alternative exit scenario.

Application of these approaches involves the use of estimates, judgment, and assumptions that are highly complex and subjective, such as those regarding our expected future revenue and costs, future cash flows, discount rates, market multiples, the selection of comparable companies, and the probability of possible future exit events. Changes in any or all of these estimates and assumptions or the relationships between those assumptions impact our valuations as of each valuation date and may have a material impact on the valuation of our common stock.

For stock awards granted after the completion of our Direct Listing on May 26, 2021, our board of directors determined the fair value of each share of underlying common stock based on the New York Stock Exchange, or NYSE, closing price on the date prior to the date of grant.

We have granted RSUs to certain of our employees and directors. RSUs granted prior to our Direct Listing vest upon the satisfaction of both a time-based service condition and a liquidity event requirement. The time-based service condition for these awards is generally satisfied over four years. The liquidity event requirement is satisfied upon the earliest to occur of a qualifying event, defined as a change of control transaction or after a set period of time following the effective date of our initial public offering pursuant to an effective registration statement under the Securities Act for the offer and sale of shares by ZipRecruiter. A direct listing in which we did not sell our equity securities would not have satisfied the liquidity event performance condition; however, on April 19, 2021, our board of directors waived the liquidity event performance condition for the 6.9 million RSUs then outstanding so those that had satisfied the service condition would vest upon the earlier of the first day of trading of our common stock on the NYSE, or March 15, 2022. As the satisfaction of the performance condition was not probable for accounting purposes prior to the waiver, the waiver of the liquidity event-based performance condition

resulted in the remeasurement of the modified awards at fair value on the date of the waiver, which management estimated to be \$25.04 per share or approximately \$172.6 million.

Stock-based Compensation for Awards with a Market Condition

In April 2021, we granted an RSU award (the "CEO Performance Award"), which included service, market, and performance-based vesting conditions. The fair value of the award is determined using a Monte Carlo simulation model. The associated stock-based compensation expense is recorded over the requisite service period, using a graded attribution method. The requisite service period is the longer of the service period derived from the Monte Carlo simulation model and the explicit service period the CEO is required to remain employed to vest in the award. The market condition is satisfied upon achieving certain stock price targets for a period following the completion of our Direct Listing. The CEO Performance Award also contains an implied performance-based vesting condition as the CEO's ability to earn the award was contingent upon the completion of the Direct Listing. Accordingly, no expense was recognized prior to the completion of our Direct Listing on May 26, 2021, as vesting was not considered probable for accounting purposes until the Direct Listing occurred. Provided that Ian Siegel continues to be the CEO of ZipRecruiter, stock-based compensation expense is recognized over the requisite service period, regardless of whether the stock price targets are achieved. If the stock price targets are met sooner than the derived service period, we will accelerate the recognition of stock-based compensation expense to reflect the cumulative expense associated with the vested shares.

Income Taxes

We account for income taxes in accordance with Accounting Standards Codification 740, *Income Taxes*. Current tax liabilities and assets are recognized for the estimated taxes payable or refundable, respectively, on the tax returns for the current year. Deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

We record valuation allowances against our deferred tax assets, when necessary. Realization of deferred tax assets is dependent upon future taxable earnings and is therefore uncertain. At least quarterly, we assess the likelihood that our deferred tax asset balance will be realized against future taxable income. To the extent we believe that realization is not likely, we establish a valuation allowance against our net deferred tax asset, which increases our income tax expense in the period when such determination is made. During the fourth quarter of 2020, based on the current earnings and forecasted taxable income, we determined that it was more likely than not that those assets will be realized. Accordingly, we released the valuation allowance of \$40.0 million against our deferred tax assets. Although we incurred a current year pretax profit and maintain a recent history of cumulative earnings, during the year ended December 31, 2022, we recorded a valuation allowance of \$12.7 million against the deferred tax asset associated with carried forward California Research and Development Credits as we believe that it is more likely than not that we will not generate sufficient California sourced taxable income in future years to utilize that deferred tax asset.

On a quarterly basis, we evaluate the probability a tax position will be effectively sustained, and the appropriateness of the amount recognized for uncertain tax positions based on factors including changes in facts or circumstances, changes in tax law, settled audit issues and new audit activity. Changes in our assessment may result in the recognition of a tax benefit or an additional charge to the tax provision in the period our assessment changes. We recognize interest and penalties related to income tax matters in income tax expense.

Investments

We maintain an investment portfolio of primarily highly rated debt securities and money market mutual funds to manage our excess cash reserves. Our primary objectives in investing our excess cash reserves are to preserve capital, provide sufficient liquidity to satisfy both operational cash flow

requirements and potential strategic investment opportunities, and to obtain a reasonable or market rate of return on investments.

Our investments are all highly liquid and available for use in current operations, including those with maturity dates beyond one year, and therefore we classify these securities within current assets in our Consolidated Balance Sheets. We consider our highly liquid investments with original maturities of three months or less at the date of purchase to be cash equivalents. Investments not considered cash equivalents are classified as marketable securities in our Consolidated Balance Sheets.

We classify and account for our money market mutual funds which have readily determinable fair values as equity securities, and we carry such securities at fair value with unrealized gains and losses reported in other income, net in our Consolidated Statement of Operations. We classify and account for our debt securities as available-for-sale, and we carry such securities at fair value with unrealized gains and losses excluded from earnings and reported net of tax as a separate component of stockholders' equity in accumulated other comprehensive loss until the security is sold or matures.

We determine any realized gains and losses on the sale of our available-for-sale debt securities using a specific identification method, and we record such gains and losses through other income, net in our Consolidated Statement of Operations.

If an available-for-sale debt security's fair value declines below its amortized cost basis, we evaluate whether we intend to sell the security, or whether we more likely than not will be required to sell the security before the recovery of its amortized cost basis. If either condition is met, we record an impairment loss on the security through other income, net in our Consolidated Statement of Operations. If neither condition is met, we evaluate whether the decline is the result of credit-related factors, in which case we record the credit-related portion of the impairment loss through other income, net in our Consolidated Statement of Operations, and record the non-credit-related portion of the impairment loss, net of tax, through other comprehensive loss in the Consolidated Statement of Comprehensive Income.

Becoming a Large Accelerated Filer

Prior to December 31, 2022, we met the definition of an emerging growth company under the JOBS Act, which permitted us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. We elected to use this extended transition period and as a result, our prior financial statements may not be comparable to companies that comply with new or revised accounting pronouncements applicable to public companies.

However, as of December 31, 2022, we meet the definition of a large accelerated filer under the Exchange Act, and no longer qualify as an emerging growth company. As a result, we now follow the timeline required for adopting new or revised accounting pronouncements applicable to public companies.

Recent Accounting Pronouncements

See Note 2 – Basis of Presentation, Principles of Consolidation, and Summary of Significant Accounting Policies to the audited financial statements included in this report for more information.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We have operations both within the United States and internationally, and we are exposed to market risks in the ordinary course of our business. These risks primarily include changes in interest rates and fluctuations in foreign currency exchange rates.

Interest Rate Risk

We are subject to interest rate risk in connection with our credit facility which bears a floating interest rate. Because we have no amounts outstanding under the credit facility, we are not currently exposed to material risks due to changes in interest rates. A hypothetical 10% change in interest rates during any of the periods presented would not have had a material impact on our consolidated financial statements.

We are also subject to interest rate risk in connection with the senior unsecured notes. As the interest rate on these senior unsecured notes is subject to a fixed percentage, we do not have significant financial statement risk associated with changes in interest rates pertaining to our senior unsecured notes.

Lastly, we are subject to interest rate risk in connection with our investments. The primary objectives of our investment activities are to preserve principal, provide liquidity, and maximize income without significantly increasing risk. We do not enter into investments for trading or speculative purposes. Our investments are exposed to market risk due to fluctuation in interest rates, which may affect our interest income and the fair value of our investments. To minimize interest rate risk, we maintain our portfolio of cash equivalents and marketable securities in a variety of securities, including commercial market, money market mutual funds, U.S. government and agency securities, and corporate debt securities. To assess interest rate risk associated with our investment portfolio, we performed a sensitivity analysis to determine the impact a change in interest rates would have on the value of the portfolio. Based on investment positions as of December 31, 2022, a hypothetical increase in interest rates of 100 basis points across all maturities would result in a \$1.3 million decrease in the fair value of the portfolio. Such losses would only be realized if we sold the investments prior to maturity.

Foreign Currency Risk

We are exposed to fluctuations in foreign exchange risk related primarily to expenses denominated in currencies other than the U.S. Dollar, principally the Canadian Dollar, British Pound, and Israeli New Shekel. The volatility of exchange rates depends on many factors that we cannot forecast with reliable accuracy. We have experienced, and will continue to experience, fluctuations in our net income as a result of transaction gains and losses related to the remeasurement of our asset and liability balances that are denominated in currencies other than the U.S. Dollar. A hypothetical 10% change in foreign currency exchange rates applicable to our business would not have had a material impact on our consolidated financial statements.

Item 8. Financial Statements and Supplementary Data

ZIPRECRUITER, INC.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of ZipRecruiter, Inc.

Opinion on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of ZipRecruiter, Inc. and its subsidiaries (the "Company") as of December 31, 2022 and 2021, and the related consolidated statements of operations, of comprehensive income, of changes in redeemable convertible preferred stock and stockholders' equity (deficit), and of cash flows for each of the three years in the period ended December 31, 2022, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance

of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue Recognition

As described in Notes 2 and 4 to the consolidated financial statements, the Company's total revenue was \$904.6 million, of which the Company had subscription revenue of \$696.3 million and performance-based revenue of \$208.3 million for the year ended December 31, 2022. Subscription revenue consists of time-based job posting plans, upsell services which complement or expand visibility and prominence to job posting plans, and resume database plans. Plans are priced at a flat rate based on plan size and term and subscription revenue is recognized ratably over the subscription period. Contracts are only cancelable at the end of the term and are nonrefundable. Performance-based revenue consists of customers who pay on a per click by job applicant or per job application basis for the job postings they wish to distribute through the Company's software. Customers pay an amount per click or per application that is usually capped at a contractual maximum per recruitment campaign, with campaigns typically lasting from one to three months.

The principal consideration for our determination that performing procedures relating to revenue recognition is a critical audit matter is a high degree of auditor effort in performing procedures related to the Company's revenue recognition.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the revenue recognition process. These procedures also included, among others, (i) testing the completeness, accuracy and occurrence of revenue recognized for a sample of revenue transactions by obtaining and inspecting source documents, including customer order information, and related customer contracts, invoices, evidence of performance, and cash receipts, as applicable, as well as recalculating the related revenue recognized for the year ended December 31, 2022 and (ii) confirming a sample of outstanding customer invoice balances as of December 31, 2022 and obtaining and inspecting source documents, including invoices, evidence of performance, and cash receipts, where applicable, for confirmations not returned.

/s/ PricewaterhouseCoopers LLP

Los Angeles, California
February 27, 2023

We have served as the Company's auditor since 2015.

ZipRecruiter, Inc.
Consolidated Balance Sheets
(in thousands, except par value)

	December 31,	
	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 227,380	\$ 254,621
Marketable securities	342,975	—
Accounts receivable, net of allowances of \$3,693 and \$3,325 at December 31, 2022 and December 31, 2021, respectively	44,421	41,657
Prepaid expenses and other current assets	12,648	9,721
Deferred commissions, current portion	4,870	4,640
Total current assets	632,294	310,639
Property and equipment, net	8,103	8,702
Operating lease right-of-use assets	12,179	18,515
Internal use software, net	15,758	13,657
Deferred commissions, net of current portion	4,813	4,011
Goodwill	1,724	1,724
Deferred tax assets, net	38,653	38,029
Other assets	1,039	3,342
Total assets	\$ 714,563	\$ 398,619
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 21,175	\$ 24,862
Accrued expenses	69,115	86,213
Accrued interest	12,837	—
Deferred revenue	19,580	23,253
Operating lease liabilities, current portion	5,429	6,109
Other current liabilities	1,527	2,457
Total current liabilities	129,663	142,894
Operating lease liabilities, net of current portion	13,018	19,179
Long-term borrowings	541,559	—
Other long-term liabilities	1,703	1,578
Total liabilities	685,943	163,651
Commitments and contingencies (Note 9)		
Stockholders' equity		
Preferred Stock, \$0.00001 par value; 50,000 shares authorized as of December 31, 2022 and December 31, 2021; no shares issued and outstanding as of December 31, 2022 and December 31, 2021	—	—
Class A common stock, \$0.00001 par value; 700,000 shares authorized as of December 31, 2022 and December 31, 2021; 74,320 and 87,843 shares issued and outstanding as of December 31, 2022 and December 31, 2021, respectively	1	1
Class B common stock, \$0.00001 par value; 700,000 shares authorized as of December 31, 2022 and December 31, 2021; 30,379 and 30,571 shares issued and 30,184 and 30,376 shares outstanding as of December 31, 2022 and December 31, 2021, respectively	—	—
Class B treasury stock, 195 shares outstanding as of December 31, 2022 and December 31, 2021	(644)	(644)
Additional paid-in capital	35,926	303,395
Accumulated deficit	(6,290)	(67,784)
Accumulated other comprehensive loss	(373)	—
Total stockholders' equity	28,620	234,968
Total liabilities and stockholders' equity	\$ 714,563	\$ 398,619

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

ZipRecruiter, Inc.
Consolidated Statements of Operations
(in thousands, except per share amounts)

	Year Ended December 31,		
	2022	2021	2020
Revenue	\$ 904,649	\$ 741,141	\$ 418,142
Cost of revenue	86,298	79,614	54,163
Gross profit	818,351	661,527	363,979
Operating expenses			
Sales and marketing	484,429	410,665	191,141
Research and development	127,737	110,470	69,408
General and administrative	108,957	148,784	38,998
Total operating expenses	721,123	669,919	299,547
Income (loss) from operations	97,228	(8,392)	64,432
Other income (expense)			
Interest expense	(28,498)	(916)	(1,037)
Other income, net	5,354	32	942
Total other expense, net	(23,144)	(884)	(95)
Income (loss) before income taxes	74,084	(9,276)	64,337
Income tax expense (benefit)	12,590	(12,876)	(21,711)
Net income	61,494	3,600	86,048
Less: Accretion of redeemable convertible preferred stock	—	(1,480)	(3,883)
Less: Undistributed earnings attributable to participating securities	—	(168)	(19,148)
Net income attributable to Class A and Class B common stockholders	\$ 61,494	\$ 1,952	\$ 63,017
Net income per share attributable to Class A and Class B common stockholders:			
Basic	\$ 0.54	\$ 0.02	\$ 0.79
Diluted	\$ 0.51	\$ 0.02	\$ 0.70
Weighted average shares used in computing net income per share attributable to Class A and Class B common stockholders:			
Basic	114,272	102,230	79,651
Diluted	121,398	115,471	94,156

