REFINITIV

DELTA REPORT

10-Q

MRIN - MARIN SOFTWARE INC

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1063
CHANGES	198
DELETIONS	530
ADDITIONS	335

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, March 31, 2023 2024

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: 001-35838

Marin Software Incorporated
(Exact Name of Registrant as Specified in Its Charter)

Delaware	**20-4647180**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**
149 New Montgomery Street, 4th Floor San Francisco, California	**94105**
(Address of Principal Executive Offices)	**(Zip Code)**

(415) 399-2580

(Registrant's Telephone Number, Including Area Code)

(Former name, former address and former fiscal year, if changed since last report)

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, $0.001 Par Value Per Share	**MRIN**	**The Nasdaq Capital Market**

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

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

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
Emerging growth company	☐		

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

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

As of October 27, 2023 April 26, 2024, the registrant had 18,040,585 3,106,361 shares of common stock outstanding.

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited)

MARIN SOFTWARE INCORPORATED Marin Software Incorporated

CONDENSED CONSOLIDATED BALANCE SHEETS Condensed Consolidated Balance Sheets

(Unaudited)

(in thousands, except par value)

	At September 30, 2023	At December 31, 2022*	At March 31, 2024	At December 31, 2023*
Assets				
Current assets:				
Cash and cash equivalents	$ 13,597	$ 27,957	$ 9,563	$ 11,363
Accounts receivable, net	4,026	4,521	3,422	3,864
Prepaid expenses and other current assets	1,437	2,016	1,386	1,548
Total current assets	19,060	34,494	14,371	16,775
Property and equipment, net	3,514	3,213	118	120
Right-of-use assets, operating leases	2,278	3,844	1,613	1,912
Other non-current assets	486	533	504	508
Total assets	$ 25,338	$ 42,084	$ 16,606	$ 19,315
Liabilities and Stockholders' Equity				
Current liabilities:				
Accounts payable	$ 1,035	$ 1,011	$ 609	$ 664

Accrued expenses and other current liabilities	2,518	3,513	1,820	2,099
Operating lease liabilities	1,496	1,645	1,613	1,518
Total current liabilities	5,049	6,169	4,042	4,281
Operating lease liabilities, non-current	782	2,199	—	394
Other long-term liabilities	989	1,002	980	1,001
Total liabilities	6,820	9,370	5,022	5,676
Commitments and contingencies (Note 13)				
Stockholders’ equity:				
Common stock, $0.001 par value - 142,857 shares authorized, 18,035 and 17,226 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively	18	17		
Commitments and contingencies (Note 9)				
Stockholders’ equity (1):				
Convertible preferred stock, $0.001 par value - 10,000 shares authorized, no shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively			—	—
Common stock, $0.001 par value - 47,619 shares authorized, 3,061 and 3,011 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively			3	3
Additional paid-in capital	358,452	355,996	359,234	358,884
Accumulated deficit	(338,988)	(322,334)	(346,662)	(344,251)
Accumulated other comprehensive loss	(964)	(965)	(991)	(997)
Total stockholders’ equity	18,518	32,714	11,584	13,639
Total liabilities and stockholders’ equity	$ 25,338	$ 42,084	$ 16,606	$ 19,315

*Derived from the Company’s audited consolidated financial statements as of December 31, 2022 December 31, 2023.

(1) The shares of common stock, par value of common stock issued and outstanding, and additional paid-in capital amo for all periods presented have been retroactively adjusted to reflect the one-for-six reverse stock split of the Compa issued and outstanding common stock and the reduction in the Company's authorized common stock which took effec April 12, 2024 (Note 1).

See accompanying notes to the condensed consolidated financial statements.

MARIN SOFTWARE INCORPORATED Marin Software Incorporated

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS Condensed Consolidated Statements of Comprehensive Loss

(Unaudited)

(in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	**2022**	**2023**	**2022**	**2024**	**2023**
Revenues, net	$ 4,438	$ 4,977	$ 13,381	$ 14,858	$ 4,031	$ 4,583
Cost of revenues	3,087	3,181	9,501	9,712	1,743	3,240
Gross profit	1,351	1,796	3,880	5,146	2,288	1,343
Operating expenses						
Sales and marketing	1,482	1,660	5,442	5,035	1,250	2,025

Research and development	2,860	3,034	8,599	8,931	1,881	2,942
General and administrative	2,119	2,923	6,897	7,937	1,684	2,336
Total operating expenses	6,461	7,617	20,938	21,903	4,815	7,303
Loss from operations	(5,110)	(5,821)	(17,058)	(16,757)	(2,527)	(5,960)
Other income, net	158	190	598	3,889	104	225
Loss before income taxes	(4,952)	(5,631)	(16,460)	(12,868)	(2,423)	(5,735)
Provision for income taxes	2	105	194	241		
Provision for (benefit from) income taxes					(12)	48
Net loss	(4,954)	(5,736)	(16,654)	(13,109)	(2,411)	(5,783)
Foreign currency translation adjustments	25	42	1	83	6	(5)
Comprehensive loss	$ (4,929)	$ (5,694)	$ (16,653)	$ (13,026)	$ (2,405)	$ (5,788)
Net loss per share available to common stockholders, basic and diluted (Note 11)	$ (0.28)	$ (0.36)	$ (0.95)	$ (0.83)		
Weighted-average shares used to compute net loss per share available to common stockholders, basic and diluted	17,912	16,030	17,522	15,741		
Net loss per share available to common stockholders, basic and diluted (1) (Note 7)					$ (0.80)	$ (2.01)

Weighted-average shares used to compute net loss per share available to common stockholders, basic and diluted (1)	3,024	2,873

(1) All share and per share amounts of our common stock for all periods presented have been retroactively adjusted to re the one-for-six reverse stock split of the Company's issued and outstanding common stock which took effect on April 2024 (Note 1).

See accompanying notes to the condensed consolidated financial statements.

Marin Software Incorporated

Condensed Consolidated Statements of Stockholders' Equity

(Unaudited)

(in thousands)

	Three Months Ended March 31, 2024					
	Common Stock					
	Shares (1)	**Par Value** (1)	**Additional Paid-In Capital** (1)	**Accumulated Deficit**	**Accumulated Other Comprehensive Loss**	**Total Stockholders' Equity**
Balances at December 31, 2023	3,011	$ 3	$ 358,884	$ (344,251)	$ (997)	$ 13,639
Issuance of common stock from vesting of restricted stock units (Note 6)	50	—	—	—	—	—
Tax withholding related to vesting of restricted stock units	—	—	(63)	—	—	(63)
Stock-based compensation expense	—	—	413	—	—	413
Net loss	—	—	—	(2,411)	—	(2,411)
Foreign currency translation adjustments	—	—	—	—	6	6
Balances at March 31, 2024	3,061	$ 3	$ 359,234	$ (346,662)	$ (991)	$ 11,584
	Three Months Ended March 31, 2023					

	Common Stock					
	Shares (1)	Par Value (1)	Additional Paid-In Capital (1)	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balances at December 31, 2022	2,871	$ 3	$ 356,010	$ (322,334)	$ (965)	$ 32,714
Issuance of common stock from vesting of restricted stock units (Note 6)	2	—	—	—	—	—
Tax withholding related to vesting of restricted stock units	—	—	(10)	—	—	(10)
Stock-based compensation expense	—	—	1,069	—	—	1,069
Net loss	—	—	—	(5,783)	—	(5,783)
Foreign currency translation adjustments	—	—	—	—	(5)	(5)
Balances at March 31, 2023	2,873	$ 3	$ 357,069	$ (328,117)	$ (970)	$ 27,985

(1) The shares of common stock, par value of common stock issued and outstanding, and additional paid-in capital amo for all periods presented have been retroactively adjusted to reflect the one-for-six reverse stock split of the Compa issued and outstanding common stock which took effect on April 12, 2024 (Note 1).

See accompanying notes to the condensed consolidated financial statements.

Marin Software Incorporated

Condensed Consolidated Statements of Cash Flows

(Unaudited)

(in thousands)

	Three Months Ended March 31,	
	2024	2023
Operating activities:		
Net loss	$ (2,411)	$ (5,783)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation	2	11

Amortization of internally developed software	—	419
Amortization of right-of-use assets	371	399
Amortization of deferred costs to obtain and fulfill contracts	87	94
Unrealized foreign currency losses	(1)	4
Stock-based compensation related to equity awards	413	1,032
Provision for credit losses	(10)	(279)
Deferred income tax benefits	3	—
Changes in operating assets and liabilities		
Accounts receivable	459	734
Prepaid expenses and other assets	81	232
Accounts payable	(55)	194
Accrued expenses and other liabilities	(297)	(350)
Operating lease liabilities	(371)	(399)
Net cash used in operating activities	(1,729)	(3,692)
Investing activities:		
Capitalization of internally developed software	—	(579)
Net cash used in investing activities	—	(579)
Financing activities:		
Employee taxes paid for withheld shares upon equity award settlement	(60)	(10)
Proceeds from employee stock purchase plan, net	—	18
Net cash provided by (used in) financing activities	(60)	8
Effect of foreign exchange rate changes on cash and cash equivalents	(11)	22
Net decrease in cash and cash equivalents	(1,800)	(4,241)
Cash and cash equivalents:		
Beginning of period	11,363	27,957
End of the period	$ 9,563	$ 23,716

See accompanying notes to the condensed consolidated financial statements.

