

Supplemental 2Q'23 Earnings Presentation

August 2, 2023

Forward-Looking Statements and Non-GAAP Measures

This presentation, together with other statements and information publicly disseminated by the Company, contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The Company intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and includes this statement for purposes of complying with these safe harbor provisions. Any statements made in this presentation or during the earnings call that are not statements of historical fact, including statements about our guidance, the Zeta 2025 targets, and the timing of when we will achieve the Zeta 2025 plan targets, our ability to execute on KPIs and grow our scaled customers and the capabilities of AI and Zeta's platform are forward-looking statements and should be evaluated as such. Forward-looking statements include information concerning our anticipated future financial performance, our market opportunities and our expectations regarding our business plan and strategies. These statements often include words such as "anticipate," "expect," "suggests," "plan," "believe," "intend," "estimates," "targets," "projects," "should," "could," "would," "may," "will," "forecast," "outlook," "guidance" and other similar expressions. We base these forward-looking statements on our current expectations, plans and assumptions that we have made in light of our experience in the industry, as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances at such time. Although we believe that these forward-looking statements are based on reasonable assumptions at the time they are made, you should be aware that many factors could affect our business, results of operations and financial condition and could cause actual results to differ materially from those expressed in the forward-looking statements. These statements are not guarantees of future performance or results. The forward-looking statements are subject to and involve risks, uncertainties and assumptions, and you should not place undue reliance on these forward-looking statements. These cautionary statements should not be construed by you to be exhaustive and the forward-looking statements are made only as of the date of this presentation. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

The third quarter, fourth quarter, and full year 2023 guidance and Zeta 2025 targets provided herein are based on Zeta's current estimates and assumptions and are not a guarantee of future performance. The guidance provided and Zeta 2025 targets are subject to significant risks and uncertainties, including the risk factors discussed in the Company's reports on file with the Securities and Exchange Commission, that could cause actual results to differ materially. There can be no assurance that the Company will achieve the results expressed by this guidance or the targets.

This presentation contains non-GAAP financial measures such as adjusted EBITDA, adjusted EBITDA margin, and free cash flow ("FCF"). These measures are not prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") and have important limitations as analytical tools. Non-GAAP financial measures are supplemental, should only be used in conjunction with results presented in accordance with GAAP and should not be considered in isolation or as a substitute for such GAAP results. Refer to the Appendix of this presentation for (i) the definitions of the non-GAAP measures used in this presentation and (ii) a reconciliation of the non-GAAP financial measures used herein to the most directly comparable financial measures calculated and presented in accordance with GAAP.

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2Q'23 Zeta Earnings Summary

1

2 years of “Beat & Raise” Results

- Consistent execution towards the Zeta 2025 plan
- Continued tailwinds in the demand environment, with record high pipeline and RFPs

2

Strong Scaled Customer Count Growth

- Growing scaled customers 2x faster than Zeta 2025 model growth rate
- Strong sales productivity with a record number of quota carriers with a win

3

Accelerating Profitability

- 10th straight quarter of expanding Adj. EBITDA margins Y/Y
- Cash from operating activities up 41%, FCF up 110%, with 48% FCF conversion

REVENUE

\$172M

25% Y/Y GROWTH

CASH FROM OPS

\$21M

41% Y/Y GROWTH

ADJ. EBITDA^{1,2}

\$27M

45% Y/Y GROWTH

ADJ. EBITDA MARGIN^{1,2}

15.6%

210 BPS Y/Y EXPANSION

2Q'23
RESULTS

See slide 30 for footnote definitions

See appendix for definitions of non-GAAP metrics used herein and reconciliations to the most directly comparable GAAP metric

Consistent Execution with Strong Underlying Fundamentals

Scaled Customer Count

TOTAL SCALED⁴

425

+14% Y/Y

1Q'23: 411
2Q'22: 373

SUPER-SCALED⁵

118

+18% Y/Y

1Q'23: 110
2Q'22: 100

Scaled Customer ARPU

TOTAL SCALED⁶

\$392K

1Q'23: \$374K
2Q'22: \$355K

SUPER-SCALED⁷

\$1.1M

1Q'23: \$1.2M
2Q'22: \$1.0M

Industry Verticals

6 of the Top 10 Verticals Grew Greater Than 25%

GAAP Cost of Revenue

36.1%

1Q'23: 34.5%
2Q'22: 36.6%

Direct Revenue Mix⁸

75%

1Q'23: 71%
2Q'22: 81%

Quota Carrier Headcount

130

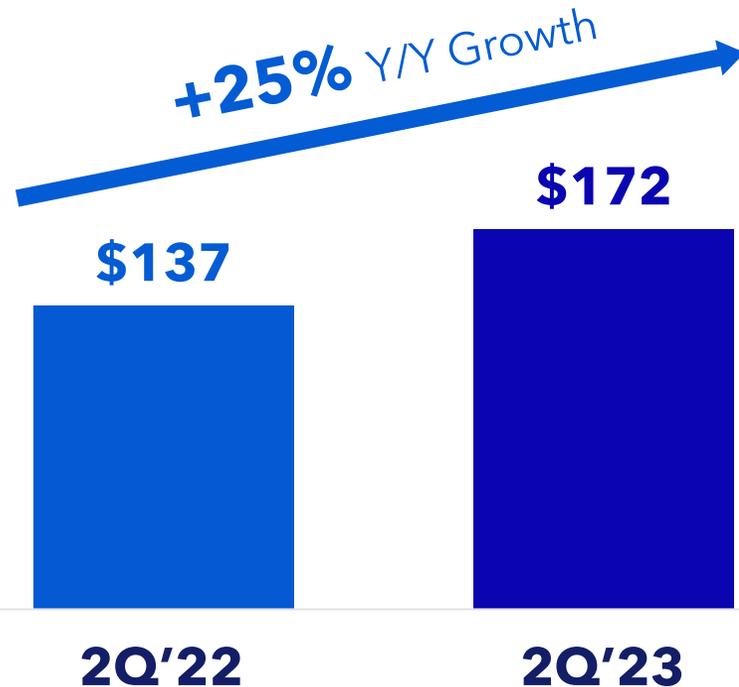
1Q'23: 130
2Q'22: 115

See slide 30 for footnote definitions

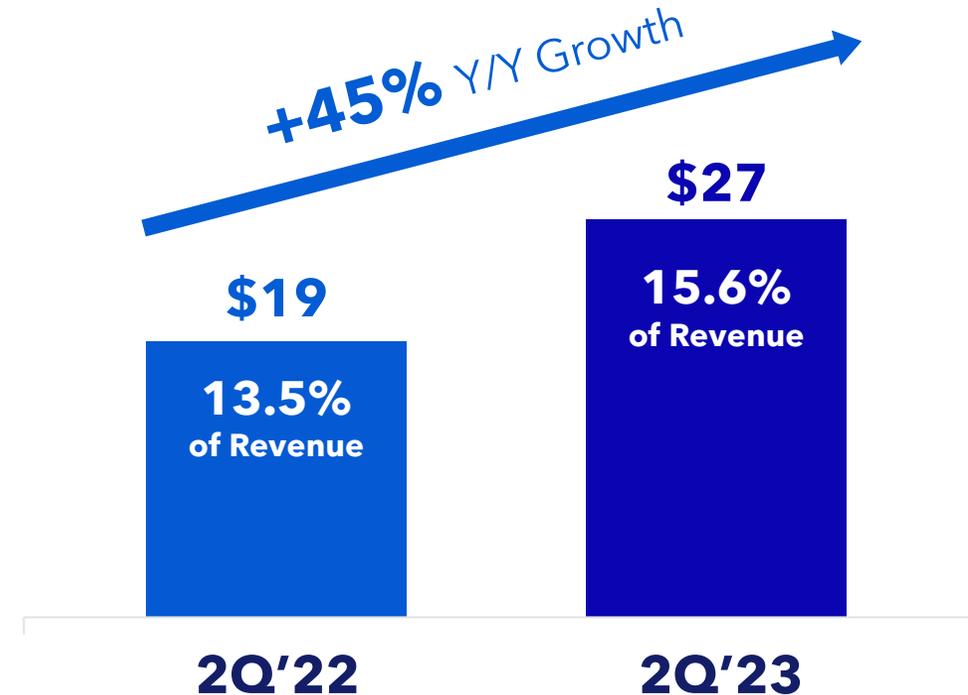
See appendix for definitions of non-GAAP metrics used herein and reconciliations to the most directly comparable GAAP metric