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

ZipRecruiter, Inc.
Consolidated Statements of Comprehensive Income
(in thousands)

	Year Ended December 31,		
	2022	2021	2020
Net income	\$ 61,494	\$ 3,600	\$ 86,048
Other comprehensive loss, net of tax:			
Change in unrealized losses on available-for-sale debt securities	(373)	—	—
Total other comprehensive loss	(373)	—	—
Total comprehensive income	<u>\$ 61,121</u>	<u>\$ 3,600</u>	<u>\$ 86,048</u>

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

ZipRecruiter, Inc.
Consolidated Statements of Changes in Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit)
(in thousands)

	Redeemable Convertible Preferred Stock				Common Stock										Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Total Stockholders' Equity (Deficit)
	Series A		Series B		Class A		Class B		Class B Treasury Stock		Additional Paid-in Capital						
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount							
Balance as of December 31, 2019	2,271	\$83,375	6,031	\$49,598	—	\$ —	79,583	\$ —	(195)	\$ (644)	\$ 35,339	\$ (157,006)	\$ —	\$ (122,311)			
Cumulative-effect of accounting change adopted as of January 1, 2020	—	—	—	—	—	—	—	—	—	—	426	(426)	—	—			
Issuance of common stock upon exercise of options	—	—	—	—	—	—	2,184	—	—	—	2,943	—	—	2,943			
Repurchase and retirement of common stock	—	—	—	—	—	—	(2,987)	—	—	—	(19,000)	—	—	(19,000)			
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	5,907	—	—	5,907			
Capital contribution	—	—	—	—	—	—	(497)	—	—	—	—	—	—	—			
Accretion of redeemable convertible preferred stock	—	3,743	—	140	—	—	—	—	—	—	(3,883)	—	—	(3,883)			
Net income	—	—	—	—	—	—	—	—	—	—	—	86,048	—	86,048			
Balance as of December 31, 2020	2,271	\$87,118	6,031	\$49,738	—	\$ —	78,283	\$ —	(195)	\$ (644)	\$ 21,732	\$ (71,384)	\$ —	\$ (50,296)			
Accretion of redeemable convertible preferred stock	—	1,427	—	53	—	—	—	—	—	—	(1,480)	—	—	(1,480)			
Conversion of redeemable convertible preferred stock to common stock	(2,271)	(88,545)	(6,031)	(49,791)	—	—	24,202	1	—	—	138,335	—	—	138,336			
Conversion of convertible notes with related parties to common stock	—	—	—	—	—	—	3,085	—	—	—	25,653	—	—	25,653			
Conversion of Class B stock to Class A stock	—	—	—	—	87,599	1	(87,599)	(1)	—	—	—	—	—	—			
Issuance of common stock upon exercise of options	—	—	—	—	—	—	9,684	—	—	—	17,706	—	—	17,706			
Repurchase and retirement of common stock	—	—	—	—	—	—	(150)	—	—	—	(2,750)	—	—	(2,750)			
Vesting of early exercised options	—	—	—	—	—	—	—	—	—	—	295	—	—	295			
Issuance of common stock upon the vesting and settlement of RSU's	—	—	—	—	244	—	3,278	—	—	—	—	—	—	—			
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	109,143	—	—	109,143			
Shares withheld related to net share settlement	—	—	—	—	—	—	(212)	—	—	—	(5,239)	—	—	(5,239)			
Net income	—	—	—	—	—	—	—	—	—	—	—	3,600	—	3,600			
Balance as of December 31, 2021	—	\$ —	—	\$ —	87,843	\$ 1	30,571	\$ —	(195)	\$ (644)	\$ 303,395	\$ (67,784)	\$ —	\$ 234,968			
Conversion of Class B stock to Class A stock	—	—	—	—	3,784	—	(3,784)	—	—	—	—	—	—	—			
Issuance of common stock upon exercise of options	—	—	—	—	8	—	2,747	—	—	—	5,119	—	—	5,119			
Issuance of common stock upon the vesting and settlement of RSUs	—	—	—	—	1,333	—	1,459	—	—	—	—	—	—	—			
Vesting of early exercised options	—	—	—	—	—	—	—	—	—	—	97	—	—	97			
Stock-based compensation	—	—	The accompanying notes are an integral part of these consolidated financial statements.											—	77,599		

Shares withheld related to net share settlement	—	—	—	—	78									
	(468)	—	(614)	—	—	—	(19,157)	—	—	(19,157)				
Shares issued under employee stock purchase plan	—	—	—	—	449	—	—	—	—	8,129	—	—	8,129	
Repurchase and retirement of common stock	—	—	—	—	(18,629)	—	—	—	—	(339,256)	—	—	(339,256)	
Net income	—	—	—	—	—	—	—	—	—	61,494	—	—	61,494	
Other comprehensive loss	—	\$ —	—	\$ —	—	—	—	—	—	—	—	(373)	(373)	
Balance as of December 31, 2022	—	\$ —	—	\$ —	74,320	\$ 1	30,379	\$ —	(195)	\$ (644)	\$ 35,926	\$ (6,290)	\$ (373)	\$ 28,620

ZipRecruiter, Inc.
Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31,		
	2022	2021	2020
Cash flows from operating activities			
Net income	\$ 61,494	\$ 3,600	\$ 86,048
Adjustments to reconcile net income to net cash provided by operating activities:			
Stock-based compensation expense	76,956	107,258	5,752
Depreciation and amortization	10,682	9,463	9,949
Provision for bad debts	3,904	1,796	3,218
Deferred income taxes	(624)	(14,946)	(22,911)
Non-cash lease expense	4,433	5,387	5,562
Amortization and accretion of marketable securities	(2,512)	—	—
Other	3,334	200	341
Change in operating assets and liabilities:			
Accounts receivable	(6,668)	(22,417)	1,321
Prepaid expenses and other current assets	(2,555)	(4,703)	2,218
Deferred commissions, net	(1,032)	(1,212)	(1,680)
Other assets	1,803	(2,130)	179
Accounts payable	(3,579)	11,227	5,115
Accrued expenses and other liabilities	(19,161)	45,270	2,165
Accrued interest	12,705	120	12
Deferred revenue	(3,671)	8,136	(3,346)
Operating lease liabilities	(6,701)	(2,913)	(5,930)
Net cash provided by operating activities	128,808	144,136	88,013
Cash flows from investing activities			
Purchases of property and equipment	(2,692)	(6,083)	(1,355)
Capitalized internal-use software costs	(7,852)	(7,253)	(6,018)
Purchases of marketable securities	(367,055)	—	—
Sales of marketable securities	861	—	—
Paydowns, maturities, and redemptions of marketable securities	25,604	—	—
Net cash used in investing activities	(351,134)	(13,336)	(7,373)
Cash flows from financing activities			
Payment of issuance costs for credit facility	—	(1,270)	—
Proceeds from issuance of senior unsecured notes	550,000	—	—
Payment of senior unsecured notes' issuance fees	(9,378)	—	—
Repurchase of common stock	(339,256)	(2,750)	(19,000)
Proceeds from exercise of stock options	4,747	18,541	2,370
Payments of tax withholdings on net settlement of equity awards	(19,157)	(5,239)	—
Proceeds from issuance of stock under employee stock purchase plan	8,129	—	—
Proceeds from term loan	—	—	10,000
Repayment of term loan	—	—	(20,000)
Proceeds from revolving line	—	—	16,500
Repayment of revolving line	—	—	(16,500)
Proceeds from convertible notes with related parties	—	—	25,000
Net cash provided by (used in) financing activities	195,085	9,282	(1,630)
Net increase (decrease) in cash	(27,241)	140,082	79,010
Cash and cash equivalents			
Beginning of period	254,621	114,539	35,529
End of period	\$ 227,380	\$ 254,621	\$ 114,539
Supplemental disclosure of cash flow information			
Income taxes paid	\$ 14,743	\$ 1,938	\$ 1,003
Interest paid	14,602	344	703
Supplemental disclosure of non-cash activities			
Capitalized assets included in accounts payable and accrued expenses	\$ 1,366	\$ 1,506	\$ 1,109
Stock-based compensation capitalized for software	2,160	1,885	155
In-transit proceeds from exercise of stock options	501	129	573
Operating lease right-of-use assets obtained in exchange for new operating lease	—	—	5,787
Decrease (increase) in operating lease right-of-use asset and operating lease liability due to lease modification	—	(1,402)	—
Accretion of redeemable convertible preferred stock	—	1,480	3,883
Conversion of redeemable convertible preferred stock	—	138,336	—
Conversion of convertible notes and accrued interest with related parties	—	25,653	—

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

Notes to the Consolidated Financial Statements

1. Organization and Description of Business

ZipRecruiter, Inc. was incorporated in the state of Delaware on June 29, 2010. Hereinafter, ZipRecruiter, Inc. and its wholly owned subsidiaries ZipRecruiter Israel Ltd., ZipRecruiter UK Ltd., and ZipRecruiter Canada Ltd. are collectively referred to as "ZipRecruiter" or the "Company." The Company is a two-sided marketplace that enables employers and job seekers to connect with one another online to fill job opportunities.

Direct Listing

On May 14, 2021, the Company's registration statement related to the direct listing of its Class A common stock on the New York Stock Exchange ("NYSE") (the "Direct Listing") was declared effective by the Securities and Exchange Commission ("SEC") and on May 26, 2021, the Direct Listing was completed and the Company's Class A common stock commenced trading.

Immediately prior to the completion of the Direct Listing, the Company filed its amended and restated certificate of incorporation, which resulted in the creation of Class A common stock and Class B common stock. All existing shares of common stock issued and outstanding or held as treasury stock were reclassified into shares of Class B common stock.

In connection with the effectiveness of the Direct Listing, all 2.3 million outstanding shares of Series A Redeemable Convertible Preferred Stock ("Series A preferred stock") and all 6.0 million outstanding shares of Series B Redeemable Convertible Preferred Stock ("Series B preferred stock") converted into 24.2 million shares of Class B common stock. On May 26, 2021, the Company's convertible notes with related parties converted into 3.1 million shares of Class B common stock.

The Company incurred fees related to financial advisory services, accounting and legal expenses, the bonus earned by the Company's Chief Executive Officer ("CEO"), and other filing costs in connection with the Direct Listing in the first half of the fiscal year 2021. These costs totaled \$34.0 million for the year ended December 31, 2021 and have been recorded in general and administrative expenses.

2. Basis of Presentation, Principles of Consolidation, and Summary of Significant Accounting Policies

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") and include the accounts of the Company and its wholly owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation. Certain reclassifications have been made to prior year presentation to conform to current year presentation.

Foreign Currency Remeasurement

The Company's foreign subsidiaries operate in their local currency and their functional currency is the U.S. dollar. Monetary assets and liabilities of each subsidiary, denominated in local or other foreign currency, are remeasured at the end of each reporting period using the exchange rates at that date. Non-monetary assets and liabilities and equity are remeasured at the historical exchange rates, while results of operations in the local currency or other foreign currencies are translated into U.S. dollars at the exchange rates in effect at the date of the transaction. Net foreign transaction gains/losses for the years ended December 31, 2022, 2021, and 2020 were not material.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial

Notes to the Consolidated Financial Statements

statements, and the reported amounts of revenue and expenses during the reporting period. Significant estimates include sales allowances, estimates relating to the measurement of operating lease right-of-use ("ROU") assets and operating lease liabilities, determination of the fair value of stock-based awards, valuation of common stock in periods prior to becoming a public company, collectibility of accounts receivable, determination of the fair value of investments, impairment of investments and long-lived assets including goodwill, carrying value and useful lives of property and equipment and internal-use software, the amortization period for deferred commission costs, and income taxes. By their nature, estimates are subject to an inherent degree of uncertainty and actual results could differ from those estimates.

As of the date these consolidated financial statements are issued, the Company is not aware of any specific event or circumstance that would require an update to the Company's estimates or judgments, or change to the carrying value of the Company's assets or liabilities. However, these estimates and judgments may change as new events occur and additional information is obtained, which may result in changes being recognized in the consolidated financial statements in future periods. Actual results could differ from those estimates and any such differences may have a material impact on the financial statements.

Segments and Geographic Information

The Company operates as a single operating segment. The Company's Chief Operating Decision Maker, the CEO, regularly reviews financial information presented on a consolidated basis for purposes of assessing financial performance and allocating resources. Revenue is attributed to geographic regions based on locations where services are provided to the Company's customers. Foreign countries outside of the United States, in aggregate, accounted for less than 2% of the Company's revenue for the years ended December 31, 2022, 2021, and 2020. In addition, as of December 31, 2022 and 2021, property and equipment and operating lease ROU assets outside of the United States were not material.

Revenue Recognition

The Company recognizes revenue when control of the promised goods or services is transferred to the Company's customers, in an amount that reflects the consideration it expects to be entitled to in exchange for those goods or services. The Company determines revenue recognition through the following five steps:

- (1) Identification of the contract, or contracts, with a customer
- (2) Identification of all performance obligations in the contract
- (3) Determination of the transaction price
- (4) Allocation of the transaction price to the performance obligations in the contract
- (5) Recognition of revenue when, or as, the performance obligation or obligations are satisfied

The Company identifies enforceable revenue contracts when the terms are agreed to by the customer. Some of the Company's contracts with customers contain multiple performance obligations. For these contracts, the Company accounts for performance obligations separately if they are distinct. The transaction price is allocated to the separate performance obligations on a relative standalone selling price basis. The Company determines the standalone selling prices based on its overall pricing objectives, taking into consideration market conditions and other factors, including the value of its contracts, the products sold, and the number and types of users within the Company's contracts.

Revenue is recognized as performance obligations are satisfied and is presented net of the sales allowance.

The Company derives its revenues from the following sources:

Notes to the Consolidated Financial Statements

Subscription Revenue

Subscription revenue consists of time-based job posting plans, upsells which complement or expand visibility and prominence to job posting plans, and resume database plans. Plans are priced at a flat rate based on plan size and whether the plan is for a daily, monthly, or annual term. Customer contracts are typically subject to renewal at the end of the subscription term. Contracts are only cancelable at the end of the term and are nonrefundable.