MARIN SOFTWARE INCORPORATED

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(Unaudited)

(in thousands)

	Three Months Ended September 30, 2023					
	Common Stock					
	Shares	Par Value	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balances at June 30, 2023	17,723	$ 18	$ 358,259	$ (334,034)	$ (989)	$ 23,254
Issuance of common stock from vesting of restricted stock units (Note 7)	312	—	—	—	—	—
Tax withholding related to vesting of restricted stock units	—	—	(126)	—	—	(126)
Stock-based compensation expense	—	—	319	—	—	319
Net loss	—	—	—	(4,954)	—	(4,954)
Foreign currency translation adjustments	—	—	—	—	25	25
Balances at September 30, 2023	18,035	$ 18	$ 358,452	$ (338,988)	$ (964)	$ 18,518

	Three Months Ended September 30, 2022					
	Common Stock					
	Shares	Par Value	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balances at June 30, 2022	15,887	$ 16	$ 353,018	$ (311,480)	$ (1,003)	$ 40,551
Issuance of common stock from vesting of restricted stock units (Note 7)	215	—	—	—	—	—
Tax withholding related to vesting of restricted stock units	—	—	(300)	—	—	(300)
Stock-based compensation expense	—	—	984	—	—	984

Net loss	—	—	—	(5,736)	—	(5,736)
Foreign currency translation adjustments	—	—	—	—	42	42
Balances at September 30, 2022	16,102	$ 16	$ 353,702	$ (317,216)	$ (961)	$ 35,541

	Nine Months Ended September 30, 2023					
	Common Stock					
	Shares	Par Value	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balances at December 31, 2022	17,226	$ 17	$ 355,996	$ (322,334)	$ (965)	$ 32,714
Issuance of common stock from vesting of restricted stock units (Note 7)	796	1	—	—	—	1
Tax withholding related to vesting of restricted stock units	—	—	(231)	—	—	(231)
Issuance of common stock under employee stock purchase plan	13	—	6	—	—	6
Stock-based compensation expense	—	—	2,681	—	—	2,681
Net loss	—	—	—	(16,654)	—	(16,654)
Foreign currency translation adjustments	—	—	—	—	1	1
Balances at September 30, 2023	18,035	$ 18	$ 358,452	$ (338,988)	$ (964)	$ 18,518

	Nine Months Ended September 30, 2022					
	Common Stock					
	Shares	Par Value	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balances at December 31, 2021	15,532	$ 15	$ 351,394	$ (304,107)	$ (1,044)	$ 46,258
Issuance of common stock from vesting of restricted stock units (Note 7)	557	—	—	—	—	—
Tax withholding related to vesting of restricted stock units	—	—	(404)	—	—	(404)

Issuance of common stock under employee stock purchase plan	13	1	21	—	—	22
Stock-based compensation expense	—	—	2,691	—	—	2,691
Net loss	—	—	—	(13,109)	—	(13,109)
Foreign currency translation adjustments	—	—	—	—	83	83
Balances at September 30, 2022	16,102	$ 16	$ 353,702	$ (317,216)	$ (961)	$ 35,541

See accompanying notes to the condensed consolidated financial statements.

MARIN SOFTWARE INCORPORATED

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(in thousands)

	Nine Months Ended September 30,	
	2023	**2022**
Operating activities:		
Net loss	$ (16,654)	$ (13,109)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation	17	435
Amortization of internally developed software	1,278	1,392
Amortization of deferred costs to obtain and fulfill contracts	277	260
Forgiveness of Paycheck Protection Program loan	—	(3,117)
Loss on disposals of property and equipment and right-of-use assets	2	29
Unrealized foreign currency losses	43	111
Stock-based compensation related to equity awards	2,594	2,612
Provision for bad debts	(388)	(50)
Net change in operating leases	—	(346)
Deferred income tax benefits	—	(72)
Changes in operating assets and liabilities		
Accounts receivable	872	486
Prepaid expenses and other assets	345	55
Accounts payable	21	(257)
Accrued expenses and other liabilities	(1,041)	(1,717)
Net cash used in operating activities	(12,634)	(13,288)

Investing activities:		
Purchases of property and equipment	—	(17)
Capitalization of internally developed software	(1,511)	(1,343)
Net cash used in investing activities	(1,511)	(1,360)
Financing activities:		
Repayment of Paycheck Protection Program loan	—	(203)
Employee taxes paid for withheld shares upon equity award settlement	(199)	(394)
Proceeds from employee stock purchase plan, net	(3)	37
Net cash used in financing activities	(202)	(560)
Effect of foreign exchange rate changes on cash and cash equivalents and restricted cash	(13)	(158)
Net decrease in cash and cash equivalents and restricted cash	(14,360)	(15,366)
Cash and cash equivalents and restricted cash:		
Beginning of period	27,957	47,057
End of the period	$ 13,597	$ 31,691
Supplemental disclosures of non-cash investing and financing activities:		
Forgiveness of Paycheck Protection Program loan	$ —	$ 3,117
Issuance of common stock under employee stock purchase plan	6	22

See accompanying notes to the condensed consolidated financial statements.

Marin Software Incorporated

Notes to the Condensed Consolidated Financial Statements

(dollars and share numbers in thousands, except per share data)

1. Summary of Business and Significant Accounting Policies

Marin Software Incorporated (the "Company") was incorporated in Delaware in March 2006. The Company provides enterprise marketing software for advertisers and agencies to integrate, align and amplify their digital advertising spend across the web and mobile devices. Offered as a unified software-as-a-service ("SaaS") advertising management solution for search, social and eCommerce advertising, the Company's platform helps digital marketers convert precise audiences, improve financial performance and make better decisions.

Basis of Presentation and Consolidation

The accompanying unaudited condensed consolidated financial statements and condensed footnotes have been prepared in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles ("GAAP") for complete financial statements. In the opinion of management, all adjustments, consisting of only normal recurring items, considered necessary for fair statement have been included. The results of operations for the three and nine months ended September 30, 2023 March 31, 2024 are not necessarily indicative of the results to be expected for the year ending December 31, 2023 December 31, 2024, or for other interim periods or future years.

The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. The condensed consolidated balance sheet as of December 31, 2022 December 31, 2023 is derived from audited financial statements as of that date but does not include all of the information and footnotes required by GAAP for complete financial statements.

These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023, filed with the Securities and Exchange Commission ("SEC") on February 23, 2023 February 23, 2024.

Reverse Stock Split and Reduction in Authorized Shares

On April 12, 2024, the Company effected a reverse stock split of its outstanding common stock and a reduction in the Company's authorized shares of common stock. As a result of the reverse stock split, each six outstanding shares of the Company's common stock were combined into one outstanding share of common stock, without any change in par value. The common stock began trading on the Nasdaq Capital Market on a split-adjusted basis on April 15, 2024. No fractional shares were issued in connection with the reverse stock split and the Company will pay the fair value of such fractional shares in cash. As a result of the reduction in the Company's authorized shares of common stock, the Company's authorized shares went from 142,857 shares to 47,619 shares.

All share and per share amounts of the Company's common stock, as well as stock options and restricted stock units ("RSUs"), included in the accompanying condensed consolidated financial statements have been retroactively adjusted to give effect to the reverse stock split for all periods presented, unless indicated otherwise. In addition, as a result of the reverse stock split, the Company reclassified an amount equal to the reduction in the par value of common stock to additional paid-in capital on its condensed consolidated balance sheets.

Liquidity and Going Concern

The Company has incurred significant losses in each fiscal year since its incorporation in 2006. The Company incurred a net loss of $16,654 2,411 for the nine three months ended September 30, 2023 March 31, 2024 and a net loss of $18,227 21,917 for the year ended December 31, 2022 December 31, 2023. As of September 30, 2023 March 31, 2024, the Company had cash and cash equivalents of $13,597 9,563 and an accumulated deficit of $338,988 346,662. Historically, the Company has relied primarily on the sale of its capital stock to fund operating activities. Management expects to incur additional losses and experience negative operating cash flows into the foreseeable future.

In July 2023, the Company commenced a restructuring plan that included a global reduction-in-force and other cost saving actions to reduce its expenses (the "2023 Restructuring Plan"). The 2023 Restructuring Plan resulted in the reduction of the Company's global employees by 56 64 full-time employees and 14 full-time-equivalent contractors during the three months ended September 30, 2023, second half of 2023, reducing its total full-time-equivalent employee and contractor workforce headcount by approximately 36% from 195 as of June 30, 2023 to 125 as of September 30, 2023 37%. The 2023 Restructuring Plan was substantially complete in 2023 The remainder of planned workforce reductions are expected to be completed in the fourth quarter of 2023. .

The Company’s ability to achieve its business objectives, and to continue to meet its obligations, is dependent upon maintaining a certain level of liquidity, which is impacted by several factors, such as its ability to manage its cash flows, including the effectiveness of cost saving measures that the Company has implemented in the three months ended September 30, 2023 and the effective implementation of the remaining cost saving measures associated with the 2023 Restructuring Plan, its ability to maintain its strategic partnerships, its ability to increase new bookings, the extent of customer acceptance, retention and use of its MarinOne platform, and general macroeconomic conditions such as inflation or the extent and duration of any recession. Although the Company has pursued, and may continue to pursue, additional sources of liquidity, including additional equity and debt financing, there is no assurance that any additional financing will be available on acceptable terms, or at all. Failure to manage its cash flows, improve customer retention rates, or raise additional capital would have a material adverse effect on the Company’s ability to achieve its intended business objectives.

Based on the funds the Company has available as of the date of the filing of this Quarterly Report on Form 10-Q and its history of recurring losses and negative operating cash flows, there is substantial doubt raised about the Company’s ability to continue as a going concern. The Company’s ability to continue as a going concern is substantially dependent upon its ability to achieve its intended business objectives. If the Company is unable to achieve its intended business objectives, it is probable that the Company may be required to initiate further cost savings activities, extend payment terms with suppliers, liquidate assets where possible, or wind-up operations. These actions could materially impact the Company’s business, results of operations and future prospects. Therefore, there is substantial doubt about the Company’s ability to continue as a going concern for one year after the filing date of the accompanying condensed consolidated financial statements.

The accompanying condensed consolidated financial statements have been prepared assuming the Company will continue to operate as a going concern and do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from the Company’s uncertainty related to its ability to continue as a going concern. These adjustments could materially impact the Company’s accompanying condensed consolidated financial statements.

In August 2021, the Company filed a shelf registration statement on Form S-3 with the SEC, which was declared effective by the SEC on August 19, 2021 and provides that the Company may offer its common stock, preferred stock, debt securities, warrants, subscription rights and units having an aggregate offering price of up to $100,000. As part of this 2021 registration statement, the Company entered into a third equity distribution agreement with JMP Securities and established a new $50,000 “at-the-market” securities offering facility pursuant to which it may be able to issue and sell shares of its common stock. During the year ended December 31, 2022, the Company sold 1,073 shares of its common stock under this new equity distribution agreement and received proceeds of approximately $1,333, net of offering costs of $95, at a weighted average sales price of $1.33 per share. In accordance with the SEC’s Instruction I.B.6 of Registration Statement on Form S-3, the Company adjusted the maximum aggregate market value of the securities that may be sold pursuant to this current "at-the-market" securities offering facility from $50,000 to approximately $22,800 based on the market capitalization of the Company on the date it filed its Annual Report on Form 10-K for the year ended December 31, 2021. The Company cannot provide any assurance that it will be able to raise any additional financing under this facility. The Company’s ability to raise any additional financing under this facility would be materially adversely affected if the Company’s common stock is delisted from Nasdaq.