Adj. EBITDA Continuing to Grow Even Faster than Revenue

Revenue Growth



Adjusted EBITDA^{1,2} Growth



See slide 30 for footnote definitions | \$ in millions unless otherwise noted

See appendix for definitions of non-GAAP metrics used herein and reconciliations to the most directly comparable GAAP metric

Pacing Ahead of Zeta 2025 Targets

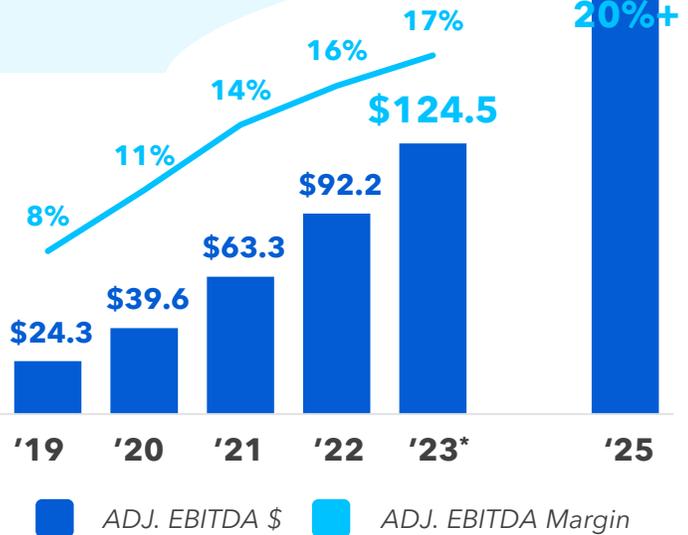
2025 REVENUE TARGET \$1B+

\$24M above initial
2023 guidance⁹



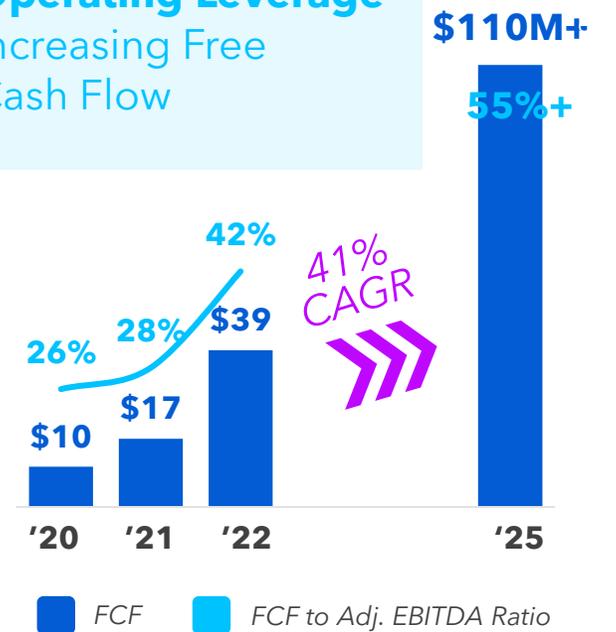
2025 ADJ. EBITDA TARGET^{1,2} \$200M+

\$7.1M above initial
2023 guidance⁹



FCF TARGET² \$110M+

Operating Leverage
Increasing Free
Cash Flow

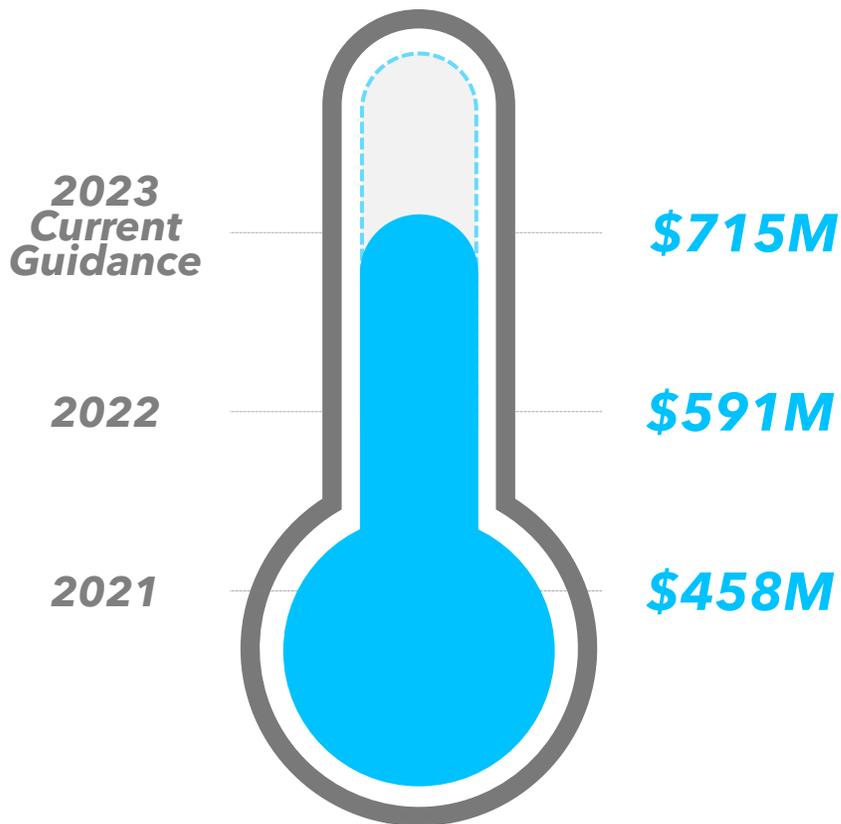


See slide 30 for footnote definitions | *See FY'23 Guidance outlined on slide 14

See appendix for definitions of non-GAAP metrics used herein and reconciliations to the most directly comparable GAAP metric

Pacing 6pts Ahead on Revenue & Adj. EBITDA^{1,2} Targets

2025 REVENUE TARGET \$1B+



Required CAGR at time of Zeta 2025 Announcement (vintage Feb. 2022)
Vs. Actual TTM growth