Time-based job posting plans: Job posting plans provide customers access to cloud-based software services, where they may create job postings that are posted to the Company's marketplace in addition to numerous other job sites or partner networks with job seeker communities. Customers may also access the Company's software to review job applications and manage job postings. The Company recognizes revenue from job posting plans ratably over the term of the agreement beginning on the date the subscription service is made available to the customer. Once a customer requests a cancellation of their subscription, the open job postings are closed at the end of the term; however, the customer may still access the software to review past job postings or prior applications received under a separate upsell subscription. Job posting plans are billed in advance of the subscription period, which typically ranges from one to twelve months, except for daily subscription plans, which are billed in arrears based on how many days the customer uses the services.

Upsell services: Additional features to complement or expand visibility to job posting plans may be purchased as an upsell service. For these services, the Company bills the customers in advance and recognizes revenue ratably over the term of the agreement beginning on the date the upsell services are made available to the customer, which typically ranges from one to twelve months.

Upsell services also include job posting enhancements which are applied to individual job postings. Such services enhance job postings by providing customers with a temporary boost in the prominence of the job postings, expanding visibility to job postings by inviting candidates to apply to the job, or highlighting key attributes of job postings to make them stand out to job seekers. Individual job posting enhancements may be purchased by a customer when needed, or in recurring monthly prepaid bundles to complement their job posting subscription plan, and are billed in advance of use. Typically these prepaid bundles can be used over a period ranging from one to twelve months. Revenue from job posting enhancements is recognized as the customer uses the enhancement on their job postings. Unused prepaid job enhancements are not refundable, and the Company recognizes revenue for the estimated portion of prepaid job enhancements that are expected to expire unused ("breakage") based on estimates considering historical breakage levels for upsell plans. Breakage is recognized as revenue in proportion to the pattern of actual usage by customers.

Resume database plans: Access to the Company's resume database is purchased on a subscription basis and allows a customer to search for and view resumes. Resume database plans are priced based on how many resumes the customer would like to view in a month and may be purchased independent of, or in addition to, a job posting plan. Resume database plans are billed in advance of the subscription period, which typically ranges from one to twelve months. Revenue is recognized ratably over the subscription period.

Performance-based Revenue

Performance-based revenue consists of customers who pay on a per click by job applicant or per job application basis for the job postings they wish to distribute through the Company's software. Customers pay an amount per click or per application that is usually capped at a contractual maximum per recruitment campaign, with campaigns typically lasting from one to three months. Customers on this pricing model do not have access to the Company's software for subscription customers though they may purchase resume database subscription plans separately. Customers that use performance-based plans are typically companies with consistent hiring needs and sophisticated recruitment campaigns where they manage incoming applications and job postings on their own applicant tracking systems.

Notes to the Consolidated Financial Statements

Performance-based revenue is typically billed monthly, in arrears, and revenue is recognized as job applicants click on or apply to the distributed job postings, up to the contractual maximum per recruitment campaign.

Sales Allowance

The Company establishes a sales allowance to estimate refunds and credits that it may grant to customers in the future for cancellations of subscriptions and concessions to customers who are not satisfied with services received. While subscriptions are noncancelable once the contract term has commenced, the Company may at times allow customers who miss their cancellation window prior to an autorenewal to cancel their contract, and the Company may issue refunds or credits to maintain overall customer satisfaction. The sales allowance is estimated by considering historical results and trends, and is accounted for as a reduction to revenue or deferred revenue for contracts where payments are received upfront and revenue is recognized over time.

The following table summarizes the changes in the sales allowance (in thousands):

	Year Ended December 31,		
	2022	2021	2020
Sales allowance, at beginning of year	\$ 5,919	\$ 4,362	\$ 8,781
Recorded as a reduction to revenue	39,877	35,118	15,548
Recorded as a reduction to deferred revenue	4,852	3,730	6,086
Utilization of allowance for refunds and credits	(46,397)	(37,291)	(26,053)
Sales allowance, at end of year	\$ 4,251	\$ 5,919	\$ 4,362

Of the total sales allowance balance of \$4.3 million at December 31, 2022, \$1.9 million was presented net of accounts receivable and \$2.4 million was presented within accrued expenses on the Consolidated Balance Sheets. Of the total sales allowance balance of \$5.9 million at December 31, 2021, \$2.9 million was presented net of accounts receivable and \$3.0 million was presented within accrued expenses on the Consolidated Balance Sheets. The amount netted against accounts receivable represents estimated future credits expected to be granted to customers who had not yet paid for services as of December 31, 2022 and 2021, and the amount included in accrued expenses represents estimated refunds expected to be granted to customers who had already paid.

Cost of Revenue

Cost of revenue consists of web hosting, credit card processing fees, personnel-related costs (including salaries, bonuses, benefits and stock-based compensation) for customer support employees, partner revenue share amounts, job distribution costs from performance-based revenue, and amortization of capitalized software costs associated with the Company's marketplace technology to provide services to its customers. In addition, the Company allocates a portion of overhead costs, such as rent, IT costs, supplies and depreciation and amortization, to cost of revenue based on headcount.

Sales and Marketing

Sales and marketing expense consists of personnel-related costs (including salaries, sales commissions, bonuses, benefits, and stock-based compensation) for the Company's sales and marketing employees and marketing activities. Marketing activities include advertising, online lead generation, customer and industry events and candidate acquisition. The Company allocates a portion of overhead costs, such as rent, IT costs, supplies and depreciation and amortization, to sales and marketing expense based on headcount. Sales and marketing costs are expensed as incurred.

Advertising costs principally represent online advertising costs, direct mailing, television, podcast and radio advertisements. Advertising expense was \$280.1 million, \$255.6 million, and \$98.3 million for the years ended December 31, 2022, 2021, and 2020, respectively.

Notes to the Consolidated Financial Statements

At times, the Company may prepay certain advertising expenses, which are deferred and subsequently recognized as expense when the advertisement is released. The Company had \$2.6 million and \$3.2 million of prepaid advertising costs included in prepaid expenses in the Consolidated Balance Sheets as of December 31, 2022 and 2021, respectively.

Research and Development

Research and development expense consists of personnel-related costs (including salaries, bonuses, benefits and stock-based compensation) for the Company's research and development employees, amortization of capitalized software costs associated with the development of internal databases, candidate insights, and reporting that support the Company's marketplace technology and the cost of certain third-party service providers. The Company allocates a portion of overhead costs, such as rent, IT costs, supplies, and depreciation and amortization, to research and development expense based on headcount. Research and development costs, other than software development costs qualifying for capitalization, are expensed as incurred.

General and Administrative

General and administrative expense consists of personnel-related costs (including salaries, bonuses, benefits and stock-based compensation) for employees in the Company's executive, finance, human resource and administrative departments, and fees for third party professional services, including consulting, legal and accounting services. General and administrative expense also consists of costs as part of the Company's transition to a publicly traded company and includes fees paid to its financial advisors in connection with its Direct Listing. In addition, the Company allocates a portion of overhead costs, such as rent, IT costs, supplies and depreciation and amortization, to general and administrative expense based on headcount.

Stock-Based Compensation

The Company estimates the fair value of employee stock-based compensation awards on the grant date and recognizes forfeitures as they occur. The Company has elected to treat stock-based compensation awards with graded vesting schedules and time-based service conditions as a single award and recognizes stock-based compensation on a straight-line basis over the requisite service period. For awards that contain both performance and service vesting conditions, the grant date fair value is recognized as stock-based compensation expense using a graded vesting attribution model. No expense is recognized for awards with performance conditions until the performance condition is probable of being met.

The Company estimates the fair value of restricted stock units ("RSUs") based on the fair value of its common stock. The Company estimates the fair value of stock options using the Black-Scholes option pricing model. The Black-Scholes option pricing model requires the Company to make certain assumptions including the fair value of the underlying common stock, the expected term, the expected volatility, the risk-free interest rate and the dividend yield.

Prior to the completion of the Company's Direct Listing on May 26, 2021, a public market did not exist for the Company's common stock, and therefore, the board of directors determined the fair value of the common stock at the time of the grant by considering a number of objective and subjective factors including valuation of comparable companies, operating and financial performance and general and industry-specific economic outlook, amongst other factors. The fair value was determined in accordance with applicable elements of the practice aid issued by the American Institute of Certified Public Accountants titled, Valuation of Privately Held Company Equity Securities Issued as Compensation. Subsequent to the completion of the Company's Direct Listing, the fair value of the common stock is determined based on the NYSE closing price on the date prior to the date of grant.

Given that the Company does not have sufficient exercise history to develop reasonable expectations about future exercise patterns and post-vesting employment termination behavior, the Company determines the expected term for its plain vanilla stock options using the simplified method, which is calculated as the midpoint of the stock option vesting term and the expiration date of the stock option.

Notes to the Consolidated Financial Statements

For its stock options, because the Company's common stock has limited trading history, the Company estimates the expected volatility of the awards from the historical volatility of selected public companies that represent similar but alternative investment opportunities to an investment in the Company. Characteristics considered in identifying guideline public companies include similarity in size, lines of business, market capitalization, revenue and financial leverage. The Company determines the expected volatility assumption using the frequency of daily historical prices of comparable public company common stock for a period equal to the expected term of the option. The Company periodically assesses the comparable companies and other relevant factors used to measure expected volatility for stock option grants.

The risk-free interest rate assumption is based upon observed interest rates on the United States government securities appropriate for the expected term of the Company's employee stock options.

The dividend yield assumption is based on the Company's history and expectation of dividend payouts. The Company has never declared nor paid any cash dividends on its common stock, and the Company does not anticipate paying any cash dividends in the foreseeable future.

Stock-based Compensation for Awards with a Market Condition

In April 2021, the Company granted an RSU award (the "CEO Performance Award"), which included service, market, and performance-based vesting conditions. The fair value of the award is determined using a Monte Carlo simulation model. The associated stock-based compensation expense is recorded over the requisite service period, using a graded attribution method. The requisite service period is the longer of the service period derived from the Monte Carlo simulation model and the explicit service period the CEO is required to remain employed to vest in the award. The market condition is satisfied upon achieving certain stock price targets for a period following the completion of the Company's Direct Listing. The CEO Performance Award also contains an implied performance-based vesting condition as the CEO's ability to earn the award was contingent upon the completion of the Direct Listing. Accordingly, no expense was recognized prior to the completion of the Company's Direct Listing on May 26, 2021, as vesting was not considered probable for accounting purposes until the Direct Listing occurred. Provided that Ian Siegel continues to be the CEO of the Company, stock-based compensation expense is recognized over the requisite service period, regardless of whether the stock price targets are achieved. If the stock price targets are met sooner than the derived service period, the Company will accelerate the recognition of stock-based compensation expense to reflect the cumulative expense associated with the vested shares.

Stock-based Compensation Under the Employee Stock Purchase Plan

In August 2021, the Company launched an employee stock purchase plan (the "ESPP"). The ESPP will allow eligible employees the option to purchase shares of the Company's Class A common stock at a 15% discount through payroll deductions of their eligible compensation, subject to certain plan limitations. The ESPP provides for six-month offering periods beginning February and August of each year. On each purchase date, eligible employees purchase the Company's stock at a price per share equal to 85% of the lesser of the fair market value of the Company's Class A common stock on (i) the offering date or (ii) the purchase date.

The Company recognizes stock-based compensation expense related to shares issued pursuant to its ESPP on a straight-line basis over the offering period.

Net Share Settlement

In October 2021, the Company's board of directors approved a "net share settlement" approach for satisfaction of tax withholding obligations in connection with settlement of taxes for RSUs, and exercises of non-qualified stock options, at the Company's discretion. As a result, the Company currently withholds shares upon vesting of RSUs, and the withheld shares are immediately canceled. The Company has presented "Shares withheld related to net share settlement" in its Consolidated Statements of Changes in Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit) as a reduction, separate from the total number of shares issued upon vesting and settlement. The Company has not withheld any

Notes to the Consolidated Financial Statements

shares as part of any option exercises. Upon payment of the withholding taxes to the appropriate taxing jurisdiction, the Company reflects the cash payment as a financing outflow in the Consolidated Statements of Cash Flows.

Income Taxes

The Company accounts for income taxes in accordance with Accounting Standards Codification ("ASC") 740, Income Taxes. Current tax liabilities and assets are recognized for the estimated taxes payable or refundable, respectively, on the tax returns for the current year. Deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

The Company must also make judgments in evaluating whether deferred tax assets will be realized from future taxable income. To the extent that it believes that realizability is not likely, the Company establishes or maintains a valuation allowance. A valuation allowance is established for deferred tax assets which the Company does not believe meet the "more likely than not" threshold for realizability. The Company's judgments regarding future taxable income may change over time due to market conditions, tax laws, tax planning strategies or other factors. If the Company's assumptions and estimates change in the future, the valuation allowance may materially increase or decrease, resulting in an increase or decrease in income tax expense and the related impact on the Company's reported net income or loss.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized. The Company recognizes interest and penalties accrued with respect to uncertain tax positions, if any, in the provision (benefit) for income taxes in the Consolidated Statements of Operations.

Investments

The Company maintains an investment portfolio of primarily highly rated debt securities and money market mutual funds to manage its excess cash reserves. The Company's primary objectives in investing its excess cash reserves are to preserve capital, provide sufficient liquidity to satisfy both operational cash flow requirements and potential strategic investment opportunities, and to obtain a reasonable or market rate of return on investments.

The Company's investments are all highly liquid and available for use in current operations, including those with maturity dates beyond one year, and therefore the Company classifies these securities within current assets in its Consolidated Balance Sheets. The Company considers its highly liquid investments with original maturities of three months or less at the date of purchase to be cash equivalents. Investments not considered cash equivalents are classified as marketable securities in the Company's Consolidated Balance Sheets.

The Company classifies and accounts for its money market mutual funds which have readily determinable fair values as equity securities, and it carries such securities at fair value with unrealized gains and losses reported in other income, net in its Consolidated Statement of Operations.

The Company classifies and accounts for its debt securities as available-for-sale, and it carries such securities at fair value with unrealized gains and losses excluded from earnings and reported net of tax as a separate component of stockholders' equity in accumulated other comprehensive loss until the security is sold or matures. During the twelve months ended December 31, 2022, in connection with its available-for-sale debt securities, the Company recorded pretax unrealized losses in other comprehensive loss of \$0.4 million with no associated tax benefit. The Company held no investments in available-for-sale debt securities during the twelve months ended December 31, 2021 and December 31, 2020.

The Company determines any realized gains and losses on the sale of its available-for-sale debt securities using a specific identification method, and it records such gains and losses through other

Notes to the Consolidated Financial Statements

income, net in its Consolidated Statement of Operations. During the twelve months ended December 31, 2022, the Company recorded \$0.9 million in proceeds related to sales of its available-for-sale debt securities. Because the Company first purchased these investments during the twelve months ended December 31, 2022, it did not reclassify any net amounts out of beginning accumulated other comprehensive loss into other income, net in the Consolidated Statement of Operations.