The Company is not aware of any specific event or circumstance that would require it to update its estimates, judgments or revise the carrying value of its assets or liabilities. These estimates may change, as new events occur and additional information is obtained, and are recognized in the consolidated financial statements as soon as they become known. Actual results could differ from those estimates and any such differences may be material to the Company’s financial statements.

Fair Value of Financial Instruments

The Company’s financial instruments, including accounts receivable, accounts payable and accrued expenses are carried at cost, which approximates fair value because of the short-term nature of those instruments. Cash equivalents are comprised of money market funds recorded at fair value and are classified as Level 1 within the fair value hierarchy.

Allowances for Credit Losses and Revenue Credits

The Company performs a regular review of its customers’ payment histories and associated credit risks and it generally does not require collateral from its customers. Certain contracts with advertising agencies contain sequential liability provisions, whereby the agency does not have an obligation to pay the Company until payment is received from the agency’s customers. In these circumstances, the Company evaluates the credit worthiness of the agency’s customers, in addition to the agency itself. The Company maintains an allowance for credit losses which reflects its best estimate of potentially uncollectible trade receivables and is based on both specific and general reserves. General reserves are maintained on a collective basis by considering factors such as historical experience, the age of the receivable balances, current economic conditions and a reasonable and supportable forecast of future economic conditions.

The activity in the Company’s allowance for credit losses for the nine three months ended September 30, 2023 March 31, 2024 is summarized as follows (in thousands):

	Total

Balance at December 31, 2022	$	736
Current period provision for expected losses		54
Write-offs charged against allowance		(189)
Balance at September 30, 2023	$	601

9

		Total
Balance at December 31, 2023	$	501
Current period provision for expected losses		(10)
Write-offs charged against allowance		(70)
Balance at March 31, 2024	$	421

From time to time, the Company provides credits to customers that typically relate to customer disputes or billing adjustments and are recorded as a reduction of revenue. Reserves for these revenue credits are accounted for as variable consideration under authoritative revenue recognition guidance (see Note 2) and are estimated based on historical credit activity. As of September 30, 2023 March 31, 2024, and December 31, 2022 December 31, 2023, the Company recorded an allowance for potential customer credits in the amount of $11 13 and $110 12, respectively.

Long-Lived Assets Impairment Assessment

The Company evaluates long-lived assets, excluding goodwill, for potential impairment whenever adverse events or changes in circumstances or business climate indicate that the expected undiscounted future cash flows related to such long-lived assets may not be sufficient to support the net book value of such assets. An impairment loss is recognized only if the carrying value of a long-lived asset or asset group is not recoverable and exceeds its fair value. The carrying value of a long-lived asset or asset group is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. There were no such impairment losses recorded in any of the periods presented.

Revenue Recognition

The Company generates revenues principally from subscriptions either directly with advertisers or with advertising agencies to its platform for the management of search, social and eCommerce. The Company also generates revenues from strategic agreements with certain leading publishers. Under the subscription agreements, the Company receives consideration based on the advertising spend that customers manage on its platform. Revenues are recognized when control of these services is transferred to the Company's customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services. See Note 2 for further discussion of the Company's revenues.

Accounting Pronouncement Adopted in 2023 Internally Developed Software

On January 1, 2023 Costs incurred in the development phase are capitalized and amortized over the product's estimated useful life, when the development costs are considered recoverable. The Company expenses all costs incurred that relate to planning and post implementation phases of development. Development phase costs generally include salaries and personnel costs and third-party contractor expenses associated with software development, configuration and coding. Capitalized costs related to internally developed software under development are treated as construction in progress until the program, feature or functionality is ready for its intended use, at which time amortization commences.

During the three months ended March 31, 2024, the Company adopted analyzed whether its internally developed software still met the definition of an asset. As of March 31, 2024, the Company concluded that due to the fact the internally developed software does not have a future economic benefit to the Company based on its negative cash flows, it no longer meets the definition of an asset. Additionally, as the internally developed software no longer meets the definition of an asset, the development costs related to internally developed software will no longer be capitalized as these development costs are considered to be unrecoverable. Instead, all development costs related to the internally developed software will be expensed as incurred.

As of March 31, 2024 and December 31, 2023, there was no unamortized internally developed software costs, including construction in progress. During the three months ended March 31, 2024, no amounts were capitalized relating to internally developed software as the development costs in the period related to internally developed software were considered unrecoverable. During the three months ended March 31, 2023, the Company capitalized $579 of development costs related to internally developed software. During the three months ended March 31, 2024, the Company had no amortization of capitalized costs related to internally developed software, while during the three months ended March, 31, 2023 the Company amortized $419. Amortization of internally developed software is reflected in cost of revenues. Costs associated with minor enhancements and maintenance are expensed as incurred.

Research and Development

Research and development costs are expensed as incurred, except for certain internal software development costs, which may be capitalized when recoverable, as noted above. Research and development costs consist of personnel costs, including salaries, stock-based compensation expense, benefits and bonuses, as well as non-personnel costs such as professional fees payable to third-party development resources, amortization of intangible assets and allocated overhead costs.

Recent Accounting Pronouncements Not Yet Effective

In November 2023, the Financial Standards Accounting Board ("FASB") issued *Accounting Standards Update ("ASU") 2016-13, Financial Instruments 2023-07, Segment Reporting* – *Credit Losses – Measurement Improvements to Reportable*

Segment Disclosures (Topic 280) ("ASU 2023-07"). ASU 2023-07 expands annual and interim disclosure requirements for reportable segments, primarily through enhanced disclosures about significant segment expenses. ASU 2023-07 is effective for our annual periods beginning January 1, 2024, and for interim periods beginning January 1, 2025, with early adoption permitted. The Company is evaluating the impact of Credit Losses this guidance on Financial Instruments (Topic 326), using the modified retrospective transition method. Upon adoption, we changed our impairment model to utilize a forward-looking current expected credit losses model in place of the incurred loss methodology for financial instruments measured at amortized cost, primarily the Company's accounts receivable. The cumulative effect from adoption was immaterial to the Company's condensed its consolidated financial statements.

Recent Accounting Pronouncement Not Yet Effective statements and related disclosures.

None. In December 2023, the FASB issued *ASU 2023-09, Income Taxes – Improvements to Income Tax Disclosures (Topic 740)* ("ASU 2023-09"). ASU 2023-09 requires enhanced annual disclosures regarding the rate reconciliation and income taxes paid information. ASU 2023-09 is effective for annual periods beginning after December 15, 2024 and may be adopted on a prospective or retrospective basis. Early adoption is permitted. The Company is evaluating the impact of this guidance on its consolidated financial statements and related disclosures.

2. Revenues

Revenue Recognition

The Company generates its revenues principally from subscriptions, either directly with advertisers or with advertising agencies, to its platform for the management of search, social, eCommerce and display advertising. It also generates a portion of its revenues from long-term strategic agreements with certain leading publishers. Revenues are recognized when control of these services is transferred to the Company's customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services. The Company determines revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, the Company satisfies its performance obligations.

Subscription

The Company's subscription contracts provide advertisers with access to the Company's advertising management platform. Advertisers do not have the right to take possession of the software supporting the services at any time. These contracts are generally one year or less in length, though certain contracts extend up to two years. The subscription fee under most contracts consists of the greater of a minimum monthly platform fee or variable consideration based on the volume of advertising spend managed through the Company's platform at the contractual percentage of spend. The variable portion generally includes tiered pricing, whereby the percentage of spend charged decreases as the value of advertising spend increases. The tiered pricing generally resets monthly and is consistent throughout the contract term. The Company has concluded that this volume-based pricing approach does not constitute a future material right as the pricing tiers are consistent throughout the term of the contract and similar pricing is typically offered to similar classes of customers within the same geographical areas and markets. Certain subscription contracts consist of only a flat monthly platform fee. Subscription fees are generally invoiced on a monthly basis in arrears based on the actual amount of advertising spend managed on the platform. In certain limited circumstances, the Company will invoice an advertiser in advance for the contractual minimum monthly platform fee for a defined future period, which is typically three to 12 months.

The Company's subscription services comprise a single stand-ready performance obligation satisfied over time as the advertiser simultaneously receives and consumes the benefit from the Company's performance. This performance obligation constitutes a series of services that are substantially the same in nature and are provided over time using the same measure of progress. Revenues derived from these arrangements are recognized over time using an output method based upon the passage of time as this provides a faithful depiction of the pattern of transfer of control. Fixed minimum monthly platform fees are recognized ratably over the contract term as the single performance obligation is satisfied. Variable fees are allocated to the distinct month of the series in which they are earned because the terms of the variable payments relate specifically to the outcome from transferring the distinct time increment (month) of service and because such amounts reflect the fees to which the Company expects to be entitled for providing access to the advertising management platform for that period, consistent with the allocation objective of authoritative revenue guidance under Accounting Standards Codification 606 ("ASC 606").

Expected future revenues for subscription services related to performance obligations that are unsatisfied (or partially unsatisfied) as of September 30, 2023 March 31, 2024 were as follows:

	Subscription Services Revenues	Subscription Services Revenues
2023 (remaining three months)	$ 227	
2024	462	
2024 (remaining nine months)		$ 493
2025	17	280
Total	$ 706	$ 773

The Company applies the optional exemption under ASC 606 and does not disclose the value of unsatisfied performance obligations on subscription contracts with an original term of one year or less. The amounts disclosed above as remaining performance obligations consist primarily of fixed or monthly minimum fees under contracts with an original expected duration of greater than one year. The amounts exclude estimates of variable consideration such as volume-based contracts, as well as anticipated renewals of contracts.

Strategic Agreements

The Company has entered into long-term strategic agreements with certain leading search publishers which are generally billed on a quarterly basis.

In September 2021, the Company entered into a new revenue share agreement with Google, which has a scheduled three-year term that commenced on October 1, 2021 (the "New Google "Google Revenue Share Agreement") and continues through September 30, 2024. This Through this agreement, is similar to the original revenue share agreement that the Company entered into with Google in 2018 in that the Company is eligible to receive fixed and variable revenue share payments based on a percentage of the search advertising spend that is managed through the Company's platform and in that the Company is required to reinvest a specified percentage of these revenue share payments in its search technology platform to drive innovation. The Company is in preliminary discussions with Google to renew or extend the term of the Google Revenue Share Agreement, but no assurances can be provided as to whether the agreement will be renewed or the term extended or as to terms of any renewal or extension of the agreement.

