DoubleVerify Reports Third Quarter 2023 Financial Results

Business Wire

Increased Revenue by **28%** Year-over-Year to **\$144.0** Million Driven by Global Growth in Social, CTV Measurement and Programmatic Activation

Achieved Net Income of \$13.3 Million and Adjusted EBITDA of \$45.7 Million, representing a 32% Adjusted EBITDA margin

Completed the Acquisition of **Scibids**, the Global Leader in AI Powered Digital Campaign Optimization

NEW YORK--(BUSINESS WIRE)-- **DoubleVerify** ("DV") (NYSE: DV), a leading software platform for digital media measurement, data and analytics, today announced financial results for the third quarter ended September 30, 2023.

"We delivered an outstanding third quarter with business momentum far outpacing the industry and our competitors across all key geographies and digital media environments. We also completed the acquisition of Scibids, an AI powered optimization platform that will dynamically optimize DV & client data in programmatic activation applications, creating a highly differentiated product offering," said **Mark Zagorski**, CEO of **DoubleVerify**. "We grew Advertiser revenue by 32% year-over-year in Q3, fueled by market share gains across Measurement and Activation, both of which delivered more than 30% growth on a year-over-year basis. Our strong business performance was driven by existing customers meaningfully growing their use of DV's solutions as well as expanding market share through recently won customers ramping business on our platform. Rapid, AI-driven product innovation and unparalleled global coverage across Social, Programmatic, CTV and Retail Media environments have made DV the end-to-end platform for reducing media waste and maximizing campaign effectiveness with advertisers continuing to turn to DV solutions to optimize their media investment while protecting their brand equity."

Third Quarter 2023 Financial Highlights:

(All comparisons are to the third quarter of 2022)

- Total revenue of \$144.0 million, an increase of 28%.
- Activation revenue of \$81.7 million, an increase of 31%.
- Measurement revenue of \$51.3 million, an increase of 32%.
 - Media Transactions Measured ("MTM") for Social and CTV increased by 61% and 29%, respectively.
 - o International measurement revenue increased by 62% with EMEA growth of 75% and APAC growth of 46%.
- Supply-Side revenue of \$11.0 million, a decrease of 2%.
- Net income of \$13.3 million and adjusted EBITDA of \$45.7 million, which represented a 32% adjusted EBITDA margin.

Third Quarter and Recent Business Highlights:

- **Grew Total Advertiser** revenue by 32% year-over-year in the third quarter primarily due to a 27% increase in Media Transactions Measured ("MTM") and a 2% increase in Measured Transaction Fee ("MTF").
- Continued to achieve a Gross Revenue Retention rate of over 95% in the third quarter.
- Grew premium-priced Authentic Brand Suitability (ABS) revenues by 40% year-over-year in the third quarter primarily due to volume expansion by large existing global advertisers as well as by new customer activations.
- Drove global market share growth through product upsells, international expansion and new enterprise logo wins. Notable new business wins include:
 - Expansions: Uber and Colgate
 - o New enterprise customer wins: Total Energie, Miele, Mizkan, Riyadh Expo and Saudi Coffee Company
- Planned testing third-party brand suitability verification for **Facebook** and **Instagram Feed**, as well as **Instagram** and **Facebook Reels** in the fourth quarter.
- Expanded measurement capabilities by being the first third-party verification solution to offer brand suitability, viewability, attention, fraud and invalid traffic protection to advertisers using **Amazon** custom audiences in Amazon DSP.
- Expanded fraud, viewability and geo coverage to **Twitch** inventory via both Amazon's DSP and the Twitch Ad Server.
- Developing platform-wide invalid traffic detection and viewability verification on **Instacart**, the leading grocery technology company in *North America*, to enable media verification and maximize advertiser performance across the platform.
- Partnered with **Attain** to directly connect attention data to real-time sales, at scale. Advertisers working with both companies have the unique advantage of connecting attention metrics with sales outcomes, enabling a more comprehensive understanding of the consumer's path from ad exposure and engagement to purchase.
- Partnered with Magnite to provide brand safety and contextual insights to evaluate premium quality publishers.
- Launched a platform-wide agreement with Liftoff to provide invalid traffic detection and avoidance across the **Vungle Exchange**, helping advertisers ensure their ads are seen by real people.

"We expanded DV's global footprint within our existing customer base and ramped our recent customer wins as demand for our solutions rose across key digital media environments, especially on Social," said **Nicola Allais**, CFO of **DoubleVerify**. "DV's 28% year-over-year revenue growth and 32% adjusted EBITDA margins in the third quarter underscore the strength of our platform as well as our ability to balance innovation and new business growth with strong profitability and cash flow generation. We are pleased to be raising our revenue and adjusted EBITDA guidance for the full year, while reiterating our industry-leading revenue

growth and profitability expectations for the fourth quarter as we continue to meaningfully outpace the digital advertising industry and gain market share."

Fourth Quarter and Full-Year 2023 Guidance:

DoubleVerify anticipates Revenue and Adjusted EBITDA to be in the following ranges:

Fourth Quarter 2023:

- Revenue of \$170 to \$174 million, a year-over-year increase of 29% at the midpoint.
- Adjusted EBITDA in the range of \$57 to \$61 million, representing a 34% margin at the midpoint.

Full Year 2023:

- Revenue of \$570 to \$574 million, a year-over-year increase of 27% at the midpoint.
- Adjusted EBITDA in the range of \$179 to \$183 million, representing a 32% margin at the midpoint.

With respect to the Company's expectations under "Fourth Quarter and Full Year 2023 Guidance" above, the Company has not reconciled the non-GAAP measure Adjusted EBITDA to the GAAP measure net income in this press release because the Company does not provide guidance for depreciation and amortization expense, acquisition-related costs, interest income, and income taxes on a consistent basis as the Company is unable to quantify these amounts without unreasonable efforts, which would be required to include a reconciliation of Adjusted EBITDA to GAAP net income. In addition, the Company believes such a reconciliation would imply a degree of precision that could be confusing or misleading to investors.

Conference Call, Webcast and Other Information

DoubleVerify will host a conference call and live webcast to discuss its third quarter 2023 financial results at 4:30 p.m. Eastern Time today, November 9, 2023. To access the conference call, dial (877) 841-2987 for the *U.S.* or *Canada*, or (215) 268-9878 for international callers. The webcast will be available live on the Investors section of the Company's website at https://ir.doubleverify.com/. An archived webcast will be available approximately two hours after the conclusion of the live event.

In addition, **DoubleVerify** plans to post certain additional historical quarterly financial information on the investor relations portion of its website for easy access to investors.

Key Business Terms and Notes

Activation revenue is generated from the evaluation, verification and measurement of advertising impressions purchased through programmatic demand-side and social media platforms.

Measurement revenue is generated from the verification and measurement of advertising impressions that are directly purchased on digital media properties, including publishers and social media platforms.

Supply-Side revenue is generated from platforms and publisher partners who use DoubleVerify's data analytics to evaluate, verify and measure their advertising inventory.