Revenue

22% Zeta 2025 model CAGR

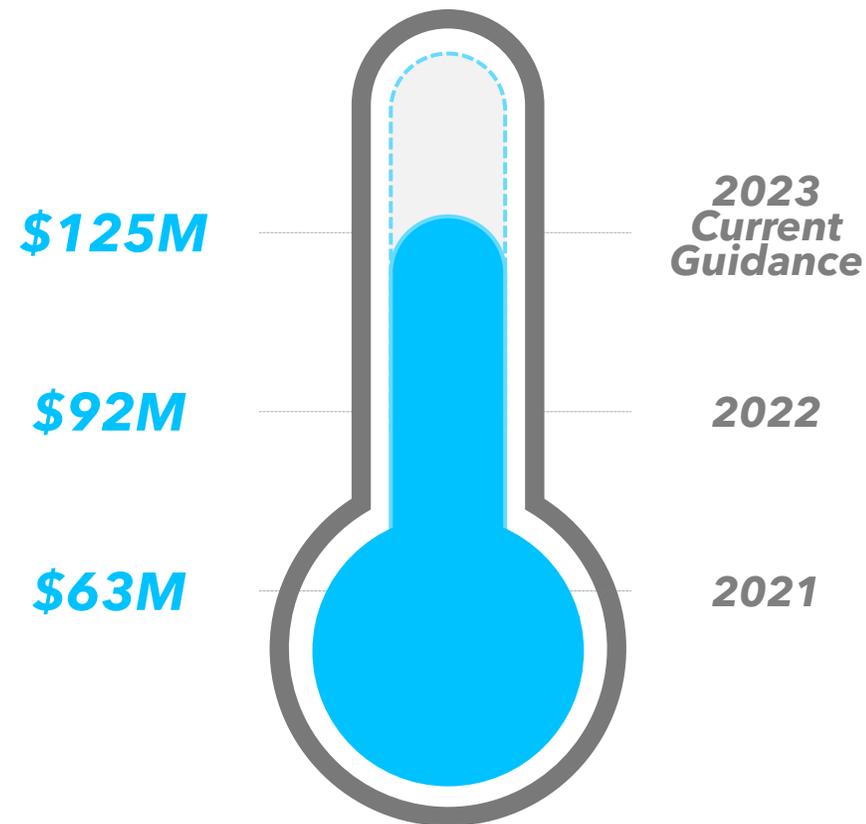
28% Actual TTM growth

Adj. EBITDA^{1,2}

33% Zeta 2025 model CAGR

39% Actual TTM growth

ADJ. EBITDA TARGET^{1,2} \$200M+

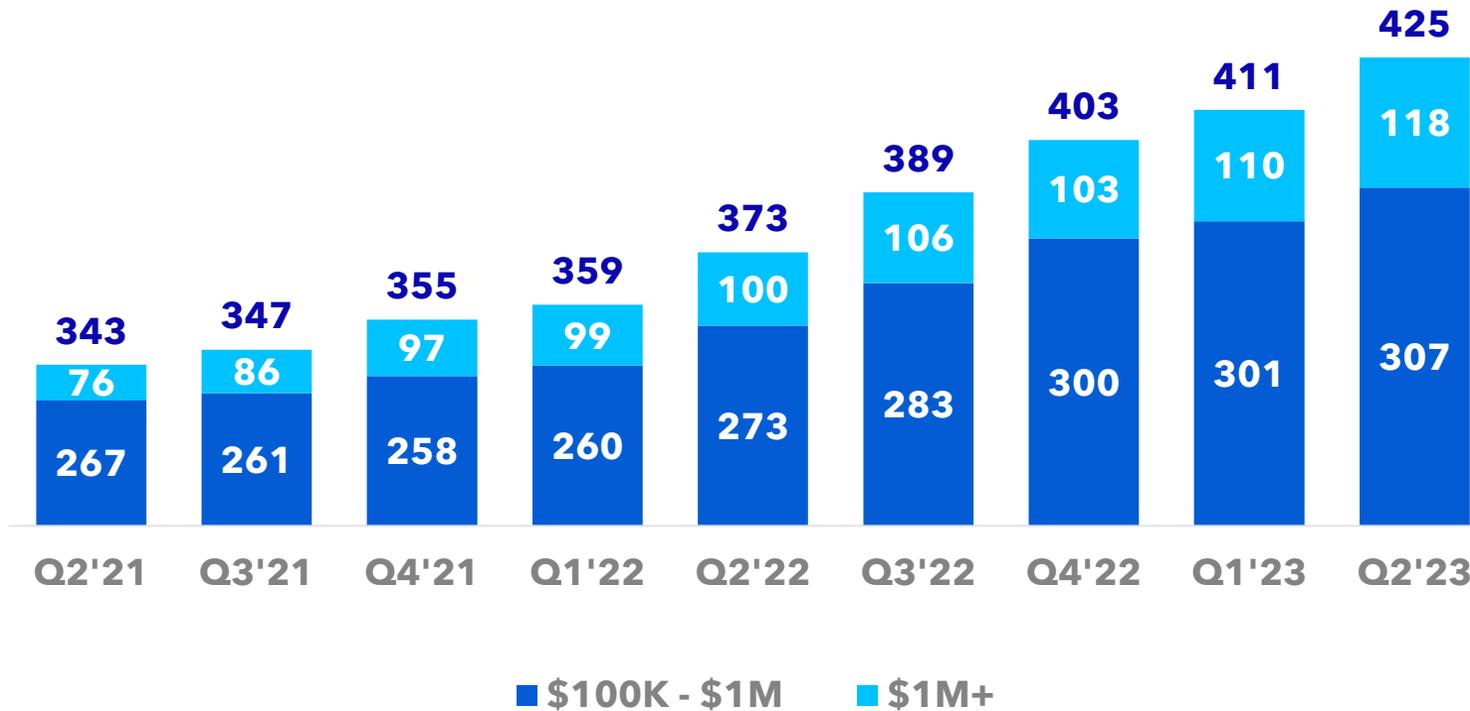


See slide 30 for footnote definitions

See appendix for definitions of non-GAAP metrics used herein and reconciliations to the most directly comparable GAAP metric

Scaled Customer Count is Tracking Ahead of the Zeta 2025 Target

9 Consecutive Quarters of Sequential Scaled Customer Expansion



2Q'23 Y/Y Growth:
14%

ZETA 2025 MODELED CAGR:
7%

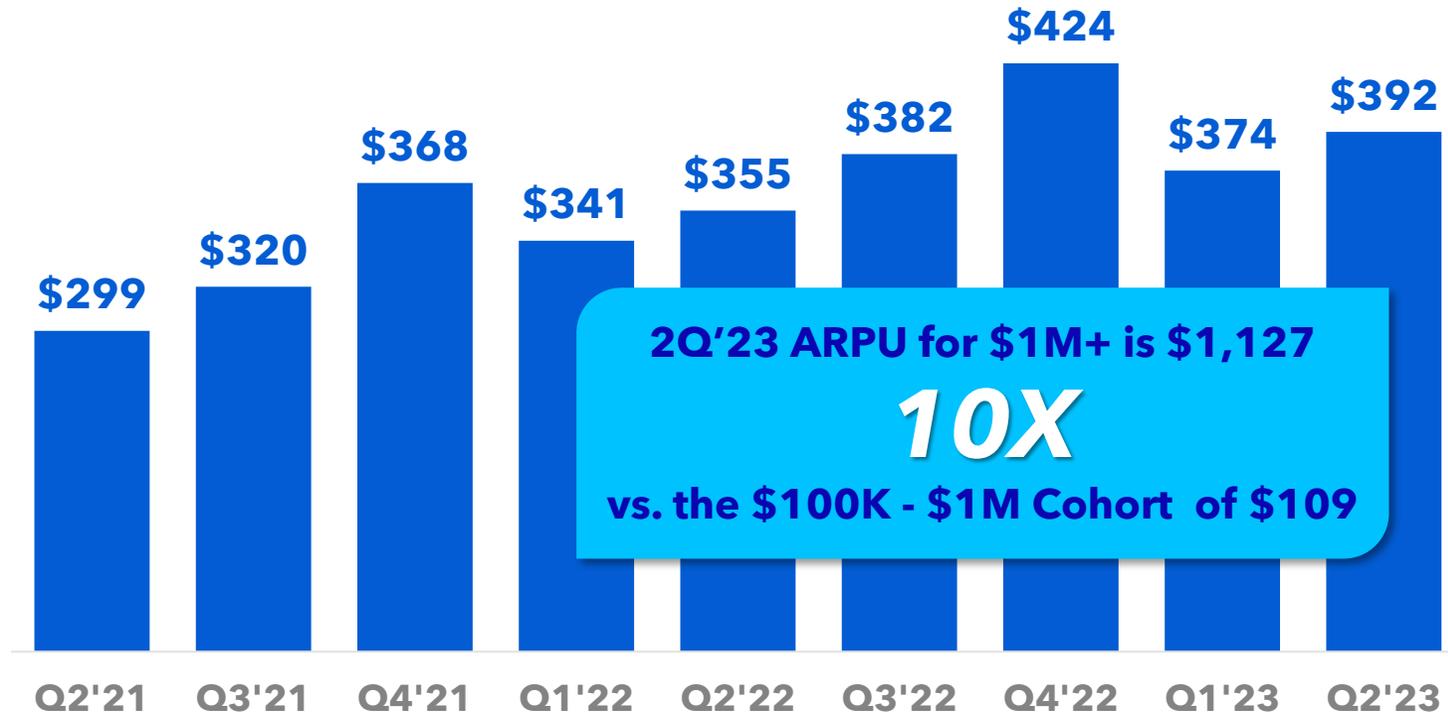
See slide 30 for footnote definitions

See appendix for definitions of non-GAAP metrics used herein and reconciliations to the most directly comparable GAAP metric

12th Consecutive Quarter of Double-digit Scaled Customer ARPU Growth

Y/Y ARPU Growth %

45% 23% 10% 18% 19% 19% 15% 10% 10%



2Q'23 Y/Y Growth:

10%

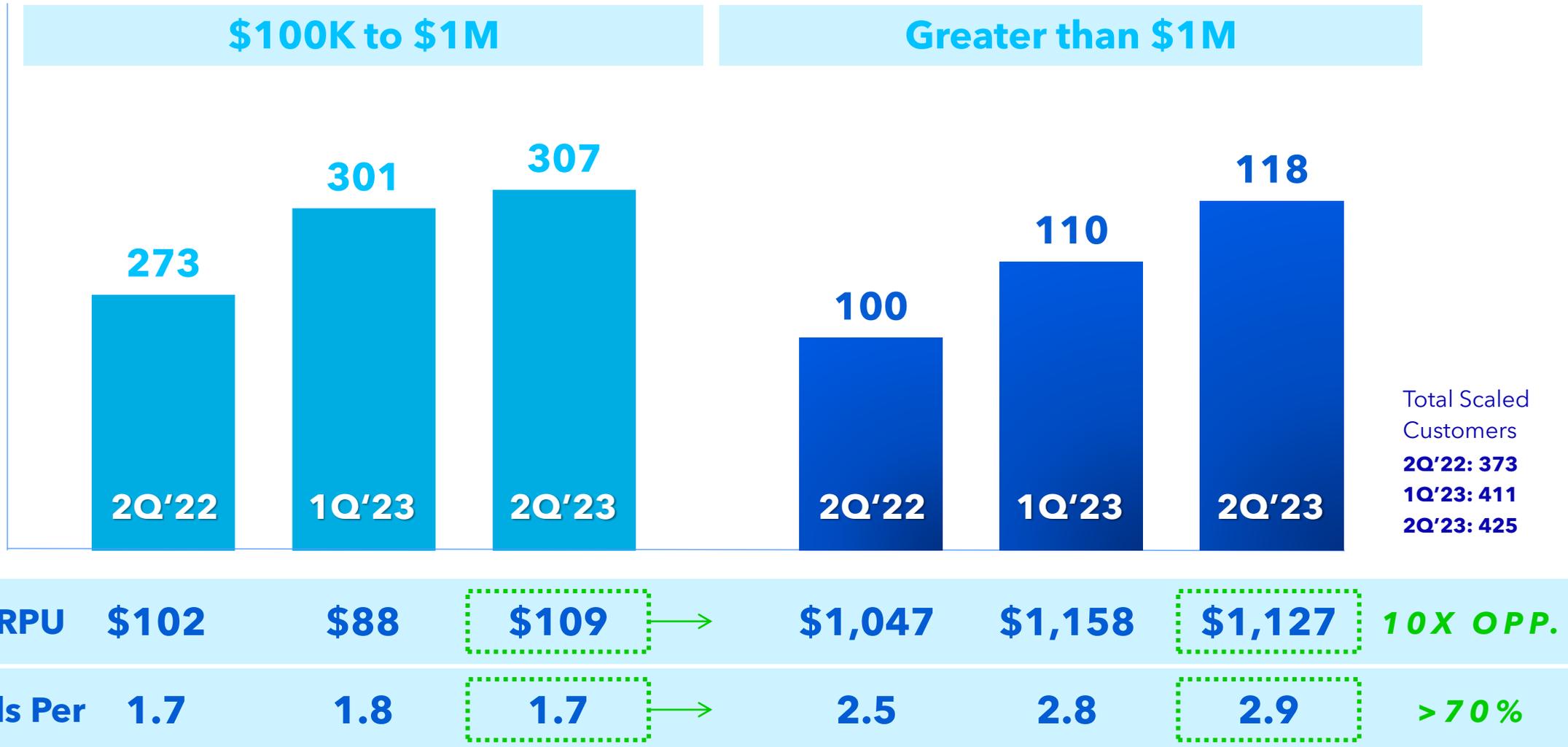
ZETA 2025 MODELED CAGR:

14%

See slide 30 for footnote definitions | \$ in '000s, unless otherwise noted

See appendix for definitions of non-GAAP metrics used herein and reconciliations to the most directly comparable GAAP metric

Multi-Channel Adoption by Scaled Customers is Driving ARPU Expansion



See slide 30 for footnote definitions | \$ in '000s, unless otherwise noted

See appendix for definitions of non-GAAP metrics used herein and reconciliations to the most directly comparable GAAP metric

The Longer Our Customers Stay With Us, The Bigger They Become

FY'22 Scaled Customer ARPU

- ★ ~90% Revenue driven by scaled customers who have been with Zeta >1 year
- ★ Proven ability to scale pilots in year 1

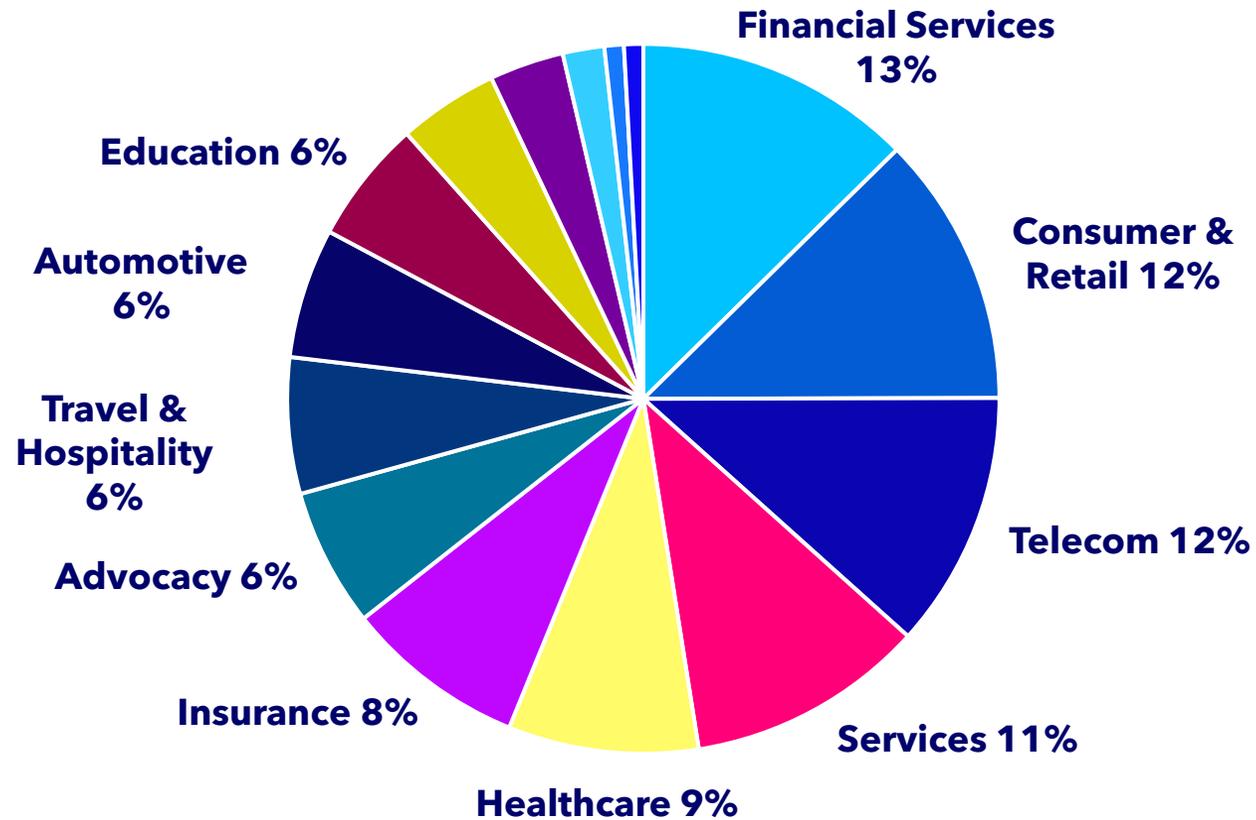


| | <1 Year | 1-3 Years | 3+ Years |
|-------------------------|---------|-----------|----------|
| Scaled Customer Count | 77 | 112 | 214 |
| Scaled Customer Revenue | \$52M | \$158M | \$367M |

See slide 30 for footnote definitions | The data on this slide is as of 12/31/22

Zeta Is Well-diversified Across a Wide Range of Verticals

FY 2022 REVENUE BY VERTICAL



WELL DIVERSIFIED CUSTOMER SET

- Broad coverage across verticals
- 6 of top 10 verticals grew greater than 25% in 2022
- Largest customer accounts for ~5% of revenue
- The majority of the 48 scaled customers added in 2022 came from Consumer & Retail, Healthcare, Advertising & Marketing, and Technology & Media