The Company evaluates the total amount of variable revenue share payments expected to be earned from the New Google Revenue Share Agreement using the most likely method, as it believes this method represents the most appropriate estimate for this consideration, based on historical service trends, the individual contract considerations and the Company's best judgment. The Company includes estimates of variable consideration in revenues only to the extent that it believes it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The Company recognized revenues from the New Google Revenue Share Agreement of $1,788 and $1,788for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $5,363 and $5,363 for the nine months ended September 30, 2023 and 2022, respectively. 2023.

11 10

Disaggregation of Revenues

Revenues by geographic area, based on the billing location of the customer, were as follows for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2023	2022	2024	2023
United States of America	$ 3,550	$ 4,023	$ 10,729	$ 11,710	$ 3,236	$ 3,655
United Kingdom	529	561	1,536	1,716	485	546
Other (1)	359	393	1,116	1,432	310	382
Total revenues, net	$ 4,438	$ 4,977	$ 13,381	$ 14,858	$ 4,031	$ 4,583

(1) No individual country within the “Other” category accounted for 10% or more of revenues for any period presented.

Revenues by nature of services performed were as follows for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Subscriptions	$ 2,650	$ 3,090	$ 8,023	$ 9,379
Strategic agreements	1,788	1,887	5,358	5,479
Total revenues, net	$ 4,438	$ 4,977	$ 13,381	$ 14,858

	Three Months Ended March 31,	
	2024	2023
Subscriptions	$ 2,243	$ 2,801
Strategic agreements	1,788	1,782
Total revenues, net	$ 4,031	$ 4,583

Advertisers from outside of the United States represented 20% and 19% of total revenues for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and 20% and 21% of total revenues for the nine months ended September 30, 2023 and 2022, respectively. 2023. The New Google Revenue Share Agreement accounted for approximately 40 44% and 36 39% of the Company's total revenues for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively and 40% and 36% for the nine months ended September 30, 2023 and 2022, 2023, respectively. Additionally, two customers one customer accounted for approximately 26% and 24 14% of total revenues for the three and nine months ended September 30, 2023, respectively. March 31, 2024 and two customers accounted for approximately No 12 additional customers represented greater than 10% % and 11% of the Company's total revenues for the three and nine months ended September 30, 2023 and 2022. March 31, 2023.

Contract Balances

Accounts Receivable, Net

The timing of revenue recognition may differ from the timing of invoicing to customers. Accounts receivable are recorded at the invoice amount, net of any allowances for credit losses and revenue credits. A receivable is recognized in the period the Company provides the underlying services or when the right to consideration is unconditional. The balances of Included in accounts receivable, net, as of September 30, 2023 March 31, 2024 and December 31, 2022 are presented in the accompanying condensed consolidated balance sheets. Included in the balances of accounts receivable, net, as of September 30, 2023 and December 31, 2022 December 31, 2023 were receivables of $1,788 related to the New Google Revenue Share Agreement, which represented 44 52% and 40 46%, respectively, of the balances, respectively. Additionally, one customer accounted for approximately 16% of accounts receivable, net. net, as of March 31, 2024. No additional customers accounted for more than 10% of accounts receivable, net, as of March 31, 2024 and December 31, 2023.

Customer Advances

In certain situations, the Company receives cash payments from customers in advance of its performance of the underlying services. These advances from customers are included within accrued expenses and other current liabilities on the accompanying condensed consolidated balance sheets.

Costs to Obtain and Fulfill Contracts

The Company capitalizes certain contract acquisition costs, consisting primarily of commissions and related payroll taxes, when customer contracts are signed. The Company also capitalizes certain contract fulfillment costs, consisting primarily of the portion of the payroll and fringe benefits of the Company's professional services team that relates directly to performing on-boarding and integration services for new and existing customers (collectively, "deferred costs to obtain and fulfill contracts").

The deferred costs to obtain and fulfill contracts are amortized over the expected period of benefit, which the Company has determined to be approximately 30 months. This expected period of benefit takes into consideration the duration of the Company's customer contracts, historical contract renewal rates, the underlying technology and other factors. Amortization expense for deferred costs to obtain and fulfill contracts is included in sales and marketing expense and cost of sales, respectively, on the accompanying condensed consolidated statements of comprehensive loss. There were no impairment losses related to costs capitalized in the three or nine months ended September 30, 2023 March 31, 2024 and 2022. 2023.

The Company classifies deferred costs to obtain and fulfill contracts as current or non-current based on the timing of when the related amortization expense is expected to be recognized. The current portion of these deferred costs is included in prepaid expenses and other current assets, while the non-current portion is included in other non-current assets on the accompanying condensed consolidated balance sheets. Changes in the balances of deferred costs to obtain and fulfill contracts during the nine three months ended September 30, 2023 March 31, 2024 were as follows:

	Deferred Costs to Obtain Contracts	Deferred Costs to Fulfill Contracts	Deferred Costs to Obtain Contracts	Deferred Costs to Fulfill Contracts
Balances at December 31, 2022	$ 344	$ 131		
Balances at December 31, 2023			$ 288	$ 98
Costs deferred	158	59	64	10
Amortization	(198)	(79)	(66)	(21)
Balances at September 30, 2023	$ 304	$ 111		
Balances at March 31, 2024			$ 286	$ 87

3. Balance Sheet Components

The following table shows the components of property and equipment as of the dates presented:

	Estimated Useful Life	September 30, 2023	December 31, 2022	Estimated Useful Life	March 31, 2024	December 31, 2023
Software, including internally developed software	3 years	$ 34,663	$ 33,073	3 years	$ 34,972	$ 34,972
Computer equipment	3 to 4 years	18,194	18,622	3 to 4 years	18,078	18,080

Leasehold improvements	Shorter of useful life or lease term	512	512	Shorter of useful life or lease term	512	512
Office equipment, furniture and fixtures	3 to 5 years	95	630	3 to 5 years	94	94
Total property and equipment		53,464	52,837		53,656	53,658
Less: Accumulated depreciation and amortization		(49,950)	(49,624)		(50,262)	(50,262)
Less: Accumulated impairment losses					(3,276)	(3,276)
Property and equipment, net		$ 3,514	$ 3,213		$ 118	$ 120

AmortizationDepreciation of property and equipment for the three months ended March 31, 2024 was immaterial, while amortization of internally developed software and depreciation of property and equipment for the nine for the three months ended September 30, 2023 and 2022 March 31, 2023 was $1,295 430 and $1,827, respectively. .

The following table shows the components of accrued expenses and other current liabilities as of the dates presented:

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Accrued salary and payroll-related expenses	$ 918	$ 1,460	$ 863	$ 872
Accrued liabilities	414	535	236	376
Income taxes payable	554	464	99	192
Advanced billings and customer credits (1)	610	1,016	603	636
Other	22	38	19	23
Total accrued expenses and other current liabilities	$ 2,518	$ 3,513	$ 1,820	$ 2,099

(1) During the three and nine months year ended September 30, 2023 December 31, 2023, the Company wrote off customer credit balances of approximately $50 443 and $450, respectively, as credits to bad debt expense.

4. Borrowing

In April 2020, the Company entered into an original loan agreement with Harvest Small Business Finance, LLC as the lender (“Lender”) for a loan in an aggregate principal amount credit loss expense, of $3,320 (the “Loan”) pursuant to the Paycheck Protection Program (the “PPP”) under the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) and implemented by the U.S. Small Business Administration (the “SBA”). The Loan was originally evidenced by a Note dated effective as of April 2020, but such Note was replaced by a Note with substantially the same terms, but with an updated effective date of May 2020 to account for a delay in disbursement of funds. The Loan matured two years from the date of first disbursement of the Loan, which occurred in May 2020. The Company received the loan proceeds on May 12, 2020. The Loan accrued interest at a rate of 1% per annum. Initially, all payments were deferred through the ten-month anniversary of the date of the Note. The Paycheck Protection Flexibility Act of 2020, P.L. 116-142, extended the deferral period for loan payment to the date that SBA remits the borrower's loan forgiveness amount to the Lender. The PPP provides that borrowers may apply for forgiveness of amounts due under the Loan, with the amount of potential Loan forgiveness to be calculated based on payroll costs, any mortgage interest payments, any covered rent payments and any covered utilities payments during the 10-week period beginning on the date of first disbursement of the Loan. An aggregate principal amount of $3,117 of the Loan was forgiven in January 2022 and the Company repaid the remaining outstanding balance of approximately $200 300 in February 2022. The Company recognized a non-cash gain of $3,117 within other income, net in the accompanying condensed consolidated statements of comprehensive loss for the three and nine months ended September 30, 2022.

5. Restructuring Activities

2023 Restructuring Plan

During were written off during the three months ended September 30, 2023, the Company commenced the 2023 Restructuring Plan, which included a global reduction-in-force and other cost saving actions to reduce its operating costs, resulting in the reduction of the Company's global workforce by March 31, 2023. 56 No full-time employees and 14 full-time equivalent contractors, reducing its total full-time-equivalent employee and contractor workforce by approximately 36% from 195 as of June 30, 2023 to 125 as of September 30, 2023. The remainder of workforce reductions are expected to be completed in the fourth quarter of 2023. As of September 30, 2023, the Company had a restructuring liability of $94 outstanding related to the 2023 Restructuring Plan included in accrued expenses and other current liabilities on the balance sheet, which is expected to be paid out in the fourth quarter of 2023.

During the three and nine months ended September 30, 2023, the Company recorded $1,797 of restructuring-related expenses in connection with the 2023 Restructuring Plan in the accompanying condensed consolidated statements of comprehensive loss, of which $815 was included in research and development, $671 was included in cost of revenues, $189 was included in general and administrative and $122 was included in sales and marketing.

2020 Restructuring Plan

During customer credit balances were written off during the three months ended September 30, 2020, the Company commenced the implementation of a restructuring and reduction-in- force plan to reduce the Company's operating costs and address the impact of the COVID-19 pandemic. The plan included the reduction of the Company's global workforce by approximately March 31, 2024.60 employees, approximately half of which were located outside of the United States. The planned workforce reductions were substantially completed during 2020.

During the three months ended September 30, 2022, the Company recorded $154 of restructuring-related expenses in connection with the 2020 Restructuring Plan in the accompanying condensed consolidated statements of comprehensive loss, of which $78 was included in general and administrative and $76 was included in research and development. During the nine months ended September 30, 2022, the Company recorded $266 of restructuring-related expenses in connection with the 2020 Restructuring Plan in the accompanying condensed consolidated statements of comprehensive loss, of which $171 was included in research and development, $78 was included in general and administrative and $17 was included in cost of revenues.