Gross Revenue Retention Rate is the total prior period revenue earned from advertiser customers, less the portion of prior period revenue attributable to lost advertiser customers, divided by the total prior period revenue from advertiser customers.

Media Transactions Measured (MTM) is the volume of media transactions that DoubleVerify's software platform measures.

Measured Transaction Fee (MTF) is the fixed fee **DoubleVerify** charges per thousand Media Transactions Measured.

International Revenue Growth Rates are inclusive of foreign currency fluctuations.

DoubleVerify Holdings, Inc. CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	023 9,212		December 31, 2022 267,813
5 25	9,212		
	,	\$	267,813
	,	\$	267,813
10			
10			
19	0,673		167,122
1	9,473		10,161
46	9,358		445,096
5	5,764		47,034
6	1,480		64,692
43	1,307		343,011
14	7,306		135,429
	46 5 6 43	19,473 469,358 55,764 61,480 431,307 147,306	469,358 55,764 61,480 431,307

Deferred tax assets		7,983		35
Other non-current assets		1,981		1,731
Total assets	\$	1,175,179	\$	1,037,028
Liabilities and Stockholders' Equity:	<u> </u>		Ė	<u>, , , , , , , , , , , , , , , , , , , </u>
Current liabilities				
Trade payables	\$	9,638	\$	6,675
Accrued expenses		41,751	•	33,085
Operating lease liabilities, current		9,080		7,041
Income tax liabilities		_		11,953
Current portion of finance lease obligations		3,101		1,846
Contingent consideration		1,193		_
Other current liabilities		9,987		8,310
Total current liabilities		74,750		68,910
Operating lease liabilities, non-current		72,802		74,086
Finance lease obligations		3,406		779
Deferred tax liabilities		9,334		12,890
Other non-current liabilities		3,602		3,504
Total liabilities		163,894		160,169
Commitments and contingencies (Note 14)				
Stockholders' equity				
Common stock, \$0.001 par value, 1,000,000 shares authorized, 169,918 shares issued and 169,905				
outstanding as of September 30, 2023; 1,000,000 shares authorized, 165,448 shares issued and				
165,417 outstanding as of December 31, 2022		170		165
Additional paid-in capital		857,561		756,299
Treasury stock, at cost, 13 shares and 31 shares as of September 30, 2023 and December 31, 2022,		(207)		(706)
respectively		(397)		(796)
Retained earnings		165,878		127,517
Accumulated other comprehensive loss, net of income taxes		(11,927)		(6,326)
Total stockholders' equity	<u>+</u>	1,011,285	<u>+</u>	876,859
Total liabilities and stockholders' equity	<u>\$</u>	1,175,179	<u>\$</u>	1,037,028

DoubleVerify Holdings, Inc. CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (UNAUDITED)

		Three Moi Septen				Nine Mon Septen		
(in thousands, except per share data)	2023			2022	2023			2022
Revenue	\$	143,974	\$	112,254	\$	400,312	\$	318,782
Cost of revenue (exclusive of depreciation and amortization shown								
separately below)		26,466		19,323		76,609		55,036
Product development		32,315		23,932		92,811		68,742
Sales, marketing and customer support		32,971		27,118		90,220		78,535
General and administrative		23,280		19,395		63,223		60,599
Depreciation and amortization		10,706		8,089		29,365		25,446
Income from operations		18,236		14,397		48,084		30,424
Interest expense		288		226		791		681
Other (income) expense, net		(1,633)		231		(6,843)		422
Income before income taxes		19,581		13,940		54,136		29,321
Income tax expense		6,234		3,609		15,775		4,121
Net income	\$	13,347	\$	10,331	\$	38,361	\$	25,200
Earnings per share:								
Basic	\$	0.08	\$	0.06	\$	0.23	\$	0.15
Diluted	\$	0.08	\$	0.06	\$	0.22	\$	0.15
Weighted-average common stock outstanding:								
Basic		168,606		164,297		166,937		163,512
Diluted		173,980		170,876		172,812		170,558
Comprehensive income:								
Net income	\$	13,347	\$	10,331	\$	38,361	\$	25,200
Other comprehensive loss:								
Foreign currency cumulative translation adjustment	_	(6,417)	_	(4,630)		(5,601)	_	(11,834)
Total comprehensive income	\$	6,930	\$	5,701	\$	32,760	\$	13,366

DoubleVerify Holdings, Inc.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)

Accumulated

	Commo	n Stock	Treasu	ry Stock	Additional Paid-in	Retained	Other Comprehensive Income (Loss) Net of	Total Stockholders'
(in thousands)		Amount	Shares	Amount	-	Earnings	Income Taxes	Equity
Balance as of January 1, 2023	165,448	\$ 165	31	\$ (796)	\$ 756,299	\$ 127,517	\$ (6,326)	\$ 876,859
Foreign currency translation adjustment	_	_	_	_	_	_	1,193	1,193
Shares repurchased for settlement of employee tax withholdings	_	_	30	(787)	_	_	<u> </u>	(787)
Stock-based compensation expense	_	_	_	_	11,992	_	_	11,992
Common stock issued upon exercise of stock options	527	1	_	_	1,765	_	_	1,766
Common stock issued upon vesting of restricted stock units	182	_	_	_		_		_
Treasury stock reissued upon settlement of equity awards	_	_	(35)	914	(914)	_		_
Net income						12,175		12,175
Balance as of March 31, 2023	166,157	\$ 166	26	\$ (669)	\$ 769,142	\$ 139,692	\$ (5,133)	\$ 903,198
Foreign currency translation adjustment	_	_	_	_	_	_	(377)	(377)
Shares repurchased for settlement of employee tax withholdings	_	_	57	(1,966)	_	_	_	(1,966)
Stock-based compensation expense	_	_	_	_	15,399	_	_	15,399
Common stock issued under employee purchase plan	49	_	_	_	1,138	_	_	1,138
Common stock issued upon exercise of stock options	711	1	_	_	3,990	_	_	3,991
Common stock issued upon vesting of restricted stock units	333	_	_	_	_	_		_
Treasury stock reissued upon settlement of equity awards	_	_	(67)	2,107	(2,107)	_	<u></u>	_
Net income	_	_	_		_	12,839	_	12,839
Balance as of June 30, 2023	167,250	\$ 167	16	\$ (528)	\$ 787,562	\$ 152,531	\$ (5,510)	\$ 934,222
Foreign currency translation adjustment Shares repurchased for	_	_	_	_	_	_	(6,417)	(6,417)
settlement of employee tax withholdings	_	_	28	(945)	_	_	_	(945)
Issuance of common stock as consideration for								
acquisition Stock-based compensation	1,642	2	_	_	52,935	_	_	52,937
expense Common stock issued upon	_	<u>-</u>	<u>-</u>	_	16,088		_	16,088
exercise of stock options Common stock issued upon vesting of restricted stock	653	1	-	<u> </u>	2,052		-	2,053
Treasury stock reissued upon settlement of equity	373		_					
awards	_	_	(31)	1,076	(1,076)	<u> </u>	-	_