See slide 30 for footnote definitions | The data on this slide is as of 12/31/22

3Q'23, 4Q'23 & FY'23 Guidance

Guidance: Balanced Growth and Operating Leverage

| | 1Q'23 Actuals* | 2Q'23 Actuals | 3Q'23 Guidance | 4Q'23 Guidance | FY'23 Guidance |
|--|-------------------|------------------|-------------------|-------------------|-------------------|
| 2023 Revenue Actuals & Prior Guidance | \$157.6M | \$162.0M | \$176.0M | \$205.0M | \$700.6M |
| + M&A Revenue | +\$0.8M | +\$1.8M | +\$1.5M | +\$1.5M | +\$5.6M |
| + Additional Upside / Raise | (\$0.8M) | +\$8.0M | +\$1.5M | - | +\$8.7M |
| 2023 Revenue Actuals & New Guidance | \$157.6M | \$171.8M | \$179.0M | \$206.5M | \$714.9M |
| Y/Y Growth % | 25% | 25% | 18% | 18% | 21% |
| 2023 Adj. EBITDA Prior Guidance | \$24.0M | \$24.5M | \$30.0M | \$41.2M | \$119.7M |
| + Additional Upside / Raise | - | \$2.3M | +\$2.0M | +\$0.5M | +\$4.8M |
| 2023 Adj. EBITDA Actuals & New Guidance | \$24.0M | \$26.8M | \$32.0M | \$41.7M | \$124.5M |
| Adj. EBITDA Margin % | 15.3% | 15.6% | 17.9% | 20.2% | 17.4% |
| BPS Change Y/Y | 40 BPS | 210 BPS | 320 BPS | 170 BPS | 180 BPS |

* Initial 1Q'23 Guidance midpoint was \$150M in revenue and \$22.6M in Adjusted EBITDA

These are not projections; they are goals/targets and are forward-looking, subject to significant business, economic, and competitive uncertainties and contingencies, many of which are beyond the control of the Company and its management and are based upon assumptions with respect to future decisions, which are subject to change. Actual results may vary, and those variations may be material. Nothing in this presentation should be regarded as a representation by any person that these goals/targets will be achieved, and the Company undertakes no duty to update its goals.

We calculate forward-looking non-GAAP Adjusted EBITDA and Adjusted EBITDA margin based on internal forecasts that omit certain amounts that would be included in forward-looking GAAP net income (loss). We do not attempt to provide a reconciliation of forward-looking non-GAAP Adjusted EBITDA and Adjusted EBITDA margin guidance to forward looking GAAP net income (loss) because forecasting the timing or amount of items that have not yet occurred and are out of our control is inherently uncertain and unavailable without unreasonable efforts. Further, we believe that such reconciliations would imply a degree of precision and certainty that could be confusing to investors. Such items could have a substantial impact on GAAP measures of financial performance.

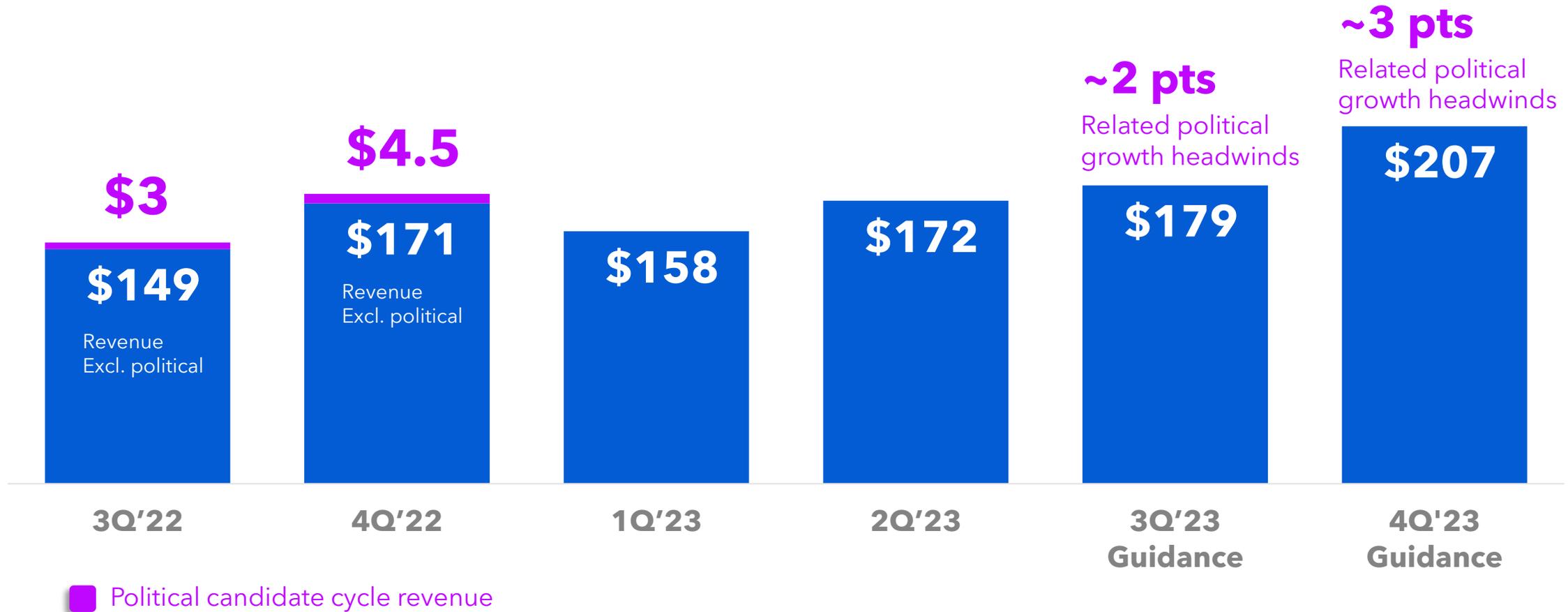
Guidance Midpoints

| | 3Q'23 Guidance Range | FY'23 Guidance Range | 3Q'23 Guidance Midpoint | FY'23 Guidance Midpoint |
|---------------------------------|----------------------------|----------------------------|-------------------------------|-------------------------------|
| Total Zeta Revenue | \$177M - \$181M | \$712M - \$718M | \$179M | \$715M |
| <i>% Growth Y/Y</i> | 16% - 19% | 20% - 21% | 18% | 21% |
| Adj. EBITDA¹ | \$31.7M - \$32.2M | \$124.2M - \$124.8M | \$32.0M | \$124.5M |
| <i>% Growth Y/Y</i> | 41% - 44% | 35% - 35% | 43% | 35% |
| Adj. EBITDA Margin ¹ | 17.5% - 18.2% | 17.3% - 17.5% | 17.9% | 17.4% |
| BPS Change Y/Y | 280 BPS - 350 BPS | 170 BPS - 190 BPS | 320 BPS | 180 BPS |

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Anticipating ~2 to 3 Pts of Growth Headwind in 2H'23 from Prior Year Political Candidate Revenue Comparison



Estimated Stock-based Compensation Expense

| Stock Compensation Expense (\$M) | FY'22 | 1Q'23 | 2Q'23 | FY'23E | FY'24E | FY'25E | FY'26E | FY'27E |
|------------------------------------|----------------|---------------|---------------|---|--------|--------|--------|--------|
| 1 Pre-IPO | \$242.4 | \$43.0 | \$36.9 | \$143.9 | \$74.8 | \$31.3 | \$4.5 | \$0.1 |
| 2 + Post-IPO Grants Issued to Date | \$56.5 | \$21.5 | \$20.7 | \$89.1 | \$60.3 | \$33.2 | \$20.1 | \$7.2 |
| 3 + New Grants to be Issued | | | | + Expect to issue 6-8M shares annually | | | | |
| P&L Expense | \$298.9 | \$64.5 | \$57.6 | Total = 1 + 2 + 3 | | | | |

Notes:

1) All amounts shown above are in \$ millions.

2) Stock-based compensation shown above are estimates.

3) The stock-based compensation estimate presented here is based on the unvested stock as of 06/30/2023 and does not include any future grants. Further, the Company estimates to grant approximately 6M-8M restricted stock on an annual, go-forward basis.

| Number of shares | 2Q'23 |
|--------------------------|-------|
| Basic (weighted average) | 154.6 |
| Fully Diluted * | 216.3 |

*Since the Company is in a net loss position, the diluted shares have not been considered for EPS calculations as they are anti-dilutive.