6. 4. Shelf Registration and At-the-Market Offering Stock-based Compensation

On August 3, 2021, the Company filed a shelf registration statement on Form S-3 with the SEC, which was declared effective by the SEC on August 19, 2021 and provides that the Company may offer its common stock, preferred stock, debt securities, warrants, subscription rights and units having an aggregate offering price of up to $100,000. As part of this 2021 registration statement, the Company entered into a third equity distribution agreement with JMP Securities and established a new $50,000 “at-the-market” securities offering facility, pursuant to which, the Company may be able to issue and sell shares of the Company common stock. During the year ended December 31, 2022, the Company sold 1,073 shares of its common stock under this new equity distribution agreement and received proceeds of approximately $1,333, net of offering costs of $95 at a weighted average sales price of $1.33 per share. In accordance with the SEC’s Instruction I.B.6 of Registration Statement on Form S-3, the Company adjusted the maximum aggregate market value of the securities that may be sold pursuant to this current "at-the-market" securities offering facility from $50,000 to approximately $22,800 based on the market capitalization of the Company on the date it filed its Annual Report on Form 10-K for the year ended December 31, 2021.

7.Equity Award Plans

In April 2006, the Company’s Board of Directors (the “Board”) adopted and the stockholders approved the 2006 Stock Option Plan (“2006 Plan”), which provided for the grant of incentive and non-statutory stock options. In February 2013 the Board adopted and the stockholders approved the 2013 Equity Incentive Plan (“2013 Plan”), which became effective on March 21, 2013. At that time, the Company ceased to grant equity awards under the 2006 Plan. Under the 2013 Plan, 643 shares of common stock were originally reserved for issuance. Additionally, all reserved and unissued shares under the 2006 Plan were eligible for issuance under the 2013 Plan. The 2013 Plan authorized the award of incentive and non-statutory stock options, restricted stock awards, stock appreciation rights, restricted stock units (“RSUs”), performance awards and stock bonuses to the Company’s employees, directors, consultants, independent contractors and advisors. On January 1 of each calendar year through 2023, the number of shares of common stock reserved under the 2013 Plan automatically increased by an amount equal to 5% of the total outstanding shares as of the immediately preceding December 31, or such lesser number of shares as determined by the Board. Pursuant to terms of the 2013 Plan, the shares available for issuance increased by 861 shares of common stock on January 1, 2023. The 2013 Plan has expired in accordance with its terms and the Company has ceased granting awards under this plan.

On March 24, 2023, the Board approved the Amended and Restated 2013 Equity Incentive Plan ("Amended and Restated Plan") under which incentive and non-statutory stock options, restricted stock awards, stock appreciation rights, RSUs, performance awards and stock bonuses may be awarded to the Company’s employees, directors, consultants, independent contractors and advisors. Under the Amended and Restated Plan, 425 shares of common stock have been reserved for issuance. Additionally, shares that cease to be subject to equity awards that have been granted under the 2006 Plan and the 2013 Plan are eligible for issuance under the Amended and Restated Plan. On January 1 of each calendar year through 2033, the number of shares of common stock reserved under the Amended and Restated Plan will automatically increase by an amount equal to 5% of the total outstanding shares as of the immediately preceding December 31, or such lesser number of shares as determined by the Board. The Company's stockholders approved the Amended stock-based compensation expense is associated with stock options, RSUs and Restated Plan at the Company's 2023 annual stockholder meeting on May 25, 2023.

Stock Options

A summary of its employee stock option activity purchase plan (“ESPP”) awarded under the 2006 Plan and the 2013 Plan is as follows:

	Options Outstanding			
	Number of Shares	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (in Years)	Aggregate Intrinsic Value
Balances at December 31, 2022	337	$ 19.59	4.45	$ —
Options forfeited and cancelled	(10)	83.21	—	—
Balances at September 30, 2023	327	17.73	3.82	—
Options exercisable	327	17.73	3.82	—
Options vested	327	17.73	3.82	—
Options vested and expected to vest	327	17.73	3.82	—

RSUs

A summary of RSU activity under the 2013 Plan is as follows:

	RSUs Outstanding

	Number of Shares	Weighted Average Grant Date Fair Value Per Unit
Granted and unvested at December 31, 2022	1,814	$ 2.99
RSUs granted	1,474	1.23
RSUs vested	(797)	2.97
RSUs cancelled and withheld to cover taxes	(689)	1.81
Granted and unvested at September 30, 2023	1,802	$ 1.53

Employee Stock Purchase Plan

In February 2013, the Board and stockholders approved the 2013 Employee Stock Purchase Plan (“2013 ESPP”), under which 143 shares of common stock were originally reserved for issuance. The 2013 ESPP became effective on March 22, 2013. The 2013 ESPP generally provides for six-month purchase periods ending in May and November and the purchase price for shares of common stock purchased under the 2013 ESPP is 85% of the lesser of the fair market value of the common stock on (1) the first trading day of the applicable offering period and (2) the last trading day of each purchase period in the applicable offering period. On January 1 of each calendar year following the first offering date, the number of shares reserved under the 2013 ESPP automatically increased by an amount equal to 1% of the total outstanding shares as of immediately preceding December 31, but not to exceed 100 shares. Pursuant to terms of the 2013 ESPP, the shares available for issuance increased by 100 shares on January 1, 2023. The 2013 ESPP has expired in accordance with its terms.

On March 24, 2023, the Board approved the Amended and Restated 2013 Employee Stock Purchase Plan ("Amended and Restated ESPP") which provides for six-month purchase periods ending in May and November of each year with the purchase price for each share of common stock purchased being 85% of the lesser of the fair market value of the common stock on (1) the first trading day of the applicable offering period and (2) the last trading day of each purchase period in the applicable offering period. Under the Amended and Restated ESPP, 432 shares of common stock have been reserved for issuance. The Company's stockholders approved the Amended and Restated ESPP at the Company's 2023 annual stockholder meeting on May 25, 2023.

15

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8. Stock-Based Compensation equity incentive plans.

Stock-based compensation expense was allocated as follows:

	Three Months Ended March 31,	
	2024	2023
Cost of revenues	$ 39	$ 124

Sales and marketing	64	165
Research and development	127	270
General and administrative	183	473
Total	$ 413	$ 1,032

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Cost of revenues	$ 5	$ 148	$ 266	$ 362
Sales and marketing	88	99	437	431
Research and development	131	303	706	740
General and administrative	85	405	1,185	1079
Total	$ 309	$ 955	$ 2,594	$ 2,612

12

For stock-based awards granted by the Company, stock-based compensation cost is measured at grant date based on the fair value of the award and is expensed over the requisite service period. Stock-basedNo stock-based compensation was capitalized as internally developed software was $10 and $29 for during the three months ended September 30, 2023 and 2022, respectively, and March 31, 2024, while $87 37 and $79 for of stock-based compensation was capitalized as internally developed software during the nine three months ended September 30, 2023 and 2022, respectively. March 31, 2023.

Stock Options

A summary of the Company's stock option activity is as follows:

	Options Outstanding			
	Number of Shares	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (in Years)	Aggregate Intrinsic Value
Balances at December 31, 2023	54	$ 100.69	3.63	$ —
Options forfeited and cancelled	(1)	420.96	—	—
Balances at March 31, 2024	53	98.82	3.41	—
Options exercisable	53	$ 98.82	3.41	—

Options vested	53	$	98.82	3.41	—
Options vested and expected to vest	53	$	98.82	3.41	—

There were no grants or exercises of stock options during the three and nine months ended September 30, 2023 and 2022. March 31, 2024.

Compensation expense, net of forfeitures, is recognized ratably over the requisite service period. As of September 30, 2023 March 31, 2024, there was no unrecognized compensation expense related to stock options was immaterial. options.

RSUs

A summary of the Company's RSU activity is as follows:

	RSUs Outstanding		
	Number of Shares		Weighted Average Grant Date Fair Value Per Unit
Granted and unvested at December 31, 2023	288	$	8.88
RSUs vested	(50)		7.50
RSUs cancelled and withheld to cover taxes	(35)		7.57
Granted and unvested at March 31, 2024	203	$	9.48

As of September 30, 2023 March 31, 2024, there was $1,903 1,002 of unrecognized compensation expense related to RSUs, which is expected to be recognized over a weighted-average period of 1.31.0 years. The Company uses the fair market value of the underlying common stock on the dates of grant to determine the fair value of RSUs.

Employee Stock Purchase Plan

The Company estimates There was no activity during the fair value of purchase rights three months ended March 31, 2024 under the 2013 Company's ESPP and Amended and Restated there was no unrecognized compensation expense related to the Company's ESPP using the Black-Scholes valuation model. The fair value as of each purchase right under the 2013 ESPP and Amended and Restated ESPP is estimated on the date of grant using the Black-Scholes option valuation model and the straight-line attribution approach with assumptions substantially similar to those used for the valuation of stock option awards, with the exception of the expected life. The expected life is estimated to be six months, which is consistent with the purchase periods under the 2013 ESPP and Amended and Restated ESPP. March 31, 2024.

9.5. Leases

The Company's primary operating lease is for space at a data center which was renewed in April 2022 and expires in 2025. In April 2023, the Company finalized exercising an option to decrease the space at the data center under the operating lease. As a result, the Company remeasured its lease liability and adjusted its right-of-use assets by $565, respectively, during the nine months ended September 30, 2023.

The Company evaluates new contractual arrangements at inception to determine if the contract is or contains a lease. For any contracts that are or contain a lease, the Company determines the appropriate classification of each identified lease as operating or finance. For all identified leases, the Company records the related lease liabilities and ROU assets based on the future minimum lease payments over the lease term, which only includes options to renew the lease if it is reasonably certain that the Company will exercise that option. For leases with original terms of twelve months or less, the Company recognizes the lease expense as incurred and does not recognize lease liabilities and ROU assets.

Lease liabilities are measured based on the future minimum lease payments discounted over the lease term. The Company uses the discount rate implicit in the lease whenever that rate is readily determinable. For leases where no such rate is determinable, the Company uses its incremental borrowing rate, or the rate of interest that Company would have to pay to borrow an amount equal to the lease payments on a collateralized basis over a similar term and in a similar economic environment. As of September 30, 2023 March 31, 2024, the weighted-average rate used in discounting the lease liabilities for ROU right-of-use (“ROU”) operating leases was 6.0%. Current and non-current operating lease liabilities are presented on the condensed consolidated balance sheet.