Net income	_	_	_	_	_	13,347		13,347
Balance as of September								
30, 2023	169,918 \$	170	13	\$ (397)	\$ 857,561	\$ 165,878 \$	(11,927)	\$ 1,011,285
Balance as of January 1, 2022	162,347 \$	162	50	\$ (1,802)	\$ 717,228	\$ 84,249 \$	(771)	\$ 799,066
Foreign currency translation adjustment		_	_	_	_		(1,570)	(1,570)
Shares repurchased for settlement of employee tax								
withholdings	_	_	41	(1,058)	_	_	_	(1,058)
Stock-based compensation expense		_	_	_	10,994		_	10,994
Common stock issued to								
non-employees	4	_	_	_	_	_	_	_
Common stock issued upon exercise of stock options	572	1	_	_	1,677	_	_	1,678
Common stock issued upon vesting of restricted stock								
units	195	_	_	_	_	_	_	_
Net income						4,579		4,579
Balance as of March 31, 2022	163,118 \$	163	91	\$ (2,860)	\$ 729,899	\$ 88,828 \$	(2,341)	\$ 813,689
Foreign currency translation adjustment	_	_	_	_	_		(5,634)	(5,634)
Shares repurchased for							(3,034)	(3,034)
settlement of employee tax withholdings	_	_	320	(8,133)	_	_	_	(8,133)
Stock-based compensation					0.545			
expense	<u>—</u>	-	<u> </u>	-	9,517	<u>—</u>	_	9,517
Common stock issued under employee purchase plan	41	_	_	_	768	_	_	768
Common stock issued upon exercise of stock options	176	_	_	_	838	_	_	838
Common stock issued upon vesting of restricted stock		į						
units	798	1	_	_	(1)	<u> </u>	-	-
Treasury stock reissued upon settlement of equity			(120)	2 447	(2.447)			
awards		_	(128)	3,447	(3,447)	— 10,290		10 200
Net income Balance as of June 30, 2022	<u> </u>		283				(7,975)	10,290 \$ 821,335
Foreign currency translation	104,155 ф	104	203	э (7,340)	\$ 757,574	р 99,110 р		
adjustment Shares repurchased for	_	_	_	_	_	_	(4,630)	(4,630)
settlement of employee tax withholdings	_	_	19	(492)	_	_	_	(492)
Stock-based compensation expense	_	_	_	_	11,080	_	_	11,080
Common stock issued upon exercise of stock options	490	1		_	2,390		_	2,391
Common stock issued upon vesting of restricted stock								
units	110	_	_	_	_	_	_	<u>—</u>
Treasury stock reissued upon settlement of equity			(0.05)	7.006	/7.000			
awards Not income			(265)	7,036	(7,036)	10 221	-	10 221
Net income Ralance as of Sentember			_	_	_	10,331	_	10,331
Balance as of September 30, 2022	164,733 \$	165	37	\$ (1,002)	\$ 744,008	\$ 109,449 \$	(12,605)	\$ 840,015