If an available-for-sale debt security's fair value declines below its amortized cost basis, the Company evaluates whether it intends to sell the security, or whether it more likely than not will be required to sell the security before the recovery of its amortized cost basis. If either condition is met, the Company records an impairment loss on the security through other income, net in its Consolidated Statement of Operations. If neither condition is met, the Company evaluates whether the decline is the result of credit-related factors, in which case the Company records the credit-related portion of the impairment loss through other income, net in its Consolidated Statement of Operations, and records the non-credit-related portion of the impairment loss, net of tax, through other comprehensive loss in the Consolidated Statement of Comprehensive Income.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and cash equivalents, marketable securities, and accounts receivable. The Company maintains its cash accounts with large financial institutions and at times, the cash accounts may exceed Federal Deposit Insurance Corporation limits. The Company has not experienced any losses in such accounts.

The Company invests only in highly rated debt and equity securities. The Company believes the financial institutions that hold its investments are financially sound, and accordingly, are subject to minimal credit risk.

One customer accounted for 12% and 16% of the Company's outstanding accounts receivable as of December 31, 2022 and December 31, 2021, respectively. The Company closely monitors the financial condition of the foregoing customer, which has been in good credit standing. No other customer individually accounted for 10% or more of the Company's outstanding accounts receivable as of December 31, 2022 and December 31, 2021. As such, the Company does not consider the concentration of its accounts receivable to be a material risk. There were no customers that individually represented 10% or more of revenue for the years ended December 31, 2022, 2021, and 2020.

The Company uses third parties to collect its credit card receivables and believes risk related to its credit card processors is minimal.

Accounts Receivable and Allowance for Doubtful Accounts

The Company receives payments via credit card, electronic payment or check. The Company's accounts receivable consists of receivables from the Company's credit card processing merchants and customers. Credit card payment is required unless the plan qualifies for credit terms which the Company may grant in the normal course of business. The Company does not normally require collateral or other security to support credit sales. Accounts receivable from customers do not bear interest, are typically due within 30 days and are recorded at the invoiced amount. The Company reduces accounts receivable by its allowance for doubtful accounts.

The Company regularly monitors collections and payments from customers and maintains an allowance for doubtful accounts for estimated losses resulting from the inability of customers to make required payments. Prior to the Company's adoption of Topic 326 during the year ended December 31, 2022, management estimated its allowance for doubtful accounts by considering factors such as historical credit loss experience and current conditions, such as the length of time accounts receivables are past due, customer payment histories, and any specific customer collection issues identified. Subsequent to the Company's adoption of Topic 326, management has expanded its approach and estimates its allowance for doubtful accounts by considering the above factors, current market conditions which may

Notes to the Consolidated Financial Statements

affect customer financial condition, and reasonable and supportable forecasts of future credit losses. The Company writes off accounts receivables that have become uncollectible.

The Company's allowance for doubtful accounts was \$1.8 million, \$0.5 million, and \$2.0 million as of December 31, 2022, 2021 and 2020, respectively, which was recorded net within accounts receivable on the Consolidated Balance Sheets.

Property and Equipment

Property and equipment is initially recorded at cost, and depreciated using the straight-line method over the estimated useful lives of the assets, which is generally three years for computer hardware and software and five years for furniture and equipment. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or estimated useful life. Costs of maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred. Upon retirement or sale, the cost and related accumulated depreciation are removed from the Consolidated Balance Sheets and the resulting gain or loss is reflected in loss from operations in the Consolidated Statements of Operations.

Leases

The Company determines at contract inception whether the arrangement is a lease based on its ability to control a physically distinct asset and determines the classification of the lease as either operating or finance. For all leases, the Company combines all components of the lease including related non-lease components as a single component. Operating leases are reflected as operating lease ROU assets and operating lease liabilities in the Consolidated Balance Sheets. The Company has also elected to utilize the short-term lease recognition exemption and, for those leases that qualify, the Company has not recognized operating lease ROU assets or operating lease liabilities. The Company does not have any finance leases.

Operating lease ROU assets represent the Company's right to use an underlying asset for the lease term, and operating lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and operating lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate in determining the present value of lease payments. The Company estimates the incremental borrowing rate to reflect the profile of collateralized borrowing over the expected term of the leases based on the information available at the later of the initial date of adoption of ASC 842, *Leases*, on January 1, 2019, or the lease commencement date.

The operating lease ROU asset also includes any lease payments made prior to lease commencement date and is reduced by lease incentives that the Company estimates it will realize. Lease terms may include options to extend or terminate the lease when the Company is reasonably certain that it will exercise the option. Lease expense is recognized on a straight-line basis over the lease term in the Consolidated Statements of Operations. Certain lease agreements may contain variable costs such as utilities and common area maintenance. Variable lease costs are expensed when the cost is incurred.

The Company computes rental income from subleasing certain of its office facilities on a straight-line basis over the sublease term in the Consolidated Statements of Operations. The difference between rental income and rental payments over the lease term is recorded as an unbilled rent receivable.

Internal-Use Software

The Company capitalizes eligible costs associated with the development of its internal-use software in accordance with ASC 350-40, *Internal-Use Software*. Accordingly, the Company capitalizes costs incurred during the development phase including: (1) external direct costs of materials and services consumed in developing or obtaining the software, and (2) payroll and payroll-related costs for employees who are directly associated with the project. The Company expenses all costs as incurred that relate to the planning and post implementation phases of its software development cycle and costs associated with minor enhancements and maintenance. Capitalized costs are amortized using the straight-line

Notes to the Consolidated Financial Statements

method over three years. Amortization of internal-use software costs associated with the Company's marketplace technology to provide services to its customers is recorded in cost of revenue. Amortization of internal-use software costs associated with internal databases, candidate insights, and reporting are recorded in research and development and general and administrative expenses in the Consolidated Statements of Operations. Amortization of these costs is allocated in the Consolidated Statements of Operations based on the nature of the underlying projects.

Intangible Assets

Intangible assets are amortized over their estimated useful life using the straight-line method which approximates the pattern in which the economic benefits are consumed.

Impairment of Long-Lived Assets

The Company periodically evaluates whether events and circumstances have occurred that indicate the remaining estimated useful life of long-lived assets may warrant revision or that the remaining balance of long-lived assets may not be recoverable in accordance with ASC 360, *Property, Plant and Equipment, Accounting for the Impairment or Disposal of Long-Lived Assets*. In determining whether an asset is impaired, assets are grouped at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. When factors indicate that long-lived assets should be evaluated for possible impairment, the Company uses an estimate of the related undiscounted future cash flows over the remaining life of the long-lived assets in measuring whether they are recoverable. If the estimated undiscounted future cash flows are less than the carrying value of the asset, a loss is recorded as the excess of the asset's carrying value over its fair value. There were no impairment charges related to long-lived assets during the years ended December 31, 2022, 2021, and 2020.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of net assets acquired and liabilities assumed in a business combination. The Company tests for impairment at least annually, in the fourth quarter, or whenever events or changes in circumstances indicate that goodwill might be impaired. The Company currently has one reporting unit.

In testing for goodwill impairment, the Company has an option to first make an assessment of qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, it is determined that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then additional impairment testing is not required. However, if concluded otherwise, the quantitative impairment test is performed.

The quantitative test compares the estimated fair value of a reporting unit to its carrying amount, including goodwill. If the estimated fair value exceeds its carrying amount, goodwill is considered not to be impaired. However, if the carrying amount exceeds the fair value of the reporting unit, then an impairment charge is recorded in an amount equal to the excess but limited to the total amount of goodwill. There were no impairment charges in the periods presented.

Senior Unsecured Notes

On January 12, 2022, the Company issued an aggregate principal amount of \$550.0 million senior unsecured notes due 2030 in a private placement. The Company includes its senior unsecured notes, net of debt issuance costs, within long-term borrowings in its Consolidated Balance Sheets. The Company accounts for the debt issuance costs incurred related to the senior unsecured notes using the effective interest method, under which the debt issuance costs are amortized as interest expense until the applicable maturity date. As of December 31, 2022, the Company had a carrying amount of approximately \$8.4 million of debt issuance costs related to the senior unsecured notes. For the year ended December 31, 2022, the Company recognized \$27.6 million in interest expense related to the senior unsecured notes with an effective interest rate of 5.4%. Such interest expense includes \$0.9 million

Notes to the Consolidated Financial Statements

related to the amortization of debt issuance costs, for the year ended December 31, 2022. For more information on the senior unsecured notes, please see Note 8.

Share Repurchase Program

All shares repurchased under the Company's share repurchase program are purchased for immediate retirement. Repurchased shares reduce the Company's outstanding shares and its weighted average number of common shares outstanding for purposes of calculating basic and diluted earnings per share. All excess of repurchase price over par value for shares repurchased is allocated to additional paid-in capital in the Company's Consolidated Statements of Changes in Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit). The Company may repurchase shares of common stock through open market or privately negotiated transactions, block purchases, or pursuant to one or more Rule 10b5-1 plans. For more information on the Company's share repurchase program, please see Note 13.

Recent Accounting Pronouncements***Becoming a Large Accelerated Filer***

Prior to December 31, 2022, the Company qualified as an emerging growth company ("EGC") and was allowed by the Jumpstart Our Business Startups Act to delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies. The Company elected to use the adoption dates applicable to private companies. As a result, the Company's financial statements may not be comparable to the financial statements of issuers who are required to comply with the effective date for new or revised accounting standards that are applicable to public companies.

The Company became a large accelerated filer and no longer qualifies as an EGC at the conclusion of the fiscal year ended December 31, 2022. The adoption dates discussed below for recently adopted accounting pronouncements reflect the updated transition periods required as a result of becoming a large accelerated filer as of December 31, 2022. For all future new or revised accounting pronouncements, the Company will be required to adopt in accordance with public company timelines.

Accounting Pronouncements Not Yet Adopted

The Company reviewed all recently issued accounting pronouncements and concluded they were either not applicable or not expected to have a material impact on the Company's consolidated financial statements.

Recently Adopted Accounting Pronouncements

In August 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-06, Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging-Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity, which reduces the number of accounting models for convertible debt instruments and convertible preferred stock, and which removes certain conditions that should be considered in the derivative scope exception evaluation under Subtopic 815-40. The Company early adopted ASU 2020-06 on January 1, 2022 and applied the changes using a modified retrospective approach. The adoption did not have a material impact on the Company's consolidated financial statements.

Notes to the Consolidated Financial Statements

In June 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which replaces the existing model for measuring the allowance for credit losses for financial assets measured at amortized cost (including accounts receivable) to a model that is based on the expected losses rather than incurred losses. Under the new credit loss model, lifetime expected credit losses on such financial assets are measured and recognized at each reporting date based on historical, current, and forecasted information. Subsequent to ASU 2016-13, the FASB issued various ASUs to provide supplemental guidance and clarification to ASU 2016-13 which must be adopted concurrently with the adoption of ASU 2016-13. These ASUs are cumulatively referred to as "Topic 326." The Company adopted Topic 326 for the fiscal year ended December 31, 2022 and applied the changes using a modified retrospective approach. The adoption did not have a material impact on the Company's consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes, which enhances and simplifies various aspects of income tax accounting guidance. The Company adopted ASU 2019-12 for the fiscal year ended December 31, 2022 and applied the changes using a modified retrospective approach. The adoption did not have a material impact on the Company's consolidated financial statements.

3. Net Income Per Share

Basic and diluted net income per share are computed using the two-class method as required when there are participating securities and multiple classes of common stock. Basic net income per share is computed using the weighted-average number of shares outstanding during the period. Diluted net income per share is computed using the weighted-average number of shares and the effect of potentially dilutive securities outstanding during the period.

Prior to May 14, 2021, when the Company's Series A preferred stock and Series B preferred stock converted into shares of Class B common stock, the Company's redeemable convertible preferred stock were participating securities as the holders of the redeemable convertible preferred stock were entitled to participate in dividends with common stock. In periods of net income, net income after deducting the accretion of redeemable convertible preferred stock was attributed to common stockholders and participating securities based on their participation rights. Net losses after deducting the accretion of redeemable convertible preferred stock are not allocated to the participating securities as the participating securities do not have a contractual obligation to share in any losses.

In April 2021, the Company filed its amended and restated certificate of incorporation, which resulted in the creation of Class A common stock and Class B common stock. As the liquidation and dividend rights are identical for Class A and Class B common stock (see Note 12), the undistributed earnings under the two-class method are allocated on a proportional basis and the resulting net income per share attributable to common stockholders is, therefore, the same for both Class A and Class B common stock on an individual or combined basis.

Notes to the Consolidated Financial Statements

The following table presents the Company's basic net income per share (in thousands, except per share amounts):

	Year Ended December 31,		
	2022	2021	2020
Net income per share, basic:			
Net income	\$ 61,494	\$ 3,600	\$ 86,048
Less: Accretion of redeemable convertible preferred stock	—	(1,480)	(3,883)
Less: Undistributed earnings attributable to participating securities	—	(168)	(19,148)
Net income attributable to Class A and Class B common stockholders	\$ 61,494	\$ 1,952	\$ 63,017
Weighted average shares of Class A and Class B common stock outstanding	114,272	102,230	79,651
Net income per share attributable to Class A and Class B common stockholders, basic	\$ 0.54	\$ 0.02	\$ 0.79

Notes to the Consolidated Financial Statements

The Company computes diluted net income per share under the two-class method where income is reallocated between common stock, potential common stock and participating securities. Potential common stock primarily includes stock options and RSUs computed using the treasury stock method and the conversion of the convertible notes and accrued interest using the if converted method.

The following table presents the Company's diluted net income per share (in thousands, except per share amounts):

	Year Ended December 31,		
	2022	2021	2020
Net income per share, diluted:			
Numerator:			
Net income attributable to Class A and Class B common stockholders	\$ 61,494	\$ 1,952	\$ 63,017
Add:			
Reallocation of net income attributable to participating securities	—	18	2,346
Interest on convertible notes with related parties, net of tax	—	—	275
Net income attributable to Class A and Class B common stockholders, diluted	\$ 61,494	\$ 1,970	\$ 65,638
Denominator:			
Weighted average shares of Class A and Class B common stock outstanding, basic	114,272	102,230	79,651
Effect of dilutive securities:			
Options to purchase common stock	6,943	12,471	12,506
Convertible notes with related parties	—	—	1,999
Restricted stock units	183	725	—
Employee stock purchase plan	—	12	—
Unvested early exercise common stock	—	33	—
Weighted average shares of Class A and Class B common stock outstanding, diluted	121,398	115,471	94,156
Net income per share attributable to Class A and Class B common stockholders, diluted	\$ 0.51	\$ 0.02	\$ 0.70

Notes to the Consolidated Financial Statements

The following table presents the weighted average number of potentially dilutive common stock equivalents excluded from the computation of diluted net income per share because their inclusion would have been anti-dilutive (in thousands):

	Year Ended December 31,		
	2022	2021	2020
Options to purchase common stock	71	3	3,747
Unvested restricted stock units	5,681	153	4,148
Convertible notes with related parties, if converted basis	—	1,226	—
Employee stock purchase plan	240	45	—
Total shares excluded from diluted net income per share	5,992	1,427	7,895

The CEO Performance Award is excluded from the above table because none of the market conditions had been met as of December 31, 2022.