ROU assets are measured based on the associated lease liabilities, adjusted for any lease incentives such as tenant improvement allowances. ROU assets for operating leases are presented as non-current assets on the condensed consolidated balance sheets. The Company recognizes the expense for operating leases on straight-line basis over the lease term. As of September 30, 2023, the weighted-average remaining lease term for ROU operating leases was 1.5 1.0 years.

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 the Company had net operating lease ROU assets of $2,278 1,613 and $3,844 1,912, respectively. Operating lease costs, consisting primarily of rental expense, were approximately $439 424 and $718 503 for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $1,403 and $3,152 for the nine months ended September 30, 2023 and 2022, 2023, respectively. Variable rent expense was not significant for the three and nine three months ended September 30, 2023 March 31, 2024 and 2022. 2023.

The maturities of operating lease liabilities as of September 30, 2023 March 31, 2024 are as follows:

2023 (remaining)	396	

2024	1,584	
2024 (remaining)		1,243
2025	396	414
Total lease payments	2,376	1,657
Less: Amount representing imputed interest	(98)	(44)
Present value of lease liabilities	2,278	1,613
Less: Current portion of lease liabilities	(1,496)	(1,613)
Non-current portion of lease liabilities	$ 782	$ —

Supplemental cash flow information related to operating leases was as follows:

	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases	$ 1,403	$ 3,481	$ 424	$ 504
ROU assets obtained in exchange for lease liabilities:	161	5,015	72	161

Subleases

The Company sublet portions of its San Francisco office space under an agreement that expired in July 2022. Income from subleases is included in other income, net, on the accompanying condensed consolidated statements of comprehensive loss. Sublease income was $45 and $587 for the three and nine months ended September 30, 2022.

10. 6. Income Taxes

The Company’s quarterly provision for income taxes is based on an estimated effective annual income tax rate, and it also includes the tax impact of certain unusual or infrequently occurring items, if any. These may include changes in judgment about valuation allowances and effects of changes in tax laws or rates in the interim period in which they occur.

The Company's income tax provision benefit for the three and nine months ended September 30, 2023 March 31, 2024 was $2 12 and $194, respectively, on pre-tax losses of $4,952 2,423 and the Company's income tax provision for the three months ended March 31, 2023 was $16,460 48, respectively. on pre-tax losses of $5,735. For the three and nine months ended September 30, 2023 March 31, 2024, the Company's effective tax rate varies from the federal income tax rate primarily due to valuation allowances in the United States and taxable income generated by certain of the Company's foreign wholly owned subsidiaries.

The Company reviews the likelihood that it will realize the benefit of its deferred tax assets and, therefore, the need for valuation allowances on a quarterly basis. There is no income tax benefit recognized with respect to losses incurred and no income tax expense recognized with respect to earnings generated in jurisdictions with a valuation allowance. This causes variability in the Company's effective tax rate. The Company will maintain the valuation allowances until it is more likely than not that the net deferred tax assets will be realized.

17

Tax positions taken by the Company are subject to audits by multiple tax jurisdictions. The Company believes that it has provided adequate reserves for its uncertain tax positions for all tax years still open for assessment. The Company also believes that it does not have any tax position for which it It is not reasonably possible that the total amounts of uncertain tax positions will significantly increase or existing as of March 31, 2024 could decrease by approximately $368 within the next year. twelve months. For the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, the Company did not recognize any material interest, penalties or penalties other changes related to uncertain tax positions.

11. 7. Net Loss Per Share Available to Common Stockholders

Basic net loss per share of common stock is calculated by dividing the net loss available to common stockholders by the weighted-average number of shares of common stock outstanding for the period. Diluted net loss per share of common stock is computed by dividing the net loss using the weighted-average number of shares of common stock, excluding common stock subject to repurchase, and, if dilutive, potential shares of common stock outstanding during the period. Basic and diluted net loss per share is the same for all periods presented, as the impact of all potentially outstanding dilutive securities was anti-dilutive.

The following table presents the calculation of basic and diluted net loss per share:

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2023	2022	2024	2023
Numerator:						
Net loss available to common stockholders	$ (4,954)	$ (5,736)	$ (16,654)	$ (13,109)	$ (2,411)	$ (5,783)
Denominator:						
Weighted average number of shares, basic and diluted	17,912	16,030	17,522	15,741	3,024	2,873
Net loss per share available to common stockholders						

Basic and diluted net loss per common share available to common stockholders	$ (0.28)	$ (0.36)	$ (0.95)	$ (0.83)	$ (0.80)	$ (2.01)

The following table presents the potential shares of common stock outstanding that were excluded from the computation of diluted net loss per share available to common stockholders for the periods presented because including them would have been anti-dilutive:

	Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2024	2023
Options to purchase common stock	327	337	53	55
Unvested RSUs	1,802	1,849	203	539
Total	2,129	2,186	256	594

12. 8. Segment Reporting

The Company defines the term “chief operating decision maker” to be the Chief Executive Officer. The Chief Executive Officer reviews the financial information presented on a consolidated basis for purposes of allocating resources and evaluating financial performance. Accordingly, the Company has determined that it operates as a single reporting and operating segment.

13. 9. Commitments and Contingencies

Legal Matters

From time to time, the Company may be involved in lawsuits, claims, investigations and proceedings, consisting of intellectual property, commercial, employment and other matters, which arise in the ordinary course of business. In accordance with GAAP, the Company records a liability when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. These provisions are reviewed at least quarterly and adjusted to reflect the impact of negotiations, settlements, ruling, advice of legal counsel and other information and events pertaining to a particular case. Litigation is inherently unpredictable. If any unfavorable ruling was to occur in any specific period or if a loss becomes probable and estimable, there exists the possibility of a material adverse impact on the Company's results of operations, financial position or cash flows. As of September 30, 2023 March 31, 2024, no material amounts were recorded related to legal proceedings on the unaudited condensed consolidated balance sheet.

Indemnification

The Company enters into standard indemnification agreements in the ordinary course of business. Pursuant to the agreements, each party may indemnify, defend and hold the other party harmless with respect to such claim, suit or proceeding brought against it by a third party alleging that the indemnifying party's intellectual property infringes upon the intellectual property of the third party, or results from a breach of the indemnifying party's representations and warranties or covenants, or that results from any acts of negligence or willful misconduct. The term of these indemnification agreements is generally perpetual any time after execution of the agreement. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited. Historically, the Company has not been obligated to make significant payments for these obligations and no liabilities have been recorded on the unaudited condensed consolidated balance sheet as of September 30, 2023 March 31, 2024 and the audited consolidated balance sheet as of December 31, 2022 December 31, 2023.

The Company also indemnifies its officers and directors for certain events or occurrences, subject to certain limits, while the officer or director is or was serving at the Company's request in such capacity. The maximum amount of potential future indemnification is unlimited; however, the Company has a directors and officers insurance policy that enables the Company to recover a portion of any future amounts paid. Historically, the Company has not been obligated to make any payments for these obligations and no liabilities have been recorded as of September 30, 2023 March 31, 2024 or December 31, 2022 December 31, 2023.

Other Contingencies

The Company is subject to claims and assessments from time to time in the ordinary course of business. The Company's management does not believe that any such matters, individually or in the aggregate, will have a material adverse effect on the Company's financial position, results of operations or cash flows.

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

The following discussion and analysis of our financial condition, results of operations and cash flows should be read in conjunction with the (1) unaudited condensed consolidated financial statements and the related notes thereto included elsewhere in this Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024, and (2) the audited consolidated financial statements and notes thereto and management's discussion and analysis of financial condition and results of operations for the fiscal year ended December 31, 2022 December 31, 2023, included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023, filed with the Securities and Exchange Commission (the "SEC"), on February 23, 2023 February 23, 2024. This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. These statements are often identified by the use of words such as "believe," "may," "potentially," "will," "estimate," "continue," "anticipate," "intend," "could," "should," "would," "project," "plan," "predict," "expect," "seek" and similar expressions or variations. Such forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified herein, and those discussed in the section titled "Risk Factors", set forth in Part II, Item 1A of this Form 10-Q. Except as required by law, we disclaim any obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements

Overview

We are a leading provider of digital marketing solutions for search, social, and eCommerce advertising channels, offered as a unified software-as-a-service, or SaaS, advertising management platform for performance-driven advertisers and agencies. Our platform MarinOne, is an analytics, workflow and optimization solution for marketing professionals, performance marketers, enabling them to maximize the performance of returns on their digital advertising spend. We market and sell our solutions to advertisers directly and through leading advertising agencies, and our customers collectively manage billions of dollars in advertising spend on our platform globally across a wide range of industries. We believe this makes us one of the largest providers of independent advertising cloud solutions. Our software solution is designed to help our customers:

- measure the effectiveness of their advertising campaigns through our proprietary reporting and analytics capabiliti
- manage and execute campaigns through our intuitive user interface and underlying technology that streamlines automates key functions, such as advertisement creation and bidding, across multiple publishers and channels; ar
- optimize campaigns across multiple publishers and channels based on market and business data to achieve des revenue outcomes using our predictive bid management technology.

MarinOne brings We bring search, social and eCommerce advertising into a single platform that helps advertisers maximize a customer journey that spans Amazon, Google, Meta, Twitter and X (formerly Twitter), Walmart, by combining the power of Marin Search and Marin Social with channels such as LinkedIn, TikTok, Apple Search Ads, Instacart, Criteo and YouTube. Additionally, we have integrations with dozens of leading web analytics and advertisement-serving solutions and key enterprise applications, enabling our customers to more accurately measure the return on investment of their marketing programs.

Our software platform serves as an integration point for advertising performance, sales and revenue data, allowing advertisers to connect the dots between advertising spend and revenue outcomes. Through an intuitive interface, we enable our customers to simultaneously run large-scale digital advertising campaigns across multiple publishers and channels, making it easy for marketers to create, publish, modify and optimize campaigns.

Our predictive bid management and optimization technology also allows advertisers to forecast outcomes and optimize campaigns across multiple publishers and channels to achieve their business goals. Our optimization technology can help advertisers increase advertisement spend on those campaigns, publishers and channels that are performing well while reducing investment in those that are not. This category of solutions, which we refer to as cross-channel bid and campaign optimization, helps businesses intelligently and efficiently measure, manage, and optimize their digital advertising spend to achieve desired business results.