DoubleVerify Holdings, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

Nine Months Ended

Adjustments to reconcile net income to net cash provided by operating activities 5,95 3,65 Bad debte expense 79,365 25,4 Depreciation and amortization expense 29,365 25,4 Amortization of debt issuance costs 221 22,1 Non cash lease expense (19,721 3,12 Deferred caxes (19,721 3,12 Interest expense 1,73 1,13 Interest expense 1,6 1,3 Interest expense 1,6 1,3 Interest expense 1,6 1,3 Interest expense 1,6 1,3 Other 8,0 1,3 Charges in operating assets and labilities, net of effects of business combinations 2,23,8 1,3 Trade payables 2,4 3,4 4,2 4,2 Accuracle expenses and other liabilities 6,7,6 5,8,3 4,2 4,2 4,2 4,2 4,2 4,2 4,2 4,2 4,2 4,2 4,2 4,2 4,2 4,2 4,2 4,2 4,2 4			Septer	nbei	· 30,
Net income \$ 38,30 \$ 25,20 Adjustments to reconcile net income to net cash provided by operating activities 6,90 3,6 Depreciation and amortization expense 2,926 2,926 Amortization of debt issuance casts 2,271 2,2 Non-cash lease expense (1,971) (5,5) Deferred taxes (1,971) (5,5) Stock-based compensation expense 1 4,7 /1 (3,3) Interest expense 1 4,7 /1 3,3 Loss on disposal of fixed assets 1 6 1,3 3,3 Uses on disposal of fixed assets 1 3 3 3 3 Other 6 7,8 3	(in thousands)		2023		2022
Adjustmets to reconcile net income to net cash provided by operating activities 6,901 3.6 Bad debt expense 29,365 25,4 Amortization of debt issuance costs 29,365 25,4 Amortization of debt issuance costs 4,879 5,5 Deferred taxes (19,721) 5,5 Stock-based compensation expense 12,771 31,2 Interest expense 1,75 1,3 Loss on disposal of fixed assets - 1,5 Changes in operating assets and liabilities, net of effects of business combinations 2,7 3,3 Trade crecivables (9,370) (2,1,8 Prepoid expenses and other assets (9,370) (2,1,8 I rade payables 4,74 3,4 Accrued expenses and other liabilities 6,76,88 5,8,3 I reversing activities 6,76,88 5,8,3 I reversing activities (10,239) (27,7 Accrued expenses and other liabilities (10,249) (27,7 Accrued expenses and other liabilities (10,249) (27,7 I radia payables 4,74	Operating activities:				
Bad debt expense 6,901 3,6 Depreciation and amortization expenses 29,365 2,2 Amortization of debt issuance costs 2,21 5,2 Non-cash lease expense 4,899 5,5 Deferred taxes (10,72) (5,9 Stock based compensation expense 42,771 31,2 Interest expense 176 13 Loss on disposal of fixed assets 1,89 1,3 Loss on disposal of fixed assets 6,80 1,3 Charges in operating assets and liabilities, net of effects of business combinations 87 3 Trade receivables (25,787) (23,8 Prepaid expenses and other assets (9,370) (2,1 Trade receivables (25,787) (23,8 Prepaid expenses and other liabilities (3,44) (7,6 Accrused expenses and other liabilities (3,49) (7,6 Net cash provided by operating activities (67,249) (7,7 Acquisition of businesses, net of cash acquired (67,249) (7,7 Acquisition of businesses, net of cash acquired (79,549)	Net income	\$	38,361	\$	25,200
Depreciation and amortization expense	Adjustments to reconcile net income to net cash provided by operating activities				
Amoritazion of debt issuance costs	Bad debt expense		6,901		3,629
Non-cash lease expense 4,899 5,55 Deferred taxes (19,721) (3,25 Stock-based compensation expense 2,76 1,25 Loss on disposal of fixed assets 1,3 1,3 Loss on disposal of fixed assets 2,6 1,3 Loss on disposal of fixed assets 3 8 3 Changes in operating assets and liabilities, net of effects of business combinations 1,23 23,8 Changes in operating assets and other assets (2,10 2,20 2,21 Trade payables 2,40 3 4 6,21 3 4 6,6 5,83 1 2,21 7 3,24 4 7,6 6,2 3 4 6,6 1,2 3 4 6,6 5,83 1 1,2 1,	Depreciation and amortization expense		29,365		25,446
Deferred taxes	Amortization of debt issuance costs		221		221
Stock-based compensation expense 17.2 Interest expense 17.6 Loss on disposal of fixed assets 5 1,5 Other 8.7 1,5 Other 8.7 3 Changes in operating assets and liabilities, net of effects of business combinations 25,787 (23,87) Trade receivables (25,787) (23,87) Prepaid expenses and other assets (9,370) (2,17) Trade payables 2,475 3,48 Accrued expenses and other liabilities (7,68 58,38 Investing activities (67,289) (27,7 Putchase of property, plant and equipment (12,309) (27,7 Acquisition of businesses, net of cash acquired (67,249) (27,7 Proceeds from revolving credit facility 50,000 (79,599) Payment of contingent consideration related to Zentrick acquisition 7 (3,2 Payment of contingent consideration related to Zentrick acquisition 7,810 4,9 Proceeds from common stock issued under employee purchase plan 1,138 7,7 Proceeds from common stock issued under exp	Non-cash lease expense		4,899		5,534
Interest expense	Deferred taxes		(19,721)		(5,974)
Design of Ispaal of Fixed assets 1,3 Impairment of Iong-lived assets 2,8 3,8 Changes in operating assets and liabilities, net of effects of business combinations Irrade receivables 2,5 3,8 Repealed expenses and other assets 2,475 3,4 Accrued expenses and other liabilities 2,475 3,4 Accrued expenses and other liabilities 3,48 7,6 Receivables 3,48 7,6 Accrued expenses and other liabilities 3,48 7,6 Receivable 3,48 7,6 Accrued expenses and other liabilities 3,48 7,6 Receivable	Stock-based compensation expense		42,771		31,224
Impairment of long-lived assets 1,5 3 3 3 3 3 3 3 3 3	Interest expense		176		7
Other 874 3 Changes in operating assets and liabilities, net of effects of business combinations Capage (25,787) (3,38) Prepaid expenses and other assets (25,787) (3,48) Prepaid expenses and other liabilities (3,484) (7,66) Accrued expenses and other liabilities (3,484) (7,66) Net cash provided by operating activities (12,309) (27,76) Purchase of property. plant and equipment (12,309) (27,77) Requisition of businesses, net of cash acquired (67,240) (7,76) Purchase of property. plant and equipment (12,309) (27,77) Financing activities (67,240) (7,76) Proceeds from revolving credit facility 50,000 (7,78) (7,78) (3,22) Payments to revolving credit facility 50,000 (7,810) 4,99 Payments to revolving credit facility 50,000 50,000 50,000 Payments from common stock issued under employee purchase plan 1,160 4,99 Proceeds from common stock issued under employee ax withholdings 6,165 6,152	Loss on disposal of fixed assets		5		1,353
Changes in operating assets and liabilities, net of effects of business combinations (25,28) (23,8) (23,10) <	Impairment of long-lived assets		_		1,510
Trade receivables (25,787) (23,88) Prepaid expenses and other assets (9,370) (2,11) (3,484) (7,66) 3,484 (7,66) Net cash provided by operating activities (67,686) 58,38 1,766 Net cash provided by operating activities (67,686) 58,38 1,766 Net cash provided by operating activities (67,240) (67,240) (67,240) (67,240) (7,77 Acquisition of businesses, net of cash acquired (67,240) (67,240) (7,77 Friending activities 50,000 7,810 (87,77 Proceeds from revolving credit facility 50,000 7,810 4,97 Proceeds from revolving credit facility 50,000 6,92,20 4,99 4,99 Proceeds from contingent consideration related to Zentrick acquisition — (3,22 4,99 4,9	Other		874		318
Prepaid expenses and other assets (9,370) (2,11) Trade payables 2,475 3,44 Accrued expenses and other liabilities (3,348) (7,66) Net cash provided by operating activities 67,686 58,31 Investing activities: 112,309 (27,7) Purchase of property, plant and equipment (12,309) (27,7) Acquisition of businesses, net of cash acquired (67,240) (79,549) (27,7) Proceeds from revolving credit facility 50,000 50,000 70,	Changes in operating assets and liabilities, net of effects of business combinations				
Trade payables 2,475 3,44 Accrued expenses and other liabilities (3,684) (7,66 Net cash provided by operating activities (3,686) 58,38 Investing activities: ************************************	Trade receivables		(25,787)		(23,842)