The Market is Moving To Zeta

The Zeta Value Proposition is Resonating in the Market

Enabling Enterprises to Identify, Reach, and Engage Consumers Across Channels

WHAT MARKETERS NEED

WHAT ZETA DELIVERS

EASIER



All-in One Platform

FASTER



Rapid Time-to-Value

BETTER



50% Greater ROI¹⁰



Proprietary
Data Cloud



Patented
Software & AI



Omnichannel
Activation

Solving for 3 Primary Use Cases: **Acquire, Grow, and Retain Customers**

See slide 30 for footnote definitions

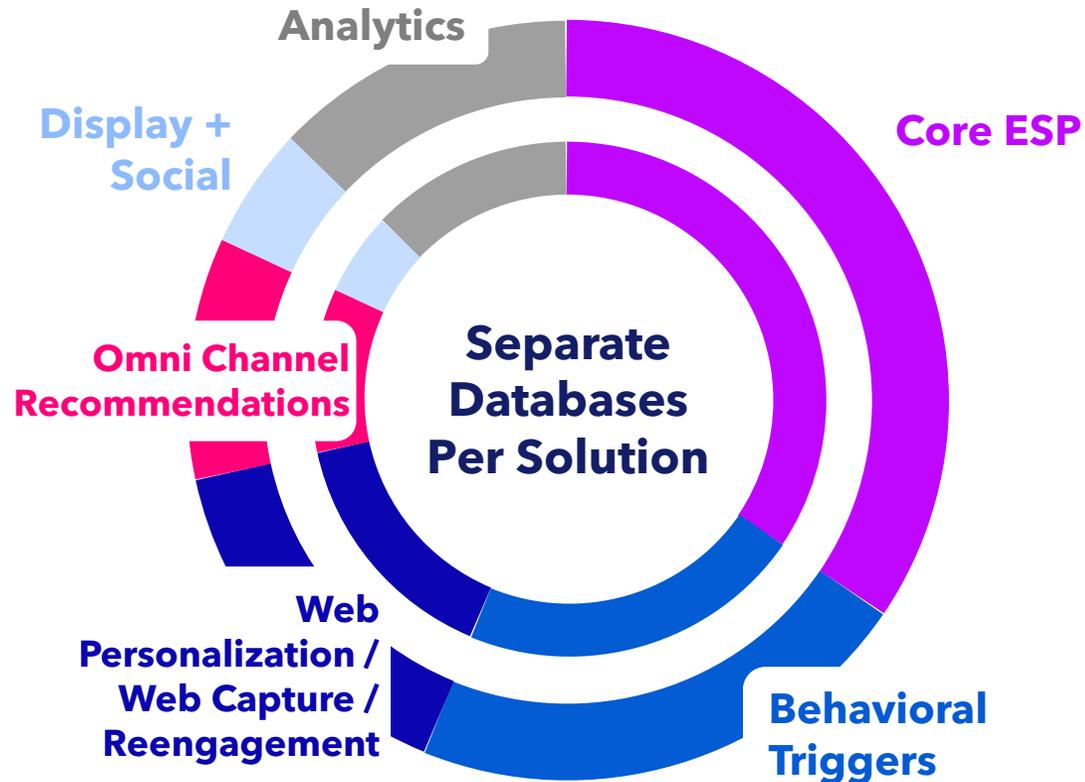
Marketing Cloud Competitive Landscape

Zeta Has Proprietary Data, Patented Software and AI, and Omnichannel Activation Capabilities All In A Single Platform

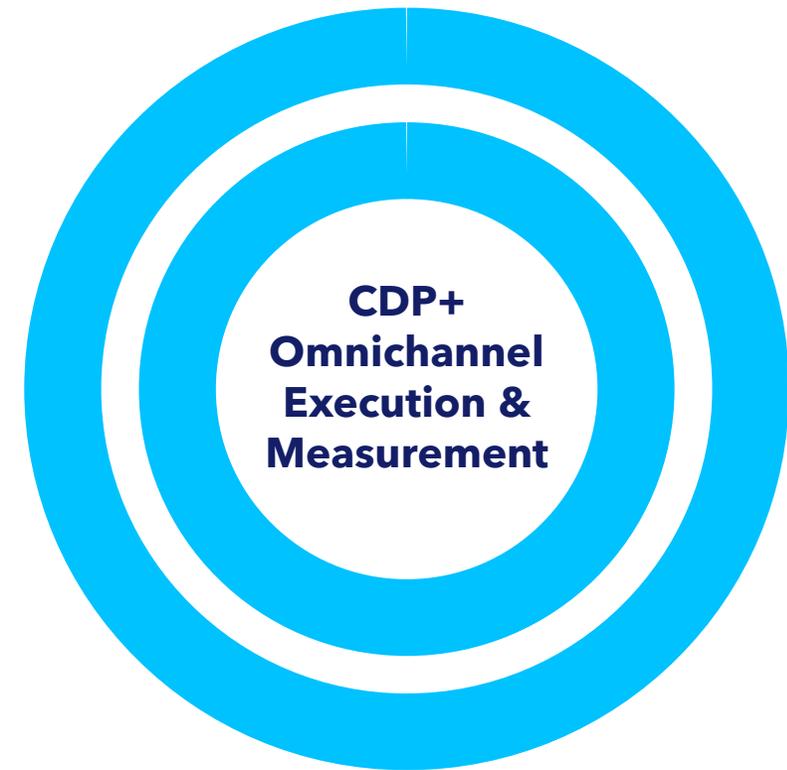
| | Software, Data & Activation | Software | | |
|--------------------------------------|-----------------------------|-----------------------------|----------------------------------|---------------------------|
| | ZETA | Adobe neolane Marketo | ORACLE [®] responsys | salesforce ExactTarget |
| Proprietary Identity Data | ● | ○ | ◐ | ○ |
| Marketing Automation Software and AI | ● | ● | ● | ● |
| Omnichannel Activation Capabilities | ● | ◐ | ◐ | ◐ |

The Zeta Marketing Platform Consolidates the Ad-tech and Mar-tech Stack, Allowing for a Greater Share of Wallet

Typical Brand AdTech and MarTech Stack



Zeta Marketing Platform



Transforming Non-Addressable Audiences into Addressable Channels

How Zeta helped a leading pharma brand reach in-market prospects to improve ROI

Identified households exposed to a linear TV ad for a new medication & compared audiences against individuals with in-market signals for the medication



Zeta **Identified households exposed to the brand's linear TV ad** and matched those households to Zeta's ID Graph to identify **individual consumers with in-market signals**



Identified Households who saw the TV ad

Vs.



Consumer in the market for the medication

Zeta's Deterministic Prospect Audience

Identified 36M additional consumers who were in-market for a new medication and reachable on addressable channels while eliminating wasted spend

Wasted linear Ad spend

on consumers who aren't in the market for the medication

+

35.9M

Missed Audience

In market prospects who weren't exposed to Ad

Helped the brand be smarter with their marketing strategy and spend by choosing addressable channels where prospects are engaged, like CTV



Helped make **smarter decisions on their linear TV spend** by identifying what channels to reach prospects



Helped **reach underserved multi-cultural and younger audiences** on addressable channels like CTV