Components of Results of Operations

Revenues

We generate revenues principally from subscription contracts under which we provide advertisers with access to our search, social and eCommerce advertising management platform, either directly or through the advertiser's relationship with an agency with whom we have a contract. Our subscription contracts are generally one year or less in length. Under subscription contracts with most of our direct advertisers and some independent agencies, we generally charge fees based on the amount of advertising spend that these customers manage through our platform or a contractual minimum monthly platform fee, whichever is greater. Certain of these customers are charged only a fixed monthly platform fee. Most of our subscription contracts with our network agency customers do not include a committed minimum monthly platform fee, and we charge fees based upon the amount of advertising spend that these customers manage through our platform. Due to the nature of the platform and the services performed under the subscription agreements, revenues are typically recognized in the amount billable to the advertiser.

Our long-term strategic agreements have historically included multi-year terms and are invoiced quarterly. Our strategic agreement with Google was initially entered into in December 2018 with an effective date of October 1, 2018 and included both a fixed baseline amount and a variable portion based on a percentage of relevant advertising search spend above the baseline threshold that runs through our technology platform (the "Original Google Revenue Share Agreement"). The Original Google Revenue Share Agreement expired on September 30, 2021. In September 2021, we entered into a new revenue share agreement with Google, with an effective date of October 1, 2021 (the “New Google Revenue Share Agreement”) for a three-year term continuing until September 30, 2024. Under this New Google Revenue Share Agreement, we are eligible to receive fixed and variable revenue share payments based on a percentage of the search advertising spend that is managed through our platform. Our other long-term strategic agreements are generally variable in nature, based on a percentage of relevant search advertising spend that runs through our technology platform.

The majority of our revenues are derived from advertisers based in the United States. Advertisers from outside of the United States represented 20% and 19% of total revenues for the three months ended September 30, 2023 and 2022, respectively, and 20% and 21% of our total revenues for the nine months ended September 30, 2023 and 2022, respectively. The New Google Revenue Share Agreement accounted for approximately 40% and 36% of our total revenues for the three months ended September 30, 2023 and 2022, respectively, and 40% and 36% of our total revenue for the nine months ended September 30, 2023 and 2022. Additionally, a customer for our subscription-based services accounted for approximately 11% of total revenues for the three and nine months ended September 30, 2023 and an advertising agency customer accounted for approximately 15% and 13% of total revenues for the three and nine months ended September 30, 2023, respectively.

Refer to Note 2 of the accompanying condensed consolidated financial statements for further discussion of our revenue recognition considerations.

Cost of Revenues

Cost of revenues primarily includes personnel costs, consisting of salaries, benefits, bonuses and stock-based compensation expense for employees associated with our cloud infrastructure and global services for implementation and ongoing customer service. Other costs of revenues include fees paid to contractors who supplement our support and data center personnel, expenses related to third-party data centers, depreciation of data center equipment, amortization of internally developed software and allocated overhead. Incremental cost of revenues associated with our long-term strategic agreements, including our largest agreement with Google, are generally not significant.

Sales and Marketing

Sales and marketing expenses consist primarily of personnel costs, including salaries, benefits, stock-based compensation expense and bonuses, as well as sales commissions and other costs including travel and entertainment, marketing and promotional events, lead generation activities, public relations, marketing activities, professional fees and allocated overhead. All of these costs are expensed as incurred, except sales commissions and the related payroll taxes, which are capitalized and amortized over the expected period of benefit in accordance with the relevant authoritative accounting guidance. Our commission plans provide that commission payments to our sales representatives are paid based on the key components of the applicable customer contract, including the minimum or fixed monthly platform fee during the initial contract term.

Research and Development

Research and development expenses consist primarily of personnel costs for our product development and engineering employees and executives, including salaries, benefits, stock-based compensation expense and bonuses. Also included are non-personnel costs such as professional fees payable to third-party development resources and allocated overhead.

Our research and development efforts are focused on enhancing our software architecture, adding new features and functionality to our platform and improving the efficiency with which we deliver these services to our customers, including the continued development of MarinOne.

General and Administrative

General and administrative expenses consist primarily of personnel costs, including salaries, benefits, stock-based compensation expense and bonuses for our administrative, legal, human resources, finance and accounting employees and executives. Also included are non-personnel costs, such as audit fees, tax services and legal fees, as well as professional fees, insurance and other corporate expenses, including allocated overhead.

Results of Operations

The following table is a summary of our unaudited condensed consolidated statements of operations for the specified periods and results of operations as a percentage of our revenues for those periods. The period-to-period comparisons of results are not necessarily indicative of results for future periods. Percentage of revenues figures are rounded and therefore may not subtotal exactly.

Three Months Ended September 30,				Nine Months Ended September 30,				Three Months Ended March 31,			
2023		2022		2023		2022		2024		2023	
Amount	% of Revenues	Amount	% of Revenues	Amount	% of Revenues	Amount	% of Revenues	Amount	% of Revenues	Amount	% of Revenues

	(dollars in thousands)								*(dollars in thousands)*			
Revenues, net	$4,438	100%	$4,977	100%	$13,381	100%	$14,858	100%	$ 4,031	100%	$ 4,583	100%
Cost of revenues	3,087	70	3,181	64	9,501	71	9,712	65	1,743	43	3,240	71
Gross profit	1,351	30	1,796	36	3,880	29	5,146	35	2,288	57	1,343	29
Operating expenses												
Sales and marketing	1,482	33	1,660	33	5,442	41	5,035	34	1,250	31	2,025	44
Research and development	2,860	64	3,034	61	8,599	64	8,931	60	1,881	47	2,942	64
General and administrative	2,119	48	2,923	59	6,897	52	7,937	53	1,684	42	2,336	51

Total operating expenses	6,461	146	7,617	153	20,938	156	21,903	147	4,815	119	7,303	159
Loss from operations	(5,110)	(115)	(5,821)	(117)	(17,058)	(127)	(16,757)	(113)	(2,527)	(63)	(5,960)	(130)
Other income, net	158	4	190	4	598	4	3,889	6	104	3	225	5
Loss before income taxes	(4,952)	(112)	(5,631)	(113)	(16,460)	(122)	(12,868)	(86)	(2,423)	(60)	(5,735)	(125)
Provision for income taxes	2	—	105	2	194	1	241	2				
Provision for (benefit from) income taxes									(12)	—	48	1

Net loss	$ (4,954)	(112)%	$ (5,736)	(115)%	$ (16,654)	(142)%	$ (13,109)	(88)%	$ (2,411)	(60)%	$ (5,783)	(126)%

Comparison of the Three and Nine Months Ended September 30, 2023 March 31, 2024 and 2022 2023

Revenues, net

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2023	2022	$	%	2023	2022	$	%
				(dollars in thousands)				
Revenues, net	$ 4,438	$ 4,977	$ (539)	(11)%	$ 13,381	$ 14,858	$ (1,477)	(10)%

	Three Months Ended March 31,		Change	
	2024	2023	$	%
		(dollars in thousands)		
Revenues, net	$ 4,031	$ 4,583	$ (552)	(12)%

Revenues, net for the three and nine months ended September 30, 2023 March 31, 2024 decreased $0.5 million $0.6 million, or 11% 12%, and $1.5 million, or 10%, respectively, as compared to the corresponding periods period in 2022. 2023. The decreases were primarily due to customer turnover that was not fully offset by new customer bookings. Revenues, net from our customers located in the United States represented 80% and 81% of total revenues, net for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and 80% and 79% of total revenues, net for the nine months ended September 30, 2023 and 2022, respectively. 2023. Revenues, net from the Google Revenue Share Agreements accounted for 40% 44% and 36% 39% of total revenues, net for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and 40% and 36% of total revenues, net for the nine months ended September 30, 2023 and 2022, 2023, respectively.

Cost of Revenues and Gross Margin

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change		Three Months Ended March 31,		Change	
	2023	2022	$	%	2023	2022	$	%	2024	2023	$	%
	(dollars in thousands)								(dollars in thousands)			
Cost of revenues	$ 3,087	$ 3,181	$ (94)	(3) %	$ 9,501	$ 9,712	$ (211)	(2) %	$ 1,743	$ 3,240	$ (1,497)	(46) %
Gross profit	1,351	1,796	(445)	(25)	3,880	5,146	(1,266)	(25)	2,288	1,343	945	70
Gross profit percentage	30 %	36 %			29 %	35 %			57 %	29 %		

Cost of revenues for the three and nine months ended September 30, 2023 March 31, 2024 decreased less than $0.1 million $1.5 million, or 3% 46%, and $0.2 million, or 2%, respectively, as compared to the corresponding periods period in

2022. 2023. The decreases reflect decrease is primarily due to lower personnel costs of $0.5 million for the three months ended September 30, 2023 $0.9 million due to the 2023 Restructuring Plan, lower headcount, a $0.4 million decrease in amortization of internally developed software, and lower facilities and hosting costs of $0.3 million and $0.9 million for the three and nine months ended September 30, 2023, respectively, and a decrease in amortization expense of $0.1 million for the nine months ended September 30, 2023, partially offset by higher restructuring costs of $0.7 million for three and nine months ended September 30, 2023 due to the 2023 Restructuring Plan, and higher personnel costs of $0.2 million for the nine months ended September 30, 2023, respectively, resulting from a higher number of full-time personnel during the first two quarters of 2023. .

Our gross margin decreased increased to 30% and 29% 57% for the three and nine months ended September 30, 2023 March 31, 2024, respectively, as compared to 36% and 35% 29% for the corresponding period in 2022. 2023. This was primarily due to the lower cost of revenues in 2024 compared to 2023, partially offset by lower revenue in 2023 2024 compared to 2022. 2023.

Sales and Marketing

Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change		Three Months Ended March 31,		Change	
2023	2022	$	%	2023	2022	$	%	2024	2023	$	%
(dollars in thousands)								(dollars in thousands)			

Sales and marketing	$ 1,482	$ 1,660	$ (178)	(11) %	$ 5,442	$ 5,035	$ 407	8 %	$ 1,250	$ 2,025	$ (775)	(38) %
Percent of revenues, net	33 %	33 %			41 %	34 %			31 %	44 %		

Sales and marketing expense for the three and nine months ended September 30, 2023 March 31, 2024 decreased $0.2 million $0.8 million, or 11% 38%, and increased $0.4 million, or 8%, respectively, as compared to the corresponding period in 2022. 2023. The decrease in the three months ended September 30, 2023 March 31, 2024 was primarily due to lower personnel costs of $0.2 million due to the 2023 Restructuring Plan and lower marketing costs of $0.1 million, partially offset by higher restructuring costs of $0.1 million. The increase in the nine months ended September 30, 2023 was primarily due to higher marketing program costs $0.7 million related to investments in advertising in 2023 $0.5 million and higher restructuring costs of $0.1 million, partially offset by lower personnel costs of $0.4 million $0.3 million due to the 2023 Restructuring Plan. lower headcount.