Accrued expenses and other liabilities (3,484) (7,60) Net cash provided by operating activities 68,383 Investing activities: 58,31 Purchase of property, plant and equipment (12,309) (27,7 Acquisition of businesses, net of cash acquired (67,240) (67,240) Net cash (used in) investing activities 50,000 7 Proceeds from revolving credit facility 50,000 5 Payments to revolving credit facility 50,000 6 Poyments of contingent consideration related to Zentrick acquisition 7,810 4,99 Proceeds from common stock issued upon exercise of stock options 7,810 4,99 Proceeds from common stock issued under employee purchase plan 1,138 7 Payments related to offering costs 1,20 1,22 Shares repurchased for settlement of employee tax withholdings 3,645 8,55 Shares repurchased for settlement of employee tax withholdings 3,645 8,55 Effect of exchange rate changes on cash and cash equivalents and restricted cash 3,645 8,55 Effect of exchange rate changes on cash and cash equivalents and restricted cash <t< td=""><td>Prepaid expenses and other assets</td><td></td><td>(9,370)</td><td></td><td>(2,110)</td></t<>	Prepaid expenses and other assets		(9,370)		(2,110)
Net cash provided by operating activities 67,686 58,38 Investing activities: 1 1 Purchase of property, plant and equipment (12,309) (27,77) Acquisition of businesses, net of cash acquired (67,240) (27,74) Net cash (used in) investing activities 7,9549 (27,77) Financing activities: 7 7,000 2 2,27,7 Financing activities: 50,000 9 2,27,7 3,000 9 2,27,7 3,000 9 2,27,7 3,000 9 2,27,7 3,000 9 2,27,7 3,000 9 2,27,20 3,000 9 2,27,20 3,000 9 3,000 9 3,000 9 3,000 9 3,000 9 4,000 4,00	Trade payables		2,475		3,452
Investing activities: (12,309) (77,7 Processing property, plant and equipment (12,309) (77,7 Acquisition of businesses, net of cash acquired (67,240) (77,74 Net cash (used in) investing activities (79,540) (77,74 Financing activities: 50,000 50,000 Payments to revolving credit facility (50,000) 60,000 Payment for consideration related to Zentrick acquisition 6 63,22 Proceeds from common stock issued upon exercise of stock options 7,810 49,99 Proceeds from common stock issued under employee purchase plan 1,138 7 Payments related to offerring costs 7,810 4,99 Experiments related to offerring costs 1,100 1,02 Experiments related to offerring costs 3,03 1,02 Experiments related to fire important common stock issued under employee tax withholdings 3,00 1,02	Accrued expenses and other liabilities		(3,484)		(7,607)
Purchase of property, plant and equipment (12,309) (27,77) Acquisition of businesses, net of cash acquired (67,240) (27,77) Net cash (used in) investing activities (27,77) (27,77) Financing activities 50,000 7,800 </td <td>Net cash provided by operating activities</td> <td></td> <td>67,686</td> <td></td> <td>58,361</td>	Net cash provided by operating activities		67,686		58,361
Acquisition of businesses, net of cash acquired (67,240) Net cash (used in) investing activities (79,549) (79,77) Financing activities 50,000 Forceased from revolving credit facility 50,000 Forceased from revolving credit facility 60,000 Forceased from common stock issued upon exercise of stock options 7,000 40,000	Investing activities:				
Net cash (used in) investing activities Proceeds from revolving credit facility Asyments to revolving credit facility Asyments to revolving credit facility Asyment of contingent consideration related to Zentrick acquisition Asyments related to offering costs Asyments repurchased for settlement of employee tax withholdings Asyments related to Asyments and cash equivalents and restricted cash Asyments related to fire in asyments and cash equivalents and restricted cash Asyments related asyments and restricted cash and cash equivalents, and restricted cash - Beginning of period Asyments related asyments, and restricted cash - Beginning of period Asyments related asyments, and restricted cash - Beginning of period Asyments related asyments, and restricted cash - Beginning of period Asyments related asyments and restricted cash - Beginning of period Asyments related asyments and restricted cash - Beginning of period Asyments related asyments and restricted cash - Beginning of period Asyments related asyments and restricted cash - Beginning of period Asyments related asyments and restricted cash - Beginning of period Asyments related asyments and restricted cash - Beginning of period Asyments related asyments and restricted cash - Beginning of period Asyments r	Purchase of property, plant and equipment		(12,309)		(27,719)
Financing activities: Proceeds from revolving credit facility Payments to revolving credit facility Payments to revolving credit facility Payments to revolving credit facility Payment of contingent consideration related to Zentrick acquisition Payment of contingent consideration related to Zentrick acquisition Payments related to Sense dupon exercise of stock options Payments related to offering costs Payments rel	Acquisition of businesses, net of cash acquired		(67,240)		_
Proceeds from revolving credit facility (50,000) Payments to revolving credit facility (50,000) Payment of contingent consideration related to Zentrick acquisition 7,810 (3,20) Proceeds from common stock issued upon exercise of stock options 7,810 (1,138) Proceeds from common stock issued under employee purchase plan 1,138 (7,80) Proceeds from common stock issued under employee purchase plan 1,138 (7,80) Payments related to offering costs (1,605) (1,20) Shares repurchased for settlement of employee tax withholdings (3,698) (9,60) Net cash provided by (used in) financing activities (3,698) (8,50) Effect of exchange rate changes on cash and cash equivalents and restricted cash (8,607) (1,00) Net (decrease) increase in cash, cash equivalents, and restricted cash (8,607) (2,100) Cash, cash equivalents, and restricted cash - Beginning of period (8,607) (2,100) Cash, cash equivalents, and restricted cash - End of period (8,607) (2,100) Cash, cash equivalents, and restricted cash - End of period (8,607) (2,100) Cash and cash equivalents Consolidated Balance Sheets) (1,100) Total cash and cash equivalents and restricted cash (1,100) Cash paid for taxes (8,507) (1,100) Cash paid for taxes (8,507) (1,100) Cash paid for taxes (8,507) (1,100) Cash paid for interest (8,507) (1,100) Cash paid for i	Net cash (used in) investing activities		(79,549)		(27,719)
Payments to revolving credit facility (50,000) Payment of contingent consideration related to Zentrick acquisition — (3,2) Proceeds from common stock issued upon exercise of stock options 7,810 4,90 Proceeds from common stock issued under employee purchase plan 1,138 7,80 Payments related to offering costs — — Finance lease payments (1,605) (1,205) Shares repurchased for settlement of employee tax withholdings (3,698) (9,60) Net cash provided by (used in) financing activities (3,698) (9,60) Net cash provided by (used in) financing activities (3,698) (9,60) Net (decrease) increase in cash, cash equivalents, and restricted cash (3,890) (21,00) Net (decrease) increase in cash, cash equivalents, and restricted cash (8,607) 221,07 Cash, cash equivalents, and restricted cash - Beginning of period 267,938 222,80 Restricted cash (included in prepaid expenses and other current assets on the Condensed 19 1 Consolidated Balance Sheets) 19 1 1 Total cash and cash equivalents and restricted cash \$259,312 24					
Payments to revolving credit facility (50,000) Payment of contingent consideration related to Zentrick acquisition — (3,2) Proceeds from common stock issued upon exercise of stock options 7,810 4,90 Proceeds from common stock issued under employee purchase plan 1,138 7,80 Payments related to offering costs — — Finance lease payments (1,605) (1,205) Shares repurchased for settlement of employee tax withholdings (3,698) (9,60) Net cash provided by (used in) financing activities (3,698) (9,60) Net cash provided by (used in) financing activities (3,698) (9,60) Net (decrease) increase in cash, cash equivalents, and restricted cash (3,890) (21,00) Net (decrease) increase in cash, cash equivalents, and restricted cash (8,607) 221,07 Cash, cash equivalents, and restricted cash - Beginning of period 267,938 222,80 Restricted cash (included in prepaid expenses and other current assets on the Condensed 19 1 Consolidated Balance Sheets) 19 1 1 Total cash and cash equivalents and restricted cash \$259,312 24	Proceeds from revolving credit facility		50,000		_