4. Revenue Information

Contract Balances

Contract liabilities are recorded as deferred revenue when customer payments are received in advance of the Company meeting all the revenue recognition criteria under ASC 606. Deferred revenue includes prepaid subscription and performance-based revenue. Generally, the remaining performance obligations will be satisfied within one to twelve months after prepayment. The Company recognized \$23.3 million, \$15.1 million, and \$18.5 million of revenue during the years ended December 31, 2022, 2021, and 2020, respectively, that were included in the deferred revenue balance as of December 31, 2021, 2020, and 2019, respectively.

As of December 31, 2022 and 2021, the Company had no contract assets.

Deferred Commissions

ASC 606 requires the deferral of the recognition of incremental costs to obtain a contract, which the Company has identified as certain of its sales commissions paid to internal sales representatives for the sale of the Company's services. The Company amortizes deferred commissions over the expected period of benefit unless the amortization period is less than one year, in which case, the Company has elected to apply the practical expedient to expense those costs as incurred. The estimated period of benefit includes anticipated customer renewals. If the Company pays commissions on contract renewals that are commensurate with the initial commission, the amortization period is the initial contract term. If the renewal commission is not commensurate with the initial commission, commissions are deferred and subsequently amortized on a straight-line basis over the expected customer life, which has been estimated to be three years based on an analysis of historical data and other qualitative factors, such as new product offerings, the seasonality of certain customer relationships and estimated useful life of the Company's marketplace technology. Amortization expense is included within sales and marketing expense in the Consolidated Statements of Operations.

For the years ended December 31, 2022, 2021, and 2020, amortization expense for deferred sales commissions was \$5.4 million, \$4.3 million, and \$3.1 million, respectively. There was no impairment to capitalized deferred commissions in the periods presented.

Notes to the Consolidated Financial Statements

Disaggregation of Revenue

The Company disaggregates revenue into two streams: subscription revenue and performance-based revenue. The following table presents the Company's revenue streams (in thousands):

	Year Ended December 31,		
	2022	2021	2020
Subscription	\$ 696,334	\$ 600,090	\$ 346,781
Performance-based	208,315	141,051	71,361
Total revenue	<u>\$ 904,649</u>	<u>\$ 741,141</u>	<u>\$ 418,142</u>

Performance Obligations

No revenue was recognized during the years ended December 31, 2022, 2021 and 2020 from performance obligations satisfied in previous periods.

As of December 31, 2022, the Company did not have any material remaining performance obligations expected to be recognized in the future. Generally, any remaining performance obligations relate primarily to subscription services such as time-based job posting plans, upsell services, and resume database plans that will be invoiced in future periods, and exclude (i) contracts with an original expected term of one year or less and (ii) contracts for which the Company only recognizes revenue at the amount to which it has the right to invoice for services performed.

5. Property and Equipment, net

Property and equipment consist of the following (in thousands):

	December 31,	
	2022	2021
Computer, equipment and software	\$ 8,626	\$ 7,141
Furniture and fixtures	1,081	1,818
Leasehold improvements	8,709	8,605
Construction in progress	—	3
	<u>18,416</u>	<u>17,567</u>
Less: Accumulated depreciation	<u>(10,313)</u>	<u>(8,865)</u>
Total property and equipment, net	<u>\$ 8,103</u>	<u>\$ 8,702</u>

Depreciation expense for the years ended December 31, 2022, 2021, and 2020 was \$2.8 million, \$2.3 million, and \$2.2 million, respectively.

6. Internal-Use Software, net

Internal-use software consists of the following (in thousands):

	December 31,	
	2022	2021
Internal-use software	\$ 39,628	\$ 31,902
Less: Accumulated amortization	<u>(23,870)</u>	<u>(18,245)</u>
Total internal-use software, net	<u>\$ 15,758</u>	<u>\$ 13,657</u>

Amortization expense for internal-use software for the years ended December 31, 2022, 2021, and 2020 was \$7.9 million, \$7.2 million, and \$7.4 million, respectively.

Notes to the Consolidated Financial Statements

Future amortization expense of the Company's internal-use software as of December 31, 2022 is as follows for the years ending December 31, (in thousands):

2023	\$	6,703
2024		5,625
2025		2,797
2026		633
Total future amortization expense	\$	15,758

7. Accrued Expenses

Accrued expenses consist of the following (in thousands):

	December 31,	
	2022	2021
Accrued compensation and benefits	\$ 31,791	\$ 26,621
Accrued marketing	10,937	22,493
Accrued partner expenses	7,465	8,457
Accrued commissions	5,716	5,790
Accrued non-income taxes	3,605	11,250
Accrued refunds and customer liabilities	2,863	3,646
Other accrued expenses	6,738	7,956
Total accrued expenses	\$ 69,115	\$ 86,213

8. Debt

Convertible Notes with Related Parties

On June 22, 2020, the Company issued subordinated secured convertible promissory notes ("Convertible Notes") to related parties who were then holders of the Company's Redeemable Convertible Preferred Stock. The Convertible Notes totaled \$25.0 million and had a maturity date of June 22, 2023.

The principal and accrued interest balance of the Convertible Notes was automatically convertible into common stock upon a Direct Listing with a conversion price equal to the lower of (i) 75% of the volume-weighted average price of the common stock on the first trading day following such listing and (ii) \$8.2909.

On May 26, 2021, the principal and accrued contractual interest balance of the Convertible Notes was \$25.6 million, which converted into 3.1 million shares of Class B common stock at a conversion price of \$8.2909 per share.

Prior Credit Facility

On September 2, 2020 the Company executed an amendment to the Amended and Restated Loan and Security Agreement (the "Second Amended and Restated Loan and Security Agreement"), which increased the amount available under the credit facility outstanding at the time (the "prior credit facility") from \$25.0 million to \$35.0 million, changed the maturity date of the prior credit facility to September 2, 2022 and modified the interest rate on the prior credit facility to be the floating per annum rate equal to the greater of (i) 0.25% above the bank's Prime Rate, and (ii) 4.5%. The prior credit facility was terminated in April 2021 and replaced with a new credit facility as described further below. Total interest

Notes to the Consolidated Financial Statements

expense incurred under the prior credit facility was immaterial for the years ended December 31, 2021, and 2020 and was mostly attributable to fees on the unused portion of the credit facility.

Credit Facility

In April 2021, the Company terminated its Second Amended and Restated Loan and Security Agreement dated September 2, 2020 and entered into a new \$250.0 million credit facility agreement with a syndicate of banks. The credit facility has a maturity date of April 30, 2026 and bears interest at a rate based upon the Company's Net Leverage Ratio. The Company's Net Leverage Ratio is defined as total debt less total cash and permitted investments outstanding at period end, with a maximum total cash and permitted investments adjustment of \$550.0 million, divided by the trailing 12 months of earnings, adjusted for items such as non-cash expenses and other nonrecurring transactions. The Company is also obligated to pay other customary fees including a commitment fee on a quarterly basis based on amounts committed but unused under the credit facility at a rate between 0.25% to 0.35%, depending on the Company's Net Leverage Ratio.

The credit facility is collateralized by security interests in substantially all of the Company's assets and includes customary events of default such as non-payment of principal, non-payment of interest or fees, inaccuracy of representations and warranties, violation of certain covenants, cross default to certain other indebtedness, bankruptcy and insolvency events, material judgments against the Company, and a change of control. The occurrence of an event of default could result in the acceleration of the obligations under the credit facility.

The credit facility agreement contains customary representations, warranties, affirmative covenants, such as financial statement reporting requirements, negative covenants, and financial covenants, such as maintenance of certain net leverage ratio requirements. The negative covenants include restrictions that, among other things, restrict the Company's ability to incur liens and indebtedness, make certain investments, declare dividends, dispose of, transfer or sell assets, make stock repurchases and consummate certain other matters, all subject to certain exceptions.

On November 19, 2021, the Company entered into an amendment to the credit agreement with a syndicate of banks and the lenders named therein (the "Credit Agreement"), to amend certain other provisions under the Credit Agreement relating to how letters of credit denominated in currencies other than U.S. Dollars are valued under the Credit Agreement.

On January 10, 2022, the Company entered into a Second Amendment to the Credit Agreement (the "Second Amendment") with a syndicate of banks and the lenders named therein. The Second Amendment increased the maximum amount of liquidity (including cash and permitted investments) that may be netted against the Company's total indebtedness from \$100.0 million to \$550.0 million for purposes of calculating the Company's total Net Leverage Ratio under the Credit Agreement.

On April 26, 2022, the Company entered into a Third Amendment to the Credit Agreement with the administrative agent to clarify the amounts to be held with the administrative agent.

The Company had no amounts outstanding under the Credit Agreement and was in compliance with the financial covenants as of December 31, 2022. The amount available under the credit facility as of December 31, 2022 was \$244.6 million, which is the credit limit less letters of credit outstanding of \$5.4 million.

Issuance of Senior Unsecured Notes

On January 12, 2022, the Company issued an aggregate principal amount of \$550.0 million senior unsecured notes due 2030 (the "Notes") in a private placement. The Notes and the guarantees are senior unsecured obligations of ZipRecruiter, Inc.

The Notes were issued pursuant to an indenture dated as of January 12, 2022 (the "Indenture") between the Company and the trustee. Pursuant to the Indenture, the Notes will mature on January 15,

Notes to the Consolidated Financial Statements

2030 and bear interest at a rate of 5% per year. Interest on the Notes is payable semi-annually in arrears on January 15 and July 15 of each year. Unpaid amounts are included within accrued interest in the Company's Consolidated Balance Sheets.

The Indenture contains certain customary negative covenants, including but not limited to, limitations on the incurrence of debt, liens, consolidations or mergers, and asset sales. The Indenture also contains customary events of default.

At its sole discretion, the Company has the option to redeem all or a part of the Notes as follows:

(i) At any time prior to January 15, 2025, the Company may redeem all or part of the Notes, at its option, at a redemption price equal to 100% of the principal amount plus a make-whole premium as defined in the Indenture, and any accrued and unpaid interest, if any;

(ii) Prior to January 15, 2025, the Company has the option to redeem up to 40% of the aggregate principal amount of the Notes from net cash proceeds from certain equity offerings at a redemption price equal to 105% of the principal amount of the Notes to be redeemed plus any accrued and unpaid interest; and

(iii) At any time on or after January 15, 2025, the Company may redeem all or any portion of the Notes, at the redemption prices equal to the percentage of principal amount set forth below, plus accrued and unpaid interest, if any, if redeemed during the 12-month period beginning on January 15 of the year indicated below:

<u>Year</u>	<u>Percentage</u>
2025	102.50 %
2026	101.25 %
2027 and thereafter	100.00 %

Upon the occurrence of a change of control triggering event (as defined in the Indenture), the Company must offer to repurchase the Notes at a repurchase price equal to 101% of the aggregate principal amount of the Notes to be repurchased, and any accrued and unpaid interest.

The Company includes its Notes, net of debt issuance costs, within long-term borrowings in its Consolidated Balance Sheets.

The Company accounts for the debt issuance costs incurred related to the Notes using the effective interest method, under which the debt issuance costs are amortized as interest expense until the applicable maturity date. As of December 31, 2022, the Company had a carrying amount of approximately \$8.4 million of debt issuance costs related to the Notes.

For the year ended December 31, 2022, the Company recognized \$27.6 million in interest expense related to the Notes with an effective interest rate of 5.4%. Such interest expense includes \$0.9 million related to the amortization of debt issuance costs.

9. Commitments and Contingencies

Purchase Commitments

As of December 31, 2022, the Company had various noncancelable purchase commitments relating to software service agreements. Future minimum commitments are \$7.7 million for 2023, \$10.5 million for 2024, \$8.3 million for 2025, and no further commitments for 2026 and beyond.

Legal Matters

The Company is subject to various legal proceedings and claims that arise in the ordinary course of business. If the Company determines that it is probable that a loss has been incurred and the amount is reasonably estimable, the Company will record a liability. However, if the Company determines that a

Notes to the Consolidated Financial Statements

contingent loss is reasonably possible and the loss or range of loss can be estimated, the Company will disclose the possible loss in the consolidated financial statements. Legal costs relating to loss contingencies are expensed as incurred.

In April 2019, the Company was named as a defendant in a putative class action lawsuit filed by a former employee in the Los Angeles Superior Court alleging that the Company violated the Fair Credit Reporting Act as well as owed certain compensation to employees. In January 2020, the former employee filed a related representative action in the Los Angeles Superior Court under the Private Attorney General Act alleging similar claims regarding compensation owed to employees. In January 2021, the Company filed a motion for summary judgment or, in the alternative, summary adjudication, which was granted in part and denied in part. As of September 30, 2021, the parties agreed to settle the lawsuit for an immaterial amount and accordingly, the Company recorded a liability within accrued expenses. The settlement must be approved by the Court before it can be finalized. As of December 31, 2022, the Company anticipates that the settlement agreement will be approved in 2023.

Indemnification

In the ordinary course of business, the Company may provide indemnification of varying scopes and terms to customers, investors, directors and officers with respect to certain matters, including, but not limited to, losses arising out of the Company's breach of such agreements, services to be provided by the Company, or from certain claims made by third parties. These indemnification provisions may survive termination of the underlying agreement and the maximum potential amount of future payments the Company could be required to make under these indemnification provisions may not be subject to maximum loss clauses. The maximum potential amount of future payments the Company could be required to make under these indemnification provisions is indeterminable. The Company has never paid a material claim, nor has the Company been sued in connection with these indemnification arrangements. As of December 31, 2022, the Company has not accrued a liability for these indemnification arrangements because the likelihood of incurring a payment obligation, if any, in connection with these indemnification arrangements is neither probable nor reasonably estimable.