Helped **refine the messaging** based on unique individuals' interest & intent

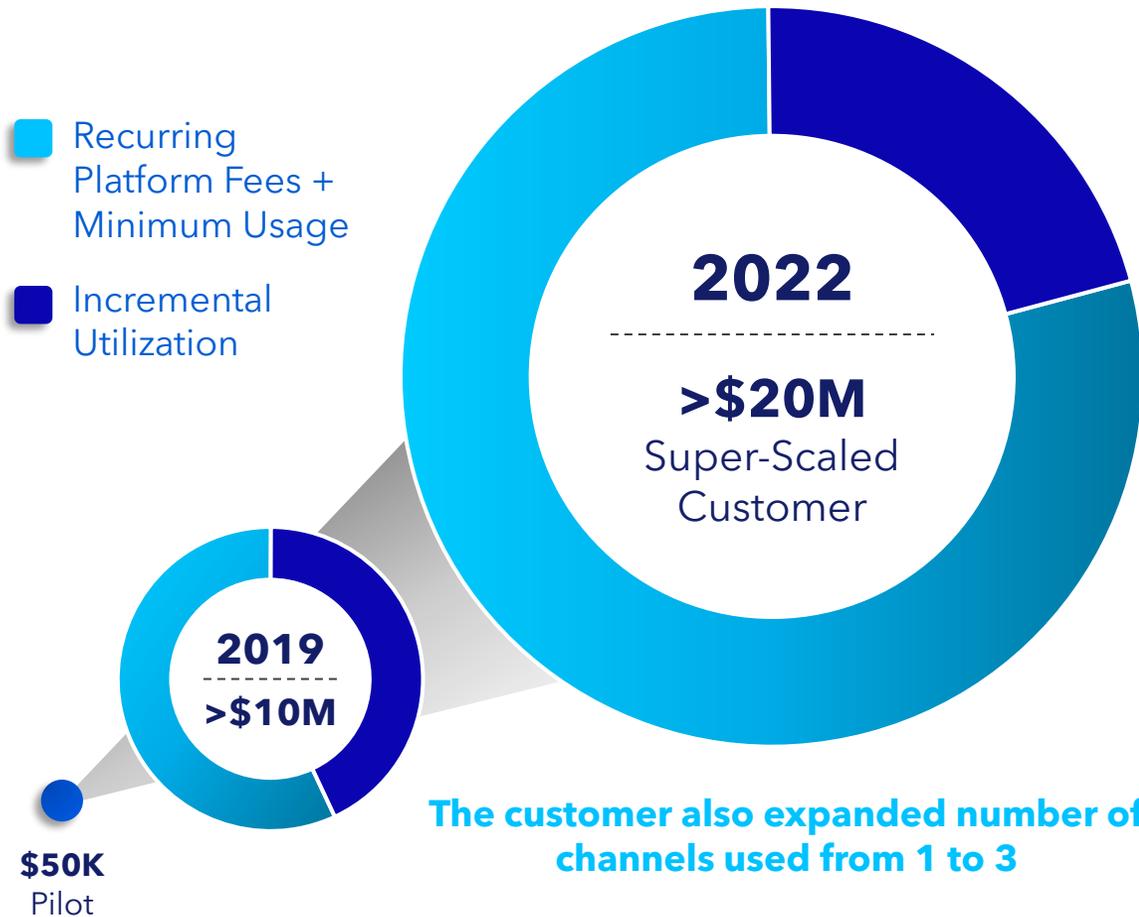
Zeta Eliminated Wasted Linear TV Spend, Improved Targeting, Identified New Audiences, Resulting in a Higher ROI



CASE STUDY:
ACQUIRE
Insurance Customer

ZMP Helps Customers Realize A Strong ROI

Zeta's Revenue Scales With Platform Expansion



LAND

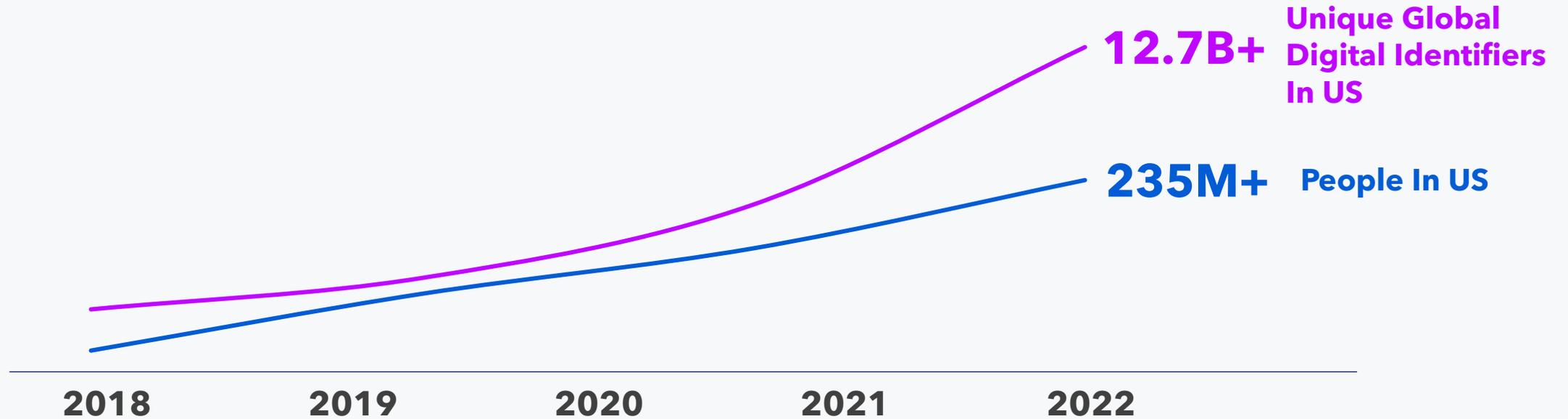
- Started as **\$50k pilot**
- Started with **1 channel & 1 use case**
- **Started as a spoke** in the customer's \$2B+ marketing ecosystem

EXPAND

- **Reduced** Customer Acquisition Cost (**CAC**) by **>150%**
- Expanded into **3 channels**
- Committed to **larger annual spend**

Our Data Is Durable

In an Evolving Data Privacy Environment, Zeta's Proprietary Identity Data Set has Consistently Grown



Data Privacy Regulation & Browser Updates



GDPR



Apple ITP
2.1/2.2



TCF 2.0



Google
SameSite



CCPA



Apple
IDFA

The data on this slide is as of 12/31/22

3 Pillars of Zeta's Data Cloud



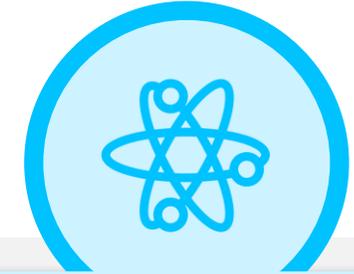
IDENTITY

Create a real-time 360-degree view of an individual using durable identifiers from multiple sources



SIGNALS

Capture interest and intent through Artificial Intelligence to enrich customer data sets



CONNECTIVITY

Attach identity to an individual and activate to deliver personalized experiences at scale



Click [Here](#) for a Video Series of Commonly Asked Questions About the Zeta Data Cloud Including Use Cases

A Leading Marketing Platform Provider

ANALYST ACCOLADES

Now Tech, Customer Data Platforms¹¹: Zeta is one of 5 CDPs in the large market presence segment and recognized as an Automation CDP, which provide a campaign design interface, natively execute campaigns such as email and mobile messaging, and embed a decision engine to automate campaign orchestration.



CUSTOMER
DATA PLATFORM
INSTITUTE



Certified Zeta's CDP as a 'Real CDP' in the most advanced 'Delivery CDP' level with perfect scores across all evaluation criteria.¹²

THE FORRESTER WAVE™, 13

THE FORRESTER WAVE™

Email Marketing Service Providers

Q1 2022



*A gray bubble or open dot indicates a nonparticipating vendor.

Source: Forrester Research, Inc. Unauthorized reproduction, citation, or distribution prohibited.

See slide 30 for footnote definitions

The Importance of An Effective Integrator

Zeta recently commissioned a study with Forrester Consulting that revealed almost **half of marketers do not trust the reliability of their data due to fragmented tools**, finding that marketers must invest in integrated platforms to deliver superior consumer experiences and increase revenues.

84% of respondents have over 10 tools, and 40% have over 15.

🔗 **Too many tools lead to negative impacts for CX and the bottom line.**

57% of respondents are forced to manually analyze data for actionable insights across disparate tools & only half are confident in their data's security.

🔗 **A lack of integration hinders optimal data utilization, resulting in an inconsistent view of customers and data activation problems.**

55% of respondents have lost revenue due to extended campaign time to market as a result of having a poorly integrated customer data strategy.

🔗 **Inefficient data practices reduce productivity, security, and revenue.**

To provide the best CX, marketers need to reduce Mar-Tech complexity; With integrated solutions providing the best customer data management, user experience, and connected activation, marketers can improve the relationship between customer and business and accelerate brand growth.