Proceeds from common stock issued upon exercise of stock options 7,810 4,90 Proceeds from common stock issued under employee purchase plan 1,138 7,00 Payments related to offering costs 7,810 1,138 7,00 Payments related to offering costs 7,810 1,138 1,138 1,139 Payments related to offering costs 7,810 1,138 1,138 1,138 1,139 Payments related to offering costs 7,810 1,138 1,138 1,139			(50,000)		_
Proceeds from common stock issued under employee purchase plan 1,138 Payments related to offering costs	Payment of contingent consideration related to Zentrick acquisition		_		(3,247)
Payments related to offering costs Finance lease payments and cash employee tax withholdings Finance lease payments and restricted cash equivalents and restricted cash estricted cash Finance lease payments Finance lease	Proceeds from common stock issued upon exercise of stock options		7,810		4,907
Finance lease payments Shares repurchased for settlement of employee tax withholdings Net cash provided by (used in) financing activities Effect of exchange rate changes on cash and cash equivalents and restricted cash Net (decrease) increase in cash, cash equivalents, and restricted cash Cash, cash equivalents, and restricted cash - Beginning of period Cash, cash equivalents, and restricted cash - Beginning of period Cash, cash equivalents, and restricted cash - End of period Cash and cash equivalents Restricted cash (included in prepaid expenses and other current assets on the Condensed Consolidated Balance Sheets) Total cash and cash equivalents and restricted cash Supplemental cash flow information: Cash paid for taxes Cash paid for interest Non-cash investing and financing activities: Right-of-use assets obtained in exchange for new operating lease liabilities, net of impairments and tenant improvement allowances Acquisition of equipment under finance lease Capital assets financed by accounts payable and accrued expenses Stock-based compensation included in capitalized software development costs 1	Proceeds from common stock issued under employee purchase plan		1,138		768
Shares repurchased for settlement of employee tax withholdings Net cash provided by (used in) financing activities Effect of exchange rate changes on cash and cash equivalents and restricted cash Net (decrease) increase in cash, cash equivalents, and restricted cash Cash, cash equivalents, and restricted cash - Beginning of period Cash, cash equivalents, and restricted cash - End of period Cash and cash equivalents Restricted cash (included in prepaid expenses and other current assets on the Condensed Consolidated Balance Sheets) Total cash and cash equivalents and restricted cash Supplemental cash flow information: Cash paid for taxes Cash paid for interest Non-cash investing and financing activities: Right-of-use assets obtained in exchange for new operating lease liabilities, net of impairments and tenant improvement allowances Acquisition of equipment under finance lease Capital assets financed by accounts payable and accrued expenses Stock-based compensation included in capitalized software development costs Sight-of-use assets obtained in explanation included in capitalized software development costs Sight-of-use assets obtained in capitali	Payments related to offering costs		_		(6)
Net cash provided by (used in) financing activities 3,645 (8,5). Effect of exchange rate changes on cash and cash equivalents and restricted cash (389) (1,0). Net (decrease) increase in cash, cash equivalents, and restricted cash (8,607) 21,00. Cash, cash equivalents, and restricted cash - Beginning of period 267,938 221,70. Cash, cash equivalents, and restricted cash - Beginning of period 259,331 \$242,80. Cash, cash equivalents, and restricted cash - End of period \$259,331 \$242,80. Cash and cash equivalents \$259,331 \$242,80. Cash and cash equivalents \$259,331 \$242,80. Cash and cash equivalents and restricted cash (included in prepaid expenses and other current assets on the Condensed Consolidated Balance Sheets) 119 11 Total cash and cash equivalents and restricted cash \$259,331 \$242,80. Cash paid for taxes \$259,331 \$242,80. Cash paid for taxes \$52,738 \$10,20. Cash paid for interest \$427 \$50. Cash paid for i	Finance lease payments		(1,605)		(1,286)
Effect of exchange rate changes on cash and cash equivalents and restricted cash Net (decrease) increase in cash, cash equivalents, and restricted cash Cash, cash equivalents, and restricted cash - Beginning of period Cash, cash equivalents, and restricted cash - Beginning of period Cash, cash equivalents, and restricted cash - End of period Cash and cash equivalents Restricted cash (included in prepaid expenses and other current assets on the Condensed Consolidated Balance Sheets) Total cash and cash equivalents and restricted cash Supplemental cash flow information: Cash paid for taxes Cash paid for interest Non-cash investing and financing activities: Right-of-use assets obtained in exchange for new operating lease liabilities, net of impairments and tenant improvement allowances Acquisition of equipment under finance lease Capital assets financed by accounts payable and accrued expenses \$ 5,300 Stock-based compensation included in capitalized software development costs Total cash and cash equivalents Cash paid for taxes Capital assets financed by accounts payable and accrued expenses Stock-based compensation included in capitalized software development costs Capital assets finances Capital assets financed by accounts payable and accrued expenses Capital assets financed by accounts payable and accrued expenses Capital assets financed by accounts payable and accrued expenses Capital assets financed by accounts payable and accrued expenses Capital assets financed by accounts payable and accrued expenses Capital assets financed by accounts payable and accrued expenses Capital assets financed by accounts payable and accrued expenses Capital assets financed by accounts payable and accrued expenses	Shares repurchased for settlement of employee tax withholdings		(3,698)		(9,683)
Net (decrease) increase in cash, cash equivalents, and restricted cash (8,607) 21,00 Cash, cash equivalents, and restricted cash - Beginning of period 267,938 221,70 Cash, cash equivalents, and restricted cash - End of period \$259,331 \$242,80 Cash, cash equivalents and restricted cash - End of period \$259,331 \$242,80 Cash and cash equivalents \$259,212 \$242,60 Cash and cash equivalents \$259,212 \$242,60 Cash and cash equivalents and restricted cash (included in prepaid expenses and other current assets on the Condensed Consolidated Balance Sheets) 119 1: Total cash and cash equivalents and restricted cash \$259,331 \$242,80 Cash paid for taxes \$259,331 \$242,80 Cash paid for taxes \$52,738 \$10,20 Cash paid for interest \$427 \$50 Cash paid for interest \$42,017 \$80,00 Cash paid for interest \$42,017 \$80,00 Cash paid for interest \$5,479 \$50 Ca	Net cash provided by (used in) financing activities		3,645		(8,547)
Cash, cash equivalents, and restricted cash - Beginning of period267,938221,73Cash, cash equivalents, and restricted cash - End of period\$ 259,331\$ 242,81Cash and cash equivalents\$ 259,212\$ 242,61Restricted cash (included in prepaid expenses and other current assets on the Condensed Consolidated Balance Sheets)1191Total cash and cash equivalents and restricted cash\$ 259,331\$ 242,81Supplemental cash flow information:Cash paid for taxes\$ 52,738\$ 10,2Cash paid for interest\$ 427\$ 5Non-cash investing and financing activities:Right-of-use assets obtained in exchange for new operating lease liabilities, net of impairments and tenant improvement allowances\$ 2,017\$ 80,00Acquisition of equipment under finance lease\$ 5,479\$Capital assets financed by accounts payable and accrued expenses\$ -\$ 5,33Stock-based compensation included in capitalized software development costs\$ 708\$ 30	Effect of exchange rate changes on cash and cash equivalents and restricted cash		(389)		(1,015)