Non-income Taxes

The Company collects and remits sales and use, value added, and other taxes ("non-income taxes") relating to the sale of the Company's services in various jurisdictions. The Company accrues non-income taxes that may result from examinations by, or any anticipated negotiated agreements with, these tax authorities when a loss is probable and reasonably estimable. If the Company determines that a loss is reasonably possible and the loss or range of loss can be estimated, then the reasonably possible loss is disclosed. Due to the inherent complexity and uncertainty of these matters and judicial process in certain jurisdictions, the final outcome may be materially different from the Company's expectations. During the years ended December 31, 2022, and 2021, the Company recognized a benefit of \$0.8 million and an expense of \$8.7 million, respectively, in non-income tax expense recorded in general and administrative expense.

Restructuring

On March 31, 2020, the Company announced and committed to a restructuring plan to contain costs and further strengthen its liquidity profile in response to the impact of the COVID-19 pandemic. This plan resulted in a reduction in the Company's workforce of approximately 40%. The Company recorded restructuring costs of \$5.7 million in the first quarter of 2020 primarily related to employee severance and continuation of health benefits. Included in the \$5.7 million restructuring costs is a non-cash charge of \$0.8 million pertaining mainly to the modification of stock option awards for terminated employees. These awards were modified to extend the post-termination exercise period of vested options. Restructuring costs are presented as \$3.7 million in sales and marketing, \$1.0 million in research and development, and \$1.0 million in general and administrative expenses within the Consolidated Statement of Operations. The Company reversed the remaining amounts of \$0.2 million associated with the restructuring costs liability

Notes to the Consolidated Financial Statements

that were outstanding as of December 31, 2020 during 2021 when it was determined the remaining costs would not need to be paid, and no new costs were recorded during 2022 and 2021.

The following table presents the roll forward of the restructuring costs liability for the years ended December 31, 2022, 2021 and 2020 (in thousands), which is included in accrued expenses in the Company's Consolidated Balance Sheets:

	Year Ended December 31,		
	2022	2021	2020
Accrual, at beginning of year	\$ —	\$ 233	\$ —
Expense	—	—	4,947
Cash payments	—	—	(4,281)
Non-cash adjustments	—	(233)	(433)
Accrual, at end of year	\$ —	\$ —	\$ 233

10. Financial Instruments

Fair Value Measurements

The Company measures certain of its financial instruments at fair value on a recurring basis. Financial instruments measured at fair value on a recurring basis primarily include the Company's cash equivalents and marketable securities.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. Accounting standards describe a fair value hierarchy based on the following three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value:

- Level 1 — Quoted prices in active markets for identical assets, liabilities, or funds.
- Level 2 — Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; 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.
- Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Notes to the Consolidated Financial Statements

The following table presents the Company's financial assets measured at fair value on a recurring basis, as well as the amortized cost basis and gross unrealized gains and losses of those assets as of December 31, 2022 (in thousands):

					Balance Sheet Classification	
	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Cash and Cash Equivalents	Marketable Securities
Level 1:						
Cash	\$ 166,341	\$ —	\$ —	\$ 166,341	\$ 166,341	\$ —
Money market mutual funds	49,545	—	—	49,545	49,545	—
U.S. treasury securities	204,580	9	(180)	204,409	2,995	201,414
Subtotal	420,466	9	(180)	420,295	218,881	201,414
Level 2:						
Commercial paper	41,348	—	—	41,348	—	41,348
Certificates of deposit	6,116	—	—	6,116	—	6,116
Corporate notes and obligations	63,912	10	(202)	63,720	1,519	62,201
Asset-backed securities	15,150	17	(29)	15,138	—	15,138
U.S. agency securities	23,736	5	(3)	23,738	6,980	16,758
Subtotal	150,262	32	(234)	150,060	8,499	141,561
Total cash, cash equivalents, and marketable securities	<u>\$ 570,728</u>	<u>\$ 41</u>	<u>\$ (414)</u>	<u>\$ 570,355</u>	<u>\$ 227,380</u>	<u>\$ 342,975</u>

The Company did not have any financial assets measured at fair value on a recurring basis as of December 31, 2021.

The fair values of the Company's Level 2 commercial paper and certificates of deposit are determined using quoted prices in markets that are not active or using model-driven valuations employing significant inputs derived from observable market data. The fair values of the Company's Level 2 corporate notes and obligations, asset-backed securities, and U.S. agency securities are determined using an evaluated price based on a compilation of reported market information, such as benchmark yield curves, credit spreads and estimated default rates.

The carrying amounts of the Company's remaining financial instruments not discussed in the above table, including accounts receivable, accounts payable, and accrued expenses, approximate fair value because of their short-term maturities, except for the Company's senior unsecured notes which are valued based on quoted prices for the Notes in an inactive market. The value of the Notes represents a Level 2 input in the fair value hierarchy. The aggregate fair value of the Notes as of December 31, 2022 was estimated to be approximately \$451.0 million.

Certain assets, including operating leases and goodwill, are also subject to measurement at fair value on a non-recurring basis using Level 2 or Level 3 inputs, respectively, but only when they are deemed to be impaired. As of December 31, 2022 and December 31, 2021, no material impairments were identified on those assets required to be measured at fair value on a non-recurring basis.

Equity Securities

The Company's investments in equity securities consist primarily of money market mutual funds. During the year ended December 31, 2022, the Company recorded no material unrealized gains and losses in connection with its money market mutual funds held as of December 31, 2022. The Company had no investments in money market mutual funds during the years ended December 31, 2021 and 2020.

Notes to the Consolidated Financial Statements

Available-for-sale Debt Securities

The following table summarizes the fair value of the Company's available-for-sale debt securities by contractual maturity as of December 31, 2022 (in thousands):

Due within 1 year	\$	321,119
Due after 1 year through 5 years		33,350
Total available-for-sale debt securities	\$	<u>354,469</u>

Actual maturities may differ from contractual maturities because certain borrowers have the right to call or prepay certain obligations.

The following table summarizes the available-for-sale debt securities which have been in a continuous unrealized loss position for less than 12 months as of December 31, 2022 (in thousands):

	Fair Value	Gross Unrealized Losses
Asset-backed securities	\$ 6,598	\$ (29)
Corporate notes and obligations	55,136	(202)
U.S. treasury securities	149,128	(180)
U.S. agency securities	7,517	(3)
Total available-for-sale debt securities	<u>\$ 218,379</u>	<u>\$ (414)</u>

The Company had no available-for-sale debt securities in a continuous unrealized loss position for more than 12 months as of December 31, 2022.

The Company did not recognize any credit losses for its available-for-sale debt securities during the year ended December 31, 2022. The Company held no investments in available-for-sale debt securities during the years ended December 31, 2021 and 2020.

During the year ended December 31, 2022, the Company recorded \$0.9 million in proceeds related to sales of its available-for-sale debt securities. The Company recorded no material gross realized gains and gross realized losses in its Consolidated Statement of Operations as a result of those sales.

11. Leases

The Company has various noncancelable operating leases for its offices. These existing leases have remaining lease terms ranging from 1 to 8 years. Certain lease agreements contain renewal options, termination rights, rent abatement and/or escalation clauses with renewal terms that can extend the lease term from 1 to 10 years.

The Company signed an operating lease on March 2, 2020 with a term of 128 months commencing on August 29, 2020. The execution of the lease resulted in an operating lease ROU asset obtained in exchange for new operating lease liabilities of \$5.8 million. The Company had the option to terminate a portion of the leased building ("Partial Premises") on the last day of the 12th month of the lease term for a fee. The Company was reasonably certain it would exercise the Partial Premises termination option at lease commencement and subsequently exercised this termination option.

The Company cannot determine with reasonable certainty that any other options will be exercised and therefore only the Partial Premises termination option is considered when recording the Company's operating lease ROU assets, operating lease liabilities or lease expense.

Notes to the Consolidated Financial Statements

The components of lease cost related to the Company's operating leases are as follows (in thousands):

	Year Ended December 31,		
	2022	2021	2020
Operating lease cost	\$ 5,502	\$ 6,816	\$ 7,572
Short-term lease cost	391	7	237
Variable lease cost	1,497	1,203	1,399
Sublease income	(597)	(151)	(1,051)
Net lease cost	\$ 6,793	\$ 7,875	\$ 8,157

The Company made cash payments for amounts included in the measurement of operating lease liabilities of \$7.6 million, \$4.3 million, and \$7.3 million, net of tenant improvement allowances received of \$0.1 million, \$3.9 million, and \$0.5 million for the years ended December 31, 2022, 2021, and 2020, respectively.

Supplemental information related to the Company's operating leases is as follows:

	December 31,		
	2022	2021	2020
Weighted-average remaining lease term	5.2 years	5.4 years	5.5 years
Weighted-average incremental borrowing rate	5.0 %	5.1 %	5.2 %

Future undiscounted lease payments for the Company's operating lease liabilities and a reconciliation of these payments to its operating lease liabilities as of December 31, 2022 are as follows (in thousands):

2023	\$ 6,207
2024	4,988
2025	2,742
2026	1,228
2027	1,260
Thereafter	4,433
Total lease payments	20,858
Less: imputed interest	(2,411)
Present value of operating lease liabilities	\$ 18,447

12. Common Stock and Redeemable Convertible Preferred Stock

Common Stock

The Company is authorized to issue a total of 1.45 billion shares consisting of 700 million shares of Class A common stock, 700 million shares of Class B common stock, and 50 million shares of preferred stock all with a par value per share of \$0.00001.

The Class A common stock is entitled to one vote per share and the Class B common stock is entitled to twenty votes per share. The Class A and Class B common stock have the same dividend and liquidation rights. The Class B common stock converts to Class A common stock at any time at the option of the holder. Additionally, each share of Class B common stock will convert automatically into one share of Class A common stock upon any transfer, except for certain transfers described in the amended and restated certificate of incorporation.

Notes to the Consolidated Financial Statements

Redeemable Convertible Preferred Stock

In April 2021, the Company amended and restated its certificate of incorporation such that the redeemable convertible preferred stock would automatically convert into shares of common stock upon the effectiveness of the Direct Listing.

On May 14, 2021, the holders of the Series A preferred stock and Series B preferred stock converted all outstanding shares of preferred stock into 24.2 million shares of Class B common stock.

13. Share Repurchase Program

In February 2022, the Company's board of directors authorized the Company to repurchase up to \$100.0 million of outstanding shares of its common stock pursuant to a new share repurchase program (the "Program"). Additionally, the Company's board of directors authorized increases to the Program of \$150.0 million and \$200.0 million, in June 2022 and November 2022, respectively, which resulted in a total of \$450.0 million of outstanding shares of its common stock authorized to be repurchased under the Program.

The Company may repurchase shares of common stock through open market or privately negotiated transactions, block purchases, or pursuant to one or more Rule 10b5-1 plans. The Program has no expiration date and will continue until otherwise suspended, terminated, or modified at any time for any reason by the board of directors.

The Program does not obligate the Company to repurchase shares of common stock. There is no minimum or maximum number of shares to be repurchased under the Program. The timing and actual number of shares repurchased will depend on a variety of factors including price, market conditions, corporate and regulatory requirements, and other investment opportunities.

During the year ended December 31, 2022, and prior to entering into a new accelerated share repurchase agreement in December 2022 (the "December ASR", as discussed below), the Company completed repurchases of 16.0 million shares of its Class A common stock for \$289.3 million under the share repurchase program, including 5.1 million shares of its Class A common stock delivered under two accelerated share repurchase agreements which were completed in the year, totaling \$100.0 million, 7.9 million shares of its Class A common stock delivered under a Rule 10b5-1 plan totaling \$137.7 million, and 3.0 million shares of its Class A common stock totaling \$51.6 million through open market purchases.

In December 2022, the Company entered into the December ASR with a major financial institution, to repurchase an aggregate of \$50.0 million in shares of the Company's Class A common stock. The Company made a payment of \$50.0 million and received an initial delivery of 2.6 million shares, which represented \$42.5 million (or 85%) of the December ASR. The payment of \$50.0 million was recognized in additional paid-in capital in the Company's Consolidated Statements of Changes in Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit) in December 2022. The final number of shares to be repurchased will be based on the volume-weighted average price of the Company's Class A common stock during the term of the December ASR, net of fees. The final settlement of the December ASR will occur during the first quarter of 2023.

Approximately \$110.7 million remains available for future repurchases of the Company's common stock under the Company's share repurchase program as of December 31, 2022.

Notes to the Consolidated Financial Statements

14. Stock-Based Compensation

Total stock-based compensation expense is recorded in the Consolidated Statements of Operations as follows (in thousands):

	Year Ended December 31,		
	2022	2021	2020
Cost of revenue	\$ 807	\$ 1,093	\$ 73
Sales and marketing	10,858	17,865	704
Research and development	30,985	34,230	3,050
General and administrative	34,306	54,070	1,925
Total stock-based compensation	<u>\$ 76,956</u>	<u>\$ 107,258</u>	<u>\$ 5,752</u>

2012 and 2014 Equity Incentive Plans

Prior to adoption of the 2021 Equity Incentive Plan (the "2021 Plan"), the Company granted awards under the 2012 Equity Incentive Plan (the "2012 Plan") or 2014 Equity Incentive Plan (the "2014 Plan", and together with the "2012 Plan", the "Prior Plans"). All awards currently are granted from the 2021 Plan. However, the Prior Plans continue to govern the terms and conditions of the outstanding awards previously granted under the 2012 Plan and 2014 Plan.

The Prior Plans permitted the grant of incentive stock options to employees and the grant of non-qualified stock options, restricted stock, restricted stock awards, RSUs, stock appreciation rights, performance units and performance shares to the Company's employees, directors and consultants at the sole discretion of the board of directors. The Prior Plans also allowed for the administrator of the plan to include terms in an award agreement that the option holder may exercise in whole or part of the option prior to the full vesting of those options.

Under the amended and restated certificate of incorporation, all outstanding options to purchase common stock became options to purchase an equivalent number of shares of Class B common stock and all RSUs became RSUs for an equivalent number of shares of Class B common stock under the Prior Plans.