ZETA LIVE '23

September 27th & September 28th, 2023

Wed 9/27: Investor Event | 8-12PM

- **Customer Journey & Competitive Edge:** Come away with an even better understanding of a customer journey and Zeta's platform differentiation including how our deep roots in AI lead to better Intelligence
- **Leadership Roundtables:** Have an opportunity to speak with many of Zeta's Executive Leaders
- **Financial Discussion:** Hear from Zeta's CFO on progress towards the Zeta 2025 plan and the KPIs powering performance

Thurs 9/28: Zeta Live Conference | All-day

- **Exceptional Talent:** Industry experts and luminaries from world-class brands; C-Suite, Marketing Leaders, and more
- **Exclusive Content:** Previews of the Zeta Marketing Platform and Data Cloud long-term vision, and up-close demos of product innovations
- **Enhanced Venue:** State-of-the-art event space in the Times Building in NYC with 2 stages, networking areas, private 1:1 space

Appendix

Footnotes

- 1** | 2Q'23 GAAP net loss of \$52M, or 30% of revenue, includes \$58M of stock-based compensation. See the graded vesting schedule on slide 17.
- 2** | Adjusted EBITDA, Adjusted EBITDA Margin, and Free Cash Flow are non-GAAP metrics, see reconciliations in the Appendix.
- 3** | The financial targets of the Zeta 2025 Plan include generating in excess of \$1 billion in annual revenue with at least \$200 million in Adjusted EBITDA and FCF of \$110 million by 2025. These are based on a number of assumptions that are subject to change and many of which are outside the control of the Company. If actual results vary from these assumptions, the Company's expectations may change. There can be no assurance that the Company will achieve these results.
- 4** | We define scaled customers as customers from which we generate at least \$100,000 of revenue on a trailing twelve-month (TTM) basis.
- 5** | We define super scaled customers, which is a subset of scaled customers, as customers from which we generate at least \$1,000,000 of revenue on a trailing twelve-month (TTM) basis.
- 6** | We calculate the scaled customer average revenue per user ("ARPU") as revenue for the corresponding period divided by the average number of scaled customers during that period. We believe that scaled customer ARPU is useful for investors because it is an indicator of our ability to increase revenue and scale our business.
- 7** | We calculate the super-scaled customer average revenue per user ("ARPU") as revenue for the corresponding period divided by the average number of super-scaled customers during that period. We believe that super-scaled customer ARPU is useful for investors because it is an indicator of our ability to increase revenue and scale our business.
- 8** | Direct Platform Revenue Mix: Percent of revenue generated by the ZMP comprised of subscription software and utilization fees generated by channels owned and operated by Zeta, resulting in stronger operating leverage.
- 9** | Calculations are based on initial guidance considerations given on February 23, 2023; At that time, FY Revenue and Adjusted EBITDA were guided to \$691M and \$117.4 respectively.
- 10** | 2021 Forrester Consulting Total Economic Impact study
- 11** | Forrester Now Tech: Customer Data Platforms, Q1 2022
- 12** | RealCDP Certificate granted upon completion of a comprehensive evaluation that met all qualifications set forth by the CDP Institute in Q1 2022
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Non-GAAP Measures

In order to assist readers in understanding the core operating results that our management uses to evaluate the business, we describe our non-GAAP measures referenced in this presentation below. We believe these non-GAAP measures are useful to investors in evaluating our performance by providing an additional tool for investors to use in comparing our financial performance over multiple periods.

Adjusted EBITDA: is a non-GAAP financial measure defined as net loss adjusted for interest expense, depreciation and amortization, stock-based compensation, income tax (benefit) / provision, acquisition related expenses, restructuring expenses, change in fair value of warrants and derivative liabilities, certain dispute settlement expenses, gain on extinguishment of debt, certain non-recurring IPO related expenses, including the payroll taxes related to vesting of restricted stock and restricted stock units upon the completion of the IPO, and other expenses. Acquisition related expenses and restructuring expenses primarily consist of severance and other employee-related costs which we do not expect to incur in the future as acquisitions of businesses may distort the comparability of the results of operations. Change in fair value of warrants and derivative liabilities is a non-cash expense related to periodically recording “mark-to-market” changes in the valuation of derivatives and warrants. Other expenses consist of non-cash expenses such as changes in fair value of acquisition related liabilities, gains and losses on extinguishment of acquisition related liabilities, gains and losses on sales of assets and foreign exchange gains and losses. In particular, we believe that the exclusion of stock-based compensation, certain dispute settlement expenses and non-recurring IPO related expenses that are not related to our core operations provides measures for period-to-period comparisons of our business and provides additional insight into our core controllable costs. We exclude these charges because these expenses are not reflective of ongoing business and operating results.

Adjusted EBITDA margin: is a non-GAAP financial measure defined as Adjusted EBITDA divided by the total revenues for the same period.

Free Cash Flow: is a non-GAAP financial measure defined as cash from operating activities, less capital expenditures and website and software development costs, adjusted for the effect of exchange rates on cash and cash equivalents.

Adjusted EBITDA, Adjusted EBITDA margin, and Free Cash Flow provide us with useful measures for period-to-period comparisons of our business as well as comparison to our peers. We believe that these non-GAAP financial measures are useful to investors in analyzing our financial and operational performance. Nevertheless our use of Adjusted EBITDA, Adjusted EBITDA margin, and Free Cash Flow has limitations as an analytical tool, and you should not consider these measures in isolation or as a substitute for analysis of our financial results as reported under GAAP. Other companies may calculate similarly-titled non-GAAP financial measures differently than us, thereby limiting the usefulness of these non-GAAP financial measures as a comparative tool. Because of these and other limitations, you should consider our non-GAAP measures only as supplemental to other GAAP-based financial performance measures, including revenues and net loss.

We calculate forward-looking Adjusted EBITDA, Adjusted EBITDA margin, and Free Cash Flow based on internal forecasts that omit certain amounts that would be included in forward-looking GAAP net income (loss). We do not attempt to provide a reconciliation of forward-looking Adjusted EBITDA, Adjusted EBITDA margin, and Free Cash Flow guidance and targets to forward looking GAAP net income (loss), GAAP net income (loss) margin or cash flows from operating activities, respectively, because forecasting the timing or amount of items that have not yet occurred and are out of our control is inherently uncertain and unavailable without unreasonable efforts. Further, we believe that such reconciliations would imply a degree of precision and certainty that could be confusing to investors. Such items could have a substantial impact on GAAP measures of financial performance.

Bridge To Adjusted EBITDA And Adjusted EBITDA Margin

\$ in '000s, unless otherwise noted

| | 2Q'23 | 2Q'22 | 1H'23 | 1H'22 |
|---|-------------------|-------------------|--------------------|--------------------|
| Net loss | \$(52,159) | \$(86,009) | \$(109,114) | \$(158,046) |
| Net loss margin | 30.4% | 62.6% | 33.1% | 60.0% |
| Depreciation and amortization | 12,596 | 13,315 | 24,421 | 26,081 |
| Stock-based compensation | 57,612 | 82,335 | 122,074 | 156,071 |
| Other expenses | 2,838 | 5,696 | 4,702 | 10,969 |
| Restructuring expenses | 2,845 | - | 2,845 | - |
| Acquisition related expenses | - | - | 203 | 344 |
| Interest expense | 2,797 | 1,666 | 5,245 | 2,964 |
| Change in fair value of warrants and derivative liabilities | - | 1,215 | - | 1,215 |
| Income tax provision / (benefit) | 309 | 343 | 507 | (2,256) |
| Adjusted EBITDA | \$26,838 | \$18,561 | \$50,883 | \$37,342 |
| Adjusted EBITDA margin | 15.6% | 13.5% | 15.4% | 14.2% |

Free Cash Flow Reconciliation

\$ in '000s, unless otherwise noted

| | 2Q'23 | 2Q'22 | 1H'23 | 1H'22 |
|--|-----------------|-----------------|-----------------|-----------------|
| Cash Flows from Operating Activities | \$20,629 | \$14,667 | \$40,733 | \$35,850 |
| Capital expenditures | (3,786) | (4,768) | (8,950) | (11,511) |
| Website and software development costs | (4,006) | (4,121) | (8,906) | (8,586) |
| Effect of exchange rate changes on cash and cash equivalents | 133 | 398 | 101 | 166 |
| Free Cash Flow | \$12,970 | \$6,176 | \$22,978 | \$15,919 |