Cash, cash equivalents, and restricted cash - Beginning of period267,938221,73Cash, cash equivalents, and restricted cash - End of period\$ 259,331\$ 242,81Cash and cash equivalents\$ 259,212\$ 242,61Restricted cash (included in prepaid expenses and other current assets on the Condensed Consolidated Balance Sheets)1191Total cash and cash equivalents and restricted cash\$ 259,331\$ 242,81Supplemental cash flow information:Cash paid for taxes\$ 52,738\$ 10,2Cash paid for interest\$ 427\$ 5Non-cash investing and financing activities:Right-of-use assets obtained in exchange for new operating lease liabilities, net of impairments and tenant improvement allowances\$ 2,017\$ 80,00Acquisition of equipment under finance lease\$ 5,479\$Capital assets financed by accounts payable and accrued expenses\$ -\$ 5,33Stock-based compensation included in capitalized software development costs\$ 708\$ 30	Net (decrease) increase in cash, cash equivalents, and restricted cash		(8,607)		21,080
Cash, cash equivalents, and restricted cash - End of period \$ 259,331 \$ 242,80 \$ 259,212 \$ 242,60 \$ Restricted cash (included in prepaid expenses and other current assets on the Condensed Consolidated Balance Sheets) 119 1: Total cash and cash equivalents and restricted cash \$ 259,331 \$ 242,80 \$ 242,80 \$ 242,80 \$ 242,80 \$ 242,80 \$ 242,80 \$ 242,80 \$ 242	Cash, cash equivalents, and restricted cash - Beginning of period		267,938		221,725
Cash and cash equivalents Restricted cash (included in prepaid expenses and other current assets on the Condensed Consolidated Balance Sheets) Total cash and cash equivalents and restricted cash Supplemental cash flow information: Cash paid for taxes Cash paid for interest Non-cash investing and financing activities: Right-of-use assets obtained in exchange for new operating lease liabilities, net of impairments and tenant improvement allowances Acquisition of equipment under finance lease Capital assets financed by accounts payable and accrued expenses Stock-based compensation included in capitalized software development costs \$ 259,212 \$ 242,60 119 1 19 1 20 1 242,80 1		\$	259,331	\$	242,805
Restricted cash (included in prepaid expenses and other current assets on the Condensed Consolidated Balance Sheets) Total cash and cash equivalents and restricted cash Supplemental cash flow information: Cash paid for taxes Cash paid for interest Non-cash investing and financing activities: Right-of-use assets obtained in exchange for new operating lease liabilities, net of impairments and tenant improvement allowances Acquisition of equipment under finance lease Capital assets financed by accounts payable and accrued expenses Stock-based compensation included in capitalized software development costs 119 129 149 150 150 160 170 180 180 180 180 180 180 180 180 180 18			<u> </u>		-
Restricted cash (included in prepaid expenses and other current assets on the Condensed Consolidated Balance Sheets) Total cash and cash equivalents and restricted cash Supplemental cash flow information: Cash paid for taxes Cash paid for interest Non-cash investing and financing activities: Right-of-use assets obtained in exchange for new operating lease liabilities, net of impairments and tenant improvement allowances Acquisition of equipment under finance lease Capital assets financed by accounts payable and accrued expenses Stock-based compensation included in capitalized software development costs 119 129 149 150 150 160 170 180 180 180 180 180 180 180 180 180 18	Cash and cash equivalents	\$	259.212	\$	242,687
Consolidated Balance Sheets) Total cash and cash equivalents and restricted cash Supplemental cash flow information: Cash paid for taxes Cash paid for interest Non-cash investing and financing activities: Right-of-use assets obtained in exchange for new operating lease liabilities, net of impairments and tenant improvement allowances Acquisition of equipment under finance lease Capital assets financed by accounts payable and accrued expenses Stock-based compensation included in capitalized software development costs 119 12 242,80 259,331 242,80 259,331 242,80 259,331 262,30 250,738 250,738 250,738 250,738 250,738 250,738 250,738 250,738 250,738 250,738 250,738 260,738	•	•		•	_ :_/ = :
Total cash and cash equivalents and restricted cash Supplemental cash flow information: Cash paid for taxes Cash paid for interest Non-cash investing and financing activities: Right-of-use assets obtained in exchange for new operating lease liabilities, net of impairments and tenant improvement allowances Acquisition of equipment under finance lease Capital assets financed by accounts payable and accrued expenses Stock-based compensation included in capitalized software development costs \$ 259,331 \$ 242,80 \$			119		118
Supplemental cash flow information: Cash paid for taxes \$ 52,738 \$ 10,20 Cash paid for interest \$ 427 \$ 50 Non-cash investing and financing activities: Right-of-use assets obtained in exchange for new operating lease liabilities, net of impairments and tenant improvement allowances \$ 2,017 \$ 80,000 Acquisition of equipment under finance lease \$ 5,479 \$ Capital assets financed by accounts payable and accrued expenses \$ - \$ 5,300 Stock-based compensation included in capitalized software development costs \$ 708 \$ 300		\$	259,331	\$	242,805
Cash paid for taxes \$ 52,738 \$ 10,22 \$ Cash paid for interest \$ 427 \$ 55 \$ Non-cash investing and financing activities: Right-of-use assets obtained in exchange for new operating lease liabilities, net of impairments and tenant improvement allowances \$ 2,017 \$ 80,00 \$ Acquisition of equipment under finance lease \$ 5,479 \$ Capital assets financed by accounts payable and accrued expenses \$ - \$ 5,30 \$ Stock-based compensation included in capitalized software development costs \$ 708 \$ 30 \$ \$ 30 \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	·		<u> </u>	<u> </u>	<u> </u>
Cash paid for interest \$ 427 \$ 55 Non-cash investing and financing activities: Right-of-use assets obtained in exchange for new operating lease liabilities, net of impairments and tenant improvement allowances \$ 2,017 \$ 80,0000 Acquisition of equipment under finance lease \$ 5,479 \$ Capital assets financed by accounts payable and accrued expenses \$ \$ 5,300 Stock-based compensation included in capitalized software development costs \$ 708 \$ 30000 Respectively.		\$	52.738	\$	10,210
Non-cash investing and financing activities: Right-of-use assets obtained in exchange for new operating lease liabilities, net of impairments and tenant improvement allowances \$ 2,017 \$ 80,000 Acquisition of equipment under finance lease \$ 5,479 \$ Capital assets financed by accounts payable and accrued expenses \$ - \$ 5,300 \$ Stock-based compensation included in capitalized software development costs \$ 708 \$ 300 \$	·		•	_	519
Right-of-use assets obtained in exchange for new operating lease liabilities, net of impairments and tenant improvement allowances \$ 2,017 \$ 80,0000 \$ Acquisition of equipment under finance lease \$ 5,479 \$ Capital assets financed by accounts payable and accrued expenses \$ \$ — \$ 5,3000 \$ Stock-based compensation included in capitalized software development costs \$ 708 \$ 3000 \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	·	7	,	7	
and tenant improvement allowances \$ 2,017 \$ 80,0000 Acquisition of equipment under finance lease \$ 5,479 \$ \$ Capital assets financed by accounts payable and accrued expenses \$ - \$ 5,3000 \$ \$ 50000 \$ \$ 708 \$ 30000 \$ \$ 708 \$ \$ 30000 \$ \$ \$ 708 \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$					
Acquisition of equipment under finance lease Capital assets financed by accounts payable and accrued expenses \$ 5,479 \$ Capital assets financed by accounts payable and accrued expenses \$ 5,30 \$ Stock-based compensation included in capitalized software development costs \$ 708 \$ 30		\$	2,017	\$	80,060
Capital assets financed by accounts payable and accrued expenses \$ - \$ 5,30 Stock-based compensation included in capitalized software development costs \$ 708 \$ 30					_
Stock-based compensation included in capitalized software development costs \$ 708 \$ 30					5,305
			708		367
	Common stock issued in connection with acquisition				_
Liabilities for contingent consideration \$ 1,193 \$	·				_