2021 Equity Incentive Plan

In April 2021, the Company adopted the 2021 Plan, which became effective on May 14, 2021 in connection with the Direct Listing. The 2021 Plan permits the grant of incentive stock options to employees and the grant of non-qualified stock options, restricted stock, restricted stock awards, RSUs, stock appreciation rights, performance units, performance shares and stock bonus awards to the Company's employees, directors, and consultants. Under the 2021 Plan, 10.7 million shares of Class A common stock were initially reserved for issuance. The number of shares initially reserved for issuance pursuant to awards under the 2021 Plan will be increased by (i) (a) any reserved shares not issued or subject to outstanding awards granted under the Prior Plans that cease to be subject to such awards by forfeiture or otherwise after the effective date, (b) shares issued under the Prior Plans before or after the effective date pursuant to the exercise of stock options that are, after the effective date, forfeited, (c) shares issued under the Prior Plans that are repurchased by the Company at the original purchase price or are otherwise forfeited, and (d) shares that are subject to stock options or other awards under the Prior Plans that are used to pay the exercise price of a stock option or withheld to satisfy the tax withholding obligations related to any award and (ii) an annual increase on January 1st of each year beginning in 2022 through 2031, by the lesser of (a) 5% of the number of shares of all classes of the Company's common stock issued and outstanding on December 31 immediately prior to the date of increase or (b) such number of shares determined by the board of directors. Under the 2021 Plan, as of December 31, 2022, 18.7 million shares of Class A common stock were authorized, of which 12.1 million shares of Class A common stock were available for future issuance.

Notes to the Consolidated Financial Statements

2021 Employee Stock Purchase Plan

In August 2021, the Company launched the ESPP. The ESPP provides for concurrent six-month offering and purchase periods beginning February 15 and August 15 of each year. The Company has initially reserved 1.3 million shares of its Class A common stock for issuance and sale under the ESPP. On January 1 of each of year, 2022 through 2031, the aggregate number of shares of Class A common stock reserved for issuance under the ESPP shall be increased automatically by the number of shares equal to 1% of the total number of outstanding shares of Class A common stock and shares of preferred stock of the Company (on an as converted to common stock basis) on the immediately preceding December 31; provided that the board of directors or compensation committee may in its sole discretion reduce the amount of the increase in any particular year. As of December 31, 2022, 2.2 million shares of Class A common stock were authorized of which 1.8 million shares of Class A common stock were available for future issuance.

The ESPP allows eligible employees the option to purchase shares of the Company's Class A common stock at a 15% discount through payroll deductions of their eligible compensation, subject to certain plan limitations. On each purchase date, eligible employees can purchase the Company's Class A common stock at a price per share equal to 85% of the lesser of the fair market value of the Company's Class A common stock on (i) the offering date or (ii) the purchase date. The purchase date is the last day of any concurrent offering and purchase period. During the year ended December 31, 2022, 0.4 million shares of Class A common stock were purchased under the ESPP for an aggregate amount of \$8.1 million. During the year ended December 31, 2021, no shares of Class A common stock were purchased under the ESPP.

For the ESPP, the Company recorded stock-based compensation expense of \$2.6 million and \$1.4 million during the years ended December 31, 2022 and December 31, 2021, respectively. As of December 31, 2022, there was \$0.4 million of unrecognized stock-based compensation expense that is expected to be recognized over the remaining term of the offering period ending on February 14, 2023. As of December 31, 2022, the Company recorded a liability of \$3.7 million related to the accumulated payroll deductions, which are refundable to employees who withdraw from the ESPP. This amount is included within accrued expenses in the accompanying Consolidated Balance Sheet.

Stock Options

Under the Prior Plans and the 2021 Plan (collectively, the "Plans"), options must be granted with exercise prices not less than the fair value of the underlying common stock on the date of grant. Options granted generally vest over periods of up to four years and expire ten years from the grant date. In 2019, the Company amended the terms and conditions of the Israeli Sub-Plan of the 2014 Plan. The Israeli Sub-Plan amendment allows the Company to grant options to Israeli employees or Israeli non-employees

Notes to the Consolidated Financial Statements

with exercise prices less than the fair market value of the underlying common stock on the date of grant. The Company's policy is to issue new shares of common stock upon the exercise of stock options.

A summary of the Company's stock option activity under Plans for the year ended December 31, 2022 is as follows (in thousands, except weighted average information):

	Number of Options Outstanding	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding at December 31, 2021	9,841	\$ 2.27	4.9	\$ 223,112
Granted	—	—		
Exercised	(2,755)	1.88		
Forfeited/Canceled	(340)	4.63		
Outstanding at December 31, 2022	6,746	\$ 2.31	4.2	\$ 95,188
Exercisable at December 31, 2022	6,487	\$ 2.30	4.1	\$ 91,602

No stock options were granted by the Company during the year ended December 31, 2022. The weighted-average grant date fair value per share of options granted for the years ended December 31, 2021, and 2020 were \$23.34, and \$4.05, respectively. The total intrinsic value of options exercised in 2022, 2021, and 2020 were \$48.6 million, \$182.5 million, and \$8.5 million, respectively. This intrinsic value represents the difference between the fair market value of the Company's common stock on the date of exercise and the exercise price of each option. During the year ended December 31, 2022, the tax benefit realized from stock option exercises was approximately \$8.4 million.

The weighted average assumptions that were used to calculate the grant date fair value of the Company's stock option grants for the years ended December 31, 2021 and 2020 were as follows:

	2021	2020
Expected dividend yield	— %	— %
Expected stock price volatility	58.0 %	59.4 %
Risk-free interest rate	1.0 %	0.6 %
Expected term (in years)	6.2	6.0
Fair value of common stock	\$ 25.10	\$ 5.52

During the years ended December 31, 2022, 2021, and 2020, the Company recorded stock-based compensation expense for stock option awards of \$2.8 million, \$4.3 million and \$5.7 million, respectively, under the Plans. As of December 31, 2022, total remaining stock-based compensation expense for unvested stock options is \$2.9 million, which is expected to be recognized over a weighted average period of 1.0 years.

Restricted Stock Units

The Company has granted RSUs to certain employees and directors of the Company. RSUs granted prior to the Company's Direct Listing vest upon the satisfaction of both a time-based service condition and a liquidity event requirement. The time-based service condition for these awards is generally satisfied over four years. The liquidity event requirement is satisfied upon the earliest to occur of a qualifying event, defined as a change of control transaction or after a set period of time following the effective date of the Company's initial public offering pursuant to an effective registration statement under the Securities Act for the offer and sale of shares by the Company. A direct listing in which the Company did not sell its equity securities would not have satisfied the liquidity event performance condition; however, on April 19, 2021, the Company's board of directors waived the liquidity event performance condition for the 6.9 million RSUs then outstanding so those that had satisfied the service condition would vest upon the

Notes to the Consolidated Financial Statements

earlier of the first day of trading of the Company's common stock on the NYSE, or March 15, 2022. As the satisfaction of the performance condition was not probable for accounting purposes prior to the waiver, the waiver of the liquidity event performance condition resulted in the remeasurement of the modified awards at fair value on the date of the waiver, which management estimated to be \$25.04 per share or approximately \$172.6 million.

On April 19, 2021, the Company also granted the CEO Performance Award, which provides for a grant of 1.4 million RSUs. The CEO Performance Award consists of five vesting tranches with a vesting schedule based on achieving stock price targets ranging from \$67.61 per share to \$157.75 per share, which is calculated as the volume-weighted average over a 30-day trading window following the first day the Company becomes a publicly traded company, as well as satisfying certain minimum service requirements of one to five years. The award expires ten years after the grant date.

Tranche	Number of RSUs Eligible to Vest	Company Stock Price Target	Minimum Service Period (in years)
1	279,600	\$67.61	1
2	279,600	\$82.63	2
3	279,600	\$102.66	3
4	279,600	\$127.70	4
5	279,600	\$157.75	5

The Company estimated the grant date fair value of this award using a model based on multiple stock price paths developed through the use of a Monte Carlo simulation. A Monte Carlo simulation model also was used to estimate a derived service period for each of the five vesting tranches, which is the measure of the expected time to achieve each of the stock price targets. The various assumptions used in the Monte Carlo simulation included an expected dividend yield of zero, expected term of ten years, estimated volatility of 59%, and a risk-free interest rate of 1.6%. Using these inputs, the weighted average grant date fair value was estimated to be \$16.34 per share. The weighted average derived service period of each tranche was estimated to be 4.1 years and ranged from 3.2 to 5.0 years. The Company will recognize aggregate stock-based compensation expense of \$22.8 million over the derived service period of each tranche using a graded attribution method.

During the year ended December 31, 2022 and December 31, 2021, the Company recorded stock-based compensation expense of \$5.9 million and \$3.6 million, respectively, related to the CEO Performance Award.

On September 21, 2021, the Company's former Chief Operating Officer ("COO") resigned and entered into a transition and separation agreement with the Company, whereby all RSUs awarded to the former COO prior to the resignation will continue to vest for a certain period of time. This agreement resulted in modifications to the RSUs and options on the date of the separation agreement. Approximately \$4.2 million of stock-based compensation expense was recognized by the Company

Notes to the Consolidated Financial Statements

during the year ended December 31, 2021 related to the modification of the awards, representing the incremental fair value of the awards on the date of the modification.

For all RSUs, excluding the CEO Performance Award and modification of the COO awards, the Company recorded stock-based compensation expense of \$65.6 million and \$93.9 million during the years ended December 31, 2022 and December 31, 2021, respectively.

A summary of the Company's RSU activity for the year ended December 31, 2022 is as follows (in thousands, except weighted average information):

	Number of Shares	Weighted Average Grant Date Fair Value Per Share
Unvested at December 31, 2021	7,532	\$ 24.20
Granted	4,337	19.30
Vested	(2,719)	24.65
Forfeited/Canceled	(1,509)	24.53
Unvested at December 31, 2022	7,641	\$ 21.20

The weighted-average grant date fair value per share of RSUs granted for the years ended December 31, 2022, 2021, and 2020 were \$19.30, \$23.75, and \$5.72, respectively. The total fair value of RSUs vested during the years ended December 31, 2022 and 2021 was \$48.1 million and \$79.8 million, respectively. No RSUs vested during the year ended December 31, 2020, as none of the Company's outstanding RSUs vested until completion of the Company's Direct Listing on May 26, 2021.

As of December 31, 2022, total unrecognized stock-based compensation expense for RSUs associated with the CEO Performance Award was \$13.4 million, which is expected to be recognized over a weighted average period of 2.5 years. Additionally, as of December 31, 2022, there was \$1.0 million of unrecognized stock-based compensation expense related to performance-based RSUs which will be recognized by the second quarter of 2028 if achievement of the performance condition becomes probable. For the remaining RSUs, total unrecognized stock-based compensation expense for unvested RSUs as of December 31, 2022 was \$129.7 million, which is expected to be recognized over a weighted average period of 1.5 years.

15. Income Taxes

The following are domestic and foreign components of the Company's income (loss) before income taxes (in thousands):

	Year Ended December 31,		
	2022	2021	2020
Domestic	\$ 71,136	\$ (11,127)	\$ 63,075
Foreign	2,948	1,851	1,262
Income (loss) before income taxes	\$ 74,084	\$ (9,276)	\$ 64,337

Notes to the Consolidated Financial Statements

The components of the Company's income tax expense (benefit) are as follows (in thousands):

	Year Ended December 31,		
	2022	2021	2020
Current:			
Federal	\$ 6,099	\$ —	\$ —
State and local	4,394	438	572
Foreign	2,373	1,632	633
Total current income tax expense	12,866	2,070	1,205
Deferred:			
Federal	(5,517)	(10,147)	(14,189)
State and local	5,191	(4,702)	(8,582)
Foreign	50	(97)	(145)
Total deferred income tax benefit	(276)	(14,946)	(22,916)
Total income tax expense (benefit)	\$ 12,590	\$ (12,876)	\$ (21,711)

A reconciliation of the income taxes computed at the U.S. federal statutory tax rate of 21% to the income tax expense (benefit) is as follows (in thousands):

	Year Ended December 31,		
	2022	2021	2020
U.S. federal statutory income tax rate	\$ 15,559	\$ (1,948)	\$ 13,511
State and local income taxes, net of federal benefit	3,451	(2,102)	4,699
Foreign rate differential	56	250	(63)
Stock-based compensation expense	(435)	(18,518)	349
Transaction costs	—	4,792	—
Officers compensation limitation	2,146	7,828	—
Non-deductible expenses	315	235	359
Tax credits	(17,598)	(3,112)	(205)
Change in valuation allowance	12,654	—	(40,048)
Return to provision	(3,775)	(389)	(382)
Other	217	88	69
Income tax expense (benefit)	\$ 12,590	\$ (12,876)	\$ (21,711)

Notes to the Consolidated Financial Statements

The components of deferred tax assets and liabilities are as follows (in thousands):

	Year Ended December 31,	
	2022	2021
Deferred income tax assets:		
Net operating loss carryforwards	\$ 1,116	\$ 14,655
Stock-based compensation	3,471	3,634
Accrued expenses	7,201	7,712
Tax credit carryforwards	16,792	16,744
Capitalized development	26,578	—
Operating lease liabilities	4,471	6,501
Total deferred tax assets	59,629	49,246
Less valuation allowance	(12,748)	—
Net deferred tax assets	46,881	49,246
Deferred tax liabilities:		
Property and equipment	(927)	(971)
Operating lease right-of-use assets	(2,842)	(4,760)
Intangible assets and goodwill	(2,006)	(3,262)
Unremitted earnings of foreign subsidiaries	(348)	—
Deferred commissions	(2,454)	(2,224)
Total deferred tax liabilities	(8,577)	(11,217)
Total net deferred tax assets	\$ 38,304	\$ 38,029

The Company regularly assesses the need for a valuation allowance against its deferred tax assets as prescribed by ASC 740, *Income Taxes*. In making that assessment, the Company considers both positive and negative evidence related to the likelihood of realization of the deferred tax assets to determine, based on the weight of available evidence, which includes historical operating performance and the Company's ability to generate sufficient taxable income in the future, whether it is more likely than not that some or all the deferred tax assets will not be realized. As a result of the Company's profitability in 2020 and estimates of future taxable income, the Company determined that it was more likely than not the deferred tax assets will be realized, and accordingly, released the valuation allowance of \$40.0 million against the deferred tax assets during 2020. Although the Company incurred a current year pretax profit and maintains a recent history of cumulative earnings, during the year ended December 31, 2022, it recorded a valuation allowance of \$12.7 million against the deferred tax asset associated with carried forward California Research and Development Credits as the Company believes that it is more likely than not that it will not generate sufficient California sourced taxable income in future years to utilize that deferred tax asset.