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

Revenue

Three Months Ended			Nine Months Ended		
September 30,	Change	Change	September 30,	Change	Change

	20	023	2022	\$	%	2023	2022	\$	%
	(4	In Thou	sands)			(In Tho	usands)		
Revenue by customer type:									
Activation	\$ 8	31,700	\$ 62,170	\$ 19,530	31%	\$ 229,534	\$ 175,696	53,838	31%
Measurement	5	51,263	38,847	12,416	32	137,637	111,584	26,053	23
Supply-side customer	1	11,011	11,237	(226)	(2)	33,141	31,502	1,639	5
Total revenue	\$ 14	13,974	\$ 112,254	\$ 31,720	28%	\$ 400,312	\$ 318,782	\$ 81,530	26%

Adjusted EBITDA

In addition to results determined in accordance with GAAP, management believes that certain non-GAAP financial measures, including Adjusted EBITDA and Adjusted EBITDA Margin, are useful in evaluating our business. Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by total revenue. The following table presents a reconciliation of Adjusted EBITDA, a non-GAAP financial measure, to the most directly comparable financial measure prepared in accordance with GAAP.

	Three Months Ended September 30,					Nine Mon Septen		
		2023		2022		2023		2022
		(In The	ous	ands)		(In Tho	usai	nds)
Net income	\$	13,347	\$	10,331	\$	38,361	\$	25,200
Net income margin		9%	, D	9%)	10%		8%
Depreciation and amortization		10,706		8,089		29,365		25,446
Stock-based compensation		15,791		10,971		42,771		31,224
Interest expense		288		226		791		681
Income tax expense		6,234		3,609		15,775		4,121
M&A and restructuring costs (a)		921		39		1,621		1,219
Offering, IPO readiness and secondary offering costs (b)		286		726		595		726
Other (recoveries) costs (c)		(267)		(228)		(800)		3,659
Other (income) expense (d)		(1,633)		231		(6,843)		422
Adjusted EBITDA	\$	45,673	\$	33,994	\$	121,636	\$	92,698
Adjusted EBITDA margin		32%	, 0	30%		30%		29%

- a. M&A and restructuring costs for the three and nine months ended September 30, 2023 consist of transaction costs related to the acquisition of Scibids Technology SAS ("Scibids"). M&A and restructuring costs for the three and nine months ended September 30, 2022 consist of transaction costs, integration and restructuring costs related to the acquisition of OpenSlate.
- b. Offering, IPO readiness and secondary offering costs for the three and nine months ended September 30, 2023 consist of third-party costs incurred for underwritten secondary public offerings by certain stockholders of the Company. Offering, IPO readiness and secondary offering costs for the three and nine months ended September 30, 2022 consist of third-party costs incurred for the Company's filing of a "shelf" registration statement on Form S-3.
- c. Other recoveries for the three and nine months ended September 30, 2023 consist of sublease income for leased office space. For the three and nine months ended September 30, 2022, other (recoveries) costs consist of sublease income for lease office space, offset by costs related to the departures of the Company's former Chief Operating Officer and Chief Customer Officer, impairment related to a subleased office space and costs related to the disposal of furniture for unoccupied lease office space.
- d. Other (income) expense for the three and nine months ended September 30, 2023 and September 30, 2022 consist of interest income earned on interest-bearing monetary assets, and of the impact of changes in foreign currency exchange rates.

We use Adjusted EBITDA and Adjusted EBITDA Margin as measures of operational efficiency to understand and evaluate our core business operations. We believe that these non-GAAP financial measures are useful to investors for period to period comparisons of the core business and for understanding and evaluating trends in operating results on a consistent basis by excluding items that we do not believe are indicative of our core operating performance.

These non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation or as substitutes for an analysis of our results as reported under GAAP. Some of the limitations of these measures are:

- they do not reflect changes in, or cash requirements for, working capital needs;
- Adjusted EBITDA does not reflect capital expenditures or future requirements for capital expenditures or contractual commitments;
- they do not reflect income tax expense or the cash requirements to pay income taxes;
- they do not reflect interest expense or the cash requirements necessary to service interest or principal debt payments; and
- although depreciation and amortization are non-cash charges related mainly to intangible assets, certain assets being depreciated and amortized will have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements.

In addition, other companies in the industry may calculate these non-GAAP financial measures differently, therefore limiting their usefulness as a comparative measure. You should compensate for these limitations by relying primarily on our GAAP results and

using the non-GAAP financial measures only supplementally.

Total stock-based compensation expense recorded in the Condensed Consolidated Statements of Operations and Comprehensive Income is as follows:

	Three Months Ended September 30,					Nine Months Ended September 30,			
(in thousands)		2023		2022		2023	2022		
Product development	\$	6,235	\$	3,665	\$	16,589	10,575		
Sales, marketing and customer support		4,945		4,302		13,198	10,718		
General and administrative		4,611		3,004		12,984	9,931		
Total stock-based compensation	\$	15,791	\$	10,971	\$	42,771	31,224		

Forward-Looking Statements

This press release includes "forward-looking statements". Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "plan," "seek," "will," "expect," "intend," "estimate," "anticipate," "believe" or "continue" or the negative thereof or variations thereon or similar terminology. Any statements in this press release regarding future revenues, earnings, margins, financial performance or results of operations (including the guidance provided under "Fourth Quarter and Full-Year 2023 Guidance"), and any other statements that are not historical facts are forward-looking statements. Forward-looking statements are subject to known and unknown risks and uncertainties, many of which may be beyond our control. We caution you that the forward-looking information presented in this press release is not a guarantee of future events, and that actual events may differ materially from those made in or suggested by the forward-looking information contained in this press release. These risks, uncertainties, assumptions and other factors include, but are not limited to, the competitiveness of our solutions amid technological developments or evolving industry standards, the competitiveness of our market, system failures, security breaches, cyberattacks or natural disasters, economic downturns and unstable market conditions, our ability to collect payments, data privacy legislation and regulation, public criticism of digital advertising technology, our international operations, our use of "open source" software, our limited operating history and the potential for our revenues and results of operations to fluctuate in the future. Moreover, we operate in a very competitive and rapidly changing environment, and new risks may emerge from time to time. It is not possible for us 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 or outcomes to differ materially from those contained in any forward-looking statements we may make.

Further information on these and additional risks, uncertainties, and other factors that could cause actual outcomes and results to differ materially from those included in or contemplated by the forward-looking statements contained in this press release are included under the caption "Risk Factors" under our Annual Report on Form 10-K filed with the **SEC** on March 1, 2023, Form 10-Q filed with the **SEC** on July 31, 2023 and other filings and reports we make with the **SEC** from time to time.

We have based our forward-looking statements on our management's beliefs and assumptions based on information available to our management at the time the statements are made. Any forward-looking information presented herein is made only as of the date of this press release, and, except as required by law, we do not undertake any obligation to update or revise any forward-looking information to reflect changes in assumptions, the occurrence of unanticipated events, or otherwise.

About DoubleVerify

DoubleVerify is a leading software platform for digital media measurement and analytics. Our mission is to make the digital advertising ecosystem stronger, safer and more secure, thereby preserving the fair value exchange between buyers and sellers of digital media. Hundreds of Fortune 500 advertisers employ our unbiased data and analytics to drive campaign quality and effectiveness, and to maximize return on their digital advertising investments – globally.

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Investor Relations

Tejal Engman
DoubleVerify
IR@doubleverify.com

Media Contact

Chris Harihar
Crenshaw Communications
646-535-9475

chris@crenshawcomm.com

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