The change in the valuation allowance was comprised of the following (in thousands):

	Year Ended December 31,		
	2022	2021	2020
Valuation allowance, at beginning of year	\$ —	\$ —	\$ 40,048
Increase in valuation allowance recorded through earnings	12,654	—	—
Release of valuation allowance recorded through earnings	—	—	(40,048)
Increase in valuation allowance recorded through other comprehensive income	94	—	—
Valuation allowance, at end of year	\$ 12,748	\$ —	\$ —

Notes to the Consolidated Financial Statements

As of December 31, 2022 the Company had no gross U.S. federal operating loss carryforwards, and \$21.2 million of gross state operating loss carryforwards, of which \$0.1 million of the state operating loss carryforwards carryforward indefinitely. The remaining gross state operating loss carryforwards as of December 31, 2022 will expire at various dates beginning in the year ending December 31, 2029, if not utilized. As of December 31, 2021, the Company had gross U.S. federal operating loss carryforwards of \$54.0 million, and gross state operating loss carryforwards of \$58.3 million. Additionally, as of December 31, 2022 and 2021, the Company had U.S. federal credit carryforwards of \$13.6 million and \$14.7 million, respectively, and state credit carryforwards of \$19.6 million and \$9.9 million, respectively. These amounts differ from the listing of deferred taxes above due to the federal detriment of state benefits, and unrecognized tax benefits recorded against the deferred tax. The federal credit carryforwards will begin to expire at various dates beginning in 2040 while the majority of gross state credit carryforwards are not subject to expiration.

Utilization of net operating loss and credit carryforwards may be subject to an annual limitation provided for in the Internal Revenue Code and similar state codes. Such annual limitation could result in the expiration of net operating loss and credit carryforwards before utilization. The Company does not believe that such limitation rules will have a material impact on the consolidated financial statements.

The following is a reconciliation of the total amounts of unrecognized tax benefits (in thousands):

	Year Ended December 31,		
	2022	2021	2020
Unrecognized tax benefit, beginning of year:	\$ 6,337	\$ 5,121	\$ 4,728
Gross increases - tax positions in prior year	7,720	281	—
Gross increases - tax positions in current year	3,020	935	752
Gross decreases - tax positions in prior year	—	—	(359)
Gross decreases - tax positions in current year	—	—	—
Unrecognized tax benefit, end of year	<u>\$ 17,077</u>	<u>\$ 6,337</u>	<u>\$ 5,121</u>

For the years ended December 31, 2022 and 2021, the Company had gross unrecognized tax benefits of \$17.1 million and \$6.3 million, respectively. If recognized, \$10.7 million of unrecognized tax benefits would impact the Company's effective tax rate. The Company has not accrued interest or penalties related to unrecognized tax benefits reflected in the consolidated financial statements during the years ended December 31, 2022, 2021, and 2020. The Company believes that any change to the unrecognized tax benefits in the next 12 months will not be material to the consolidated financial statements.

In the normal course of business, the Company is subject to taxation in and is regularly audited by federal, state, and foreign tax authorities. As of December 31, 2022, the Company is not under audit by the Internal Revenue Service, any state authority, or any material foreign jurisdiction for income taxes for any open years. Due to the Company's net operating loss carryforwards, the Company's domestic income tax returns are open to examination by the Internal Revenue Service beginning with tax year 2012 and by state taxing authorities beginning with tax year 2011.

As of December 31, 2022, the Company no longer considers the available cash balances related to undistributed earnings of its foreign subsidiaries to be indefinitely reinvested.

16. Subsequent Events

In February 2023, subsequent to year end, the purchase period for the December ASR ended and an additional 0.1 million shares were delivered to the Company. In total, 2.7 million shares were purchased by the Company under the ASR at a volume-weighted average price of \$18.74 per share, net of fees.

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

None.

Item 9A. Controls and Procedures**Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our principal executive officer and our principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of December 31, 2022. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on such evaluation, our principal executive officer and principal financial officer have concluded that as of December 31, 2022, our disclosure controls and procedures were effective at the reasonable assurance level.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act. Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles ("GAAP").

Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

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

Under the supervision and with the participation of our management, including our principal executive officer and our principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2022 based on the criteria set forth in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission (2013 framework). Based on the evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2022 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP.

The effectiveness of our internal control over financial reporting as of December 31, 2022 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in

their report which appears in Item 8, “Financial Statements and Supplementary Data” of this Annual Report on Form 10-K.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by Item 10 will be included in the Company's definitive Proxy Statement for its 2023 Annual Meeting of Stockholders, to be filed with the SEC within 120 days after the end of calendar year 2022 pursuant to Regulation 14A, which information is incorporated herein by this reference.

Item 11. Executive Compensation

The information required by Item 11 will be included in the Company's definitive Proxy Statement for its 2023 Annual Meeting of Stockholders, to be filed with the SEC within 120 days after the end of calendar year 2022 pursuant to Regulation 14A, which information is incorporated herein by this reference.

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

The information required by Item 12 will be included in the Company's definitive Proxy Statement for its 2023 Annual Meeting of Stockholders, to be filed with the SEC within 120 days after the end of calendar year 2022 pursuant to Regulation 14A, which information is incorporated herein by this reference.

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

The information required by Item 13 will be included in the Company's definitive Proxy Statement for its 2023 Annual Meeting of Stockholders, to be filed with the SEC within 120 days after the end of calendar year 2022 pursuant to Regulation 14A, which information is incorporated herein by this reference.

Item 14. Principal Accountant Fees and Services

The information required by Item 14 will be included in the Company's definitive Proxy Statement for its 2023 Annual Meeting of Stockholders, to be filed with the SEC within 120 days after the end of calendar year 2022 pursuant to Regulation 14A, which information is incorporated herein by this reference.

Item 15. Exhibits, Financial Statement Schedules

(a) The following documents are filed as part of this Annual Report on Form 10-K:

(1) Financial Statements:

The financial statements are filed as part of this Annual Report on Form 10-K under "Item 8. Financial Statements and Supplementary Data."

(2) Financial Statement Schedules:

All financial statement schedules have been omitted, since the required information is not applicable, or because the information required is included in the consolidated financial statements and accompanying notes.

(3) Exhibits:

Exhibit Number	Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
3.1	Sixth Amended and Restated Certificate of Incorporation.	8-K	001-40406	3.1	5/17/2021	
3.2	Restated Bylaws.	8-K	001-40406	3.2	5/17/2021	
4.1	Form of Class A common stock certificate.	S-1	333-255488	4.1	4/23/2021	
4.2	Form of Class B common stock certificate.	S-8	333-256155	4.6	5/14/2021	
4.3	Amended and Restated Investors' Rights Agreement, dated April 22, 2021, by and between ZipRecruiter, Inc. and certain security holders.	S-1	333-255488	4.2	4/23/2021	
4.4	Indenture, dated as of January 12, 2022, among ZipRecruiter, Inc. and Computershare Trust Company, N.A., as trustee.	8-K	001-40406	4.1	1/12/2022	
4.5	Form of 5.000% Senior Notes due 2030 (included in Exhibit 4.4).	8-K	001-40406	4.2	1/12/2022	
4.6	Description of Registered Securities.	10-K	001-40406	4.6	3/03/2022	
10.1*	Form of Indemnification Agreement by and between ZipRecruiter, Inc. and each of its directors and executive officers.	S-1	333-255488	10.1	4/23/2021	
10.2*	2012 Stock Plan and forms of award agreements thereunder.	S-1	333-255488	10.2	4/23/2021	
10.3*	2014 Equity Incentive Plan and forms of award agreements thereunder.	S-1	333-255488	10.3	4/23/2021	
10.4*	2021 Equity Incentive Plan and the forms of award agreements thereunder.	S-8	333-256155	4.9	5/14/2021	
10.5*	2021 Employee Stock Purchase Plan.	S-1	333-255488	10.5	4/23/2021	
10.6*	Offer Letter by and between ZipRecruiter, Inc. and Ian Siegel, dated April 22, 2021.	S-1	333-255488	10.6	4/23/2021	

10.7*	Letter Agreement, effective as of December 15, 2021, by and between ZipRecruiter, Inc. and Tim Yarbrough.						X
10.8*	Letter Agreement, effective as of December 15, 2021, by and between ZipRecruiter, Inc. and Amy Garefis.						X
10.9*	Form of Change in Control and Severance Agreement.	S-1	333-255488	10.9	4/23/2021		
10.10†	Office Lease, dated May 16, 2014, by and between Douglas Emmett 1995, LLC and ZipRecruiter, Inc.	S-1	333-255488	10.10	4/23/2021		
10.11	Consent to Sublease Agreement, dated November 14, 2014, by and among Douglas Emmett 1995, LLC, IBISWORLD, and ZipRecruiter, Inc.	S-1	333-255488	10.11	4/23/2021		
10.12	Commercial Lease, dated November 8, 2016, by and between Cousins Fund II Phoenix III, LLC and ZipRecruiter, Inc.	S-1	333-255488	10.12	4/23/2021		
10.13†	First Amendment to Office Lease, dated May 23, 2017, by and between Douglas Emmett 1995, LLC and ZipRecruiter, Inc.	S-1	333-255488	10.13	4/23/2021		
10.14	First Amendment to Commercial Lease, dated August 31, 2017, by and between Cousins Fund II Phoenix III, LLC and ZipRecruiter, Inc.	S-1	333-255488	10.14	4/23/2021		
10.15	Lease Agreement, dated September 30, 2017, between Hudson 604 Arizona, LLC and ZipRecruiter, Inc.	S-1	333-255488	10.15	4/23/2021		
10.16	First Amendment to Lease Agreement, dated December 15, 2017, by and between Hudson 604 Arizona, LLC and ZipRecruiter, Inc.	S-1	333-255488	10.16	4/23/2021		
10.17	Sublease Agreement, dated January 31, 2018, between SwitchUp Ltd. and ZipRecruiter Israel Ltd.	S-1	333-255488	10.17	4/23/2021		
10.18†	Second Amendment to Office Lease, dated May 3, 2018, by and between Douglas Emmett 1995, LLC, and ZipRecruiter, Inc.	S-1	333-255488	10.18	4/23/2021		
10.19	Office Lease, dated March 2, 2020, by and between DARED 89 LLC and ZipRecruiter, Inc.	S-1	333-255488	10.19	4/23/2021		
10.20	Second Amended and Restated Loan and Security Agreement, dated September 20, 2020, between the Company and Silicon Valley Bank.	S-1	333-255488	10.20	4/23/2021		
10.21*	Notice of Restricted Stock Unit Award and Restricted Stock Unit Agreement, granted April 19, 2021, by and between ZipRecruiter, Inc. and Ian Siegel.	S-1	333-255488	10.21	4/23/2021		
10.22*	Letter Agreement, dated April 22, 2021, by and between ZipRecruiter, Inc. and Ian Siegel.	S-1	333-255488	10.22	4/23/2021		

10.23	Credit Agreement, dated April 30, 2021, by and among ZipRecruiter, Inc., the lenders named therein, and JPMorgan Chase Bank, N.A., as administrative agent.	S-1	333-255488	10.23	4/23/2021	
10.24†	Third Amendment to Office Lease, dated January 7, 2019, by and between Douglas Emmett 1995, LLC and ZipRecruiter, Inc.	S-1	333-255488	10.24	4/23/2021	
10.25	Amendment No. 1 to Credit Agreement, dated November 19, 2021, by and among ZipRecruiter, Inc., the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent.	10-K	001-40406	10.25	3/03/2022	
10.26	Amendment No. 2 to Credit Agreement, dated January 10, 2022, by and among ZipRecruiter, Inc., the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent.	8-K	001-40406	10.1	1/12/2022	
10.27*	2021 Employee Stock Purchase Plan Sub-Plan for Israeli Participants.	8-K	001-40406	99.1	9/22/2021	
10.28*	Letter Agreement, dated September 28, 2021, by and between ZipRecruiter, Inc. and Qasim Saifee.	10-K	001-40406	10.28	3/03/2022	
10.29*	Letter Agreement, dated December 15, 2021, by and between ZipRecruiter, Inc. and David Travers.	10-K	001-40406	10.29	3/03/2022	
10.30*	Annual Executive Incentive Plan.	10-K	001-40406	10.30	3/03/2022	
10.31	Sublease Agreement, dated March 2, 2022, between ZipRecruiter, Inc. and Lincoln Avenue Capital Management, LLC.	10-Q	001-40406	10.2	5/13/2022	
10.32	Amendment No. 3 to Credit Agreement, dated April 26, 2022, by and among ZipRecruiter, Inc. and JPMorgan Chase Bank, N.A., as administrative agent.	10-Q	001-40406	10.1	8/15/2022	
10.33	License Agreement, dated May 17, 2022, between ZipRecruiter, Inc. and Moov Technologies Inc.	10-Q	001-40406	10.2	8/15/2022	
10.34	Termination of Lease Agreement, dated September 7, 2022, between ZipRecruiter, Inc. and Cousins Fund II Phoenix III, LLC.	10-Q	001-40406	10.1	11/09/2022	
21.1	Subsidiaries.	10-K	001-40406	21.1	3/03/2022	
23.1	Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm.					X
24.1	Power of Attorney (see signature page).					X
31.1	Certification of Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X

31.2	<u>Certification of Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>	X
32.1	<u>Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>	X
32.2	<u>Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>	X
101.INS	Inline 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	XBRL Taxonomy Extension Schema Document	X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	X
104	The cover page from this Annual Report on Form 10-K, formatted in Inline XBRL.	X

* Management contract or compensatory plan or arrangement.

† Registrant has omitted portions of the exhibit as permitted under Item 601(b)(10) of Regulation S-K.

Item 16. Form 10-K Summary

None.

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, in Santa Monica, California, on February 27, 2023.

ZIPRECRUITER, INC.

By: /s/ Ian Siegel
 Ian Siegel
 Chief Executive Officer

Know all persons by these presents, that each person whose signature appears below constitutes and appoints Ryan Sakamoto and Timothy Yarbrough, jointly and severally, his or her attorneys-in-fact, each with the full power of substitution, for him or her in any and all capacities, to sign any amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his or her substitute or substitutes, may do or cause to be done by virtue hereof. Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ Ian Siegel</u> Ian Siegel	Chief Executive Officer and Director (Principal Executive Officer)	February 27, 2023
<u>/s/ Timothy Yarbrough</u> Timothy Yarbrough	Executive Vice President, Chief Financial Officer (Principal Financial Officer)	February 27, 2023
<u>/s/ Amy Garefis</u> Amy Garefis	Executive Vice President, Chief Accounting Officer and Chief People Officer (Principal Accounting Officer)	February 27, 2023
<u>/s/ Brie Carere</u> Brie Carere	Director	February 27, 2023
<u>/s/ Yvonne Hao</u> Yvonne Hao	Director	February 27, 2023
<u>/s/ Cipora Herman</u> Cipora Herman	Director	February 27, 2023
<u>/s/ Blake Irving</u> Blake Irving	Director	February 27, 2023
<u>/s/ Eric Liaw</u> Eric Liaw	Director	February 27, 2023
<u>/s/ Emily McEvilly</u> Emily McEvilly	Director	February 27, 2023