Research and Development

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change		Three Months Ended March 31,		Change	
	2023	2022	$	%	2023	2022	$	%	2024	2023	$	%
	(dollars in thousands)								(dollars in thousands)			
Research and development	$ 2,860	$ 3,034	$ (174)	(6) %	$ 8,599	$ 8,931	$ (332)	(4) %	$ 1,881	$ 2,942	$ (1,061)	(36) %
Percent of revenues, net	64 %	61 %			64 %	60 %			47 %	64 %		

Research and development expenses for the three and nine months ended September 30, 2023 March 31, 2024 decreased $0.2 million $1.1 million, or 6% 36%, and $0.3 million, or 4%, respectively, as compared to the corresponding periods period in 2022. 2023. The decrease was primarily due to lower personnel costs of $0.8 million and $0.2 million for the three and nine months ended September 30, 2023 $1.3 million due to the 2023 Restructuring Plan lower headcount and lower facilities and information technology costs professional fees of $0.2 million and $0.8 million for the three and nine months ended September 30, 2023, due to less contractors, partially offset by higher restructuring costs of $0.7 million and $0.6 million for the three and nine months ended September 30, 2023, respectively, an increase $0.5 million due to the 2023 Restructuring Plan.

no amounts being capitalized to internally developed software.

General and Administrative

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change		Three Months Ended March 31,		Change	
	2023	2022	$	%	2023	2022	$	%	2024	2023	$	%
	(dollars in thousands)								(dollars in thousands)			
General and administrative	$ 2,119	$ 2,929	$ (804)	(28) %	$ 6,897	$ 7,937	$ (1,040)	(13) %	$ 1,684	$ 2,336	$ (652)	(28) %
Percent of revenues, net	48 %	59 %			52 %	53 %			42 %	51 %		

General and administrative expenses for the three and nine months ended September 30, 2023 March 31, 2024 decreased by $0.8 million $0.7 million, or 28%, and $1.0 million, or 13%, respectively, as compared to the corresponding periods period in 2022. 2023. The decreases were decrease was primarily due to lower personnel costs of $0.6 million $0.7 million due to lower headcount and $0.4 million for the three and nine months ended September 30, 2023, respectively, lower professional fees of $0.2 million due to less contractors, partially offset by an increase of $0.3 million in credit loss expense due to the 2023 Restructuring Plan, lower facility and information technology costs write-off of $0.5 million and $1.8 million for the three and nine months ended September 30, 2023, respectively, lower depreciation expense of $0.4 million during the nine months ended September 30, 2023 and lower bad debt expense of $0.3 million during the nine months ended September 30, 2023, primarily due to the write off of certain customer credit credits balances partially offset by higher restructuring costs of $0.1 million during the three and nine months ended September 30, 2023, due to the 2023 Restructuring Plan. March 31, 2023.

Other Income, Net

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2023	2022	$	%	2023	2022	$	%
	(dollars in thousands)							
Other income, net	$ 158	$ 190	$ (32)	(17) %	$ 598	$ 3,889	$ (3,291)	(85) %

	Three Months Ended March 31,		Change	
	2024	2023	$	%
	(dollars in thousands)			
Other income, net	$ 104	$ 225	$ (121)	(54) %

Other income, net primarily consists of sublease income as well as foreign currency transaction gains and losses, and interest income and interest expense. Additionally, 2022 included a gain of $3.1 million from PPP loan forgiveness recognized during Other income, net, for the first quarter. Also contributing three months ended March 31, 2024 decreased by $0.1 million, or 54%, as compared to the corresponding period in 2023. The decrease was primarily due to lower sublease income of $0.6 million for the nine months ended September 30, 2023, respectively, partially offset by higher interest income of $0.4 million for $0.1 million during the nine three months ended September 30, 2023, respectively.

Foreign currency transaction gains and losses and interest income and expense were not material in 2023 or 2022. March 31, 2024.

Provision for Income Taxes

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2023	2022	$	%	2023	2022	$	%
	(dollars in thousands)							
Provision for income taxes	$ 2	$ 105	$ (103)	(98) %	$ 194	$ 241	$ (47)	(20) %

	Three Months Ended March 31,		Change	
	2024	2023	$	%
	(dollars in thousands)			
Provision for (benefit from) income taxes	$ (12)	$ 48	$ (60)	(125) %

The income tax provision benefit for the three and nine months ended September 30, 2023 March 31, 2024 was primarily due to valuation allowances in the United States and taxable income generated by certain of our foreign wholly owned subsidiaries.

Liquidity and Capital Resources

Since our incorporation in March 2006, we have relied primarily on sales of our capital stock to fund our operating activities. From incorporation until our initial public offering ("IPO") we raised $105.7 million, net of related issuance costs, in funding through private placements of our preferred stock. In March and April 2013, we raised net proceeds of $109.3 million in our IPO. From March 2019 through December 2022, we raised total net proceeds of $52.1 million from at-the-market offering programs administered by JMP Securities, and in 2020 we received proceeds of $3.3 million from a loan through the PPP, of which $3.1 million was forgiven. From time to time, we have also utilized equipment lines and entered into finance lease arrangements to fund capital purchases. As of September 30, 2023 March 31, 2024, our principal source of liquidity was our cash and cash equivalents of $13.6 million. equivalents. Our primary operating cash requirements include the payment of compensation and related expenses, as well as costs for our facilities and information technology infrastructure.

24

We maintain cash balances in our foreign subsidiaries. As of September 30, 2023 March 31, 2024, we had $13.6 million $9.6 million of cash and cash equivalents in aggregate, of which $0.2 million $0.5 million was held by our foreign subsidiaries. If funds held by our foreign subsidiaries were needed for our U.S. operations, we would be required to accrue U.S. tax liabilities associated with the repatriation of these funds. However, given the amount of our net operating loss carryovers in the United States, such repatriation will most likely not result in material U.S. cash tax payments within the next year. Additionally, we do not believe that foreign withholding taxes associated with repatriating these funds would be material.

On August 3, 2021, we filed a shelf registration statement on Form S-3 with the SEC, which was declared effective by the SEC on August 19, 2021 and provides that we may offer our common stock, preferred stock, debt securities, warrants, subscription rights and units having an aggregate offering price of up to $100.0 million. As part of this 2021 registration statement, we entered into a third equity distribution agreement with JMP Securities and established a new $50.0 million “at-the-market” securities offering facility, pursuant to which we may be able to issue and sell shares of our common stock. During the year ended December 31, 2022, we sold 1.1 million shares of our common stock under this new equity distribution agreement and received proceeds of approximately $1.3 million, net of offering costs of $0.1 million, at a weighted average sales price of $1.33 per share. In accordance with the SEC’s Instruction I.B.6 of Registration Statement on Form S-3, we adjusted the maximum aggregate market value of the securities that may be sold pursuant to this current “at-the-market” securities offering facility from $50.0 million to approximately $22.8 million based on our market capitalization on the date we filed our Annual Report on Form 10-K for the year ended December 31, 2021. We cannot provide any assurance that we will be able to raise any additional financing under this facility. Our ability to raise any additional financing under this facility may be adversely affected if our common stock is delisted from Nasdaq. For more information regarding our compliance with Nasdaq listing standards, please refer below to “Risk Factors—Risks Related to the Ownership of Our Common Stock—If we cannot regain compliance with the continued listing requirements of Nasdaq, Nasdaq may de-list our common stock, which would have an adverse effect on the trading volume, liquidity and market price of our common stock.”

In May 2020, we entered into an agreement with a lender for a loan in an aggregate principal amount of $3.3 million (the “Loan”) pursuant to the PPP under the CARES Act. We received the Loan proceeds on May 12, 2020. An aggregate principal amount of $3.1 million of the Loan was forgiven in January 2022 and we repaid the remaining outstanding balance of $0.2 million in February 2022. See Note 4 to the accompanying consolidated financial statements for further discussion of this loan.

We have incurred significant losses in each fiscal year since our incorporation in 2006. We incurred a net loss of $16.7 million $2.4 million for the nine three months ended September 30, 2023 March 31, 2024 and a net loss of $18.2

million $21.9 million for the year ended December 31, 2022 December 31, 2023. As of September 30, 2023 March 31, 2024, we had cash and cash equivalents of $13.6 million $9.6 million and an accumulated deficit of $339.0 million $346.7 million. Management expects to incur additional losses and experience negative operating cash flows into the foreseeable future.

In July 2023, we commenced a restructuring plan that included a global reduction-in-force and other cost saving actions to reduce our expenses (the "2023 Restructuring Plan"). The the 2023 Restructuring Plan, which resulted in the reduction of our global employees by 56 64 full-time employees and 14 full-time-equivalent contractors during the three months ended September 30, 2023, second half of 2023, reducing our total full-time-equivalent employee and contractor workforce headcount by approximately 36% from 195 as of June 30, 2023 to 125 as of September 30, 2023 37%. The remainder of planned workforce reductions are expected to be completed 2023 Restructuring Plan was substantially complete in the fourth quarter of 2023.

Our ability to achieve our business objectives, and to continue to meet our obligations, is dependent upon maintaining a certain level of liquidity, which is impacted by several factors, such as our ability to manage our cash flows, including the effectiveness of cost saving measures that we have implemented in the three months ended September 30, 2023 and the effective implementation of the remaining cost saving measures associated with the 2023 Restructuring Plan, our ability to maintain our strategic partnerships, our ability to increase new bookings, the extent of customer acceptance, retention and use of the MarinOne platform, and general macroeconomic conditions such as inflation or the extent and duration of any recession. Although we have pursued, and may continue to pursue, additional sources of liquidity, including additional equity and debt financing, there is no assurance that any additional financing will be available on acceptable terms, or at all. Failure to manage our cash flows, improve customer retention rates, or raise additional capital would have a material adverse effect on our ability to achieve our intended business objectives.

Based on the funds we have available as of the date of the filing of this Quarterly Report on Form 10-Q and our history of recurring losses and negative operating cash flows, there is substantial doubt raised about our ability to continue as a going concern. Our ability to continue as a going concern is substantially dependent upon our ability to achieve its intended business objectives. If we are unable to achieve our intended business objectives, it is probable that we may be required to initiate further cost savings activities, extend payment terms with suppliers, liquidate assets where possible, or wind-up operations. These actions could materially impact our business, results of operations and future prospects. Therefore, there is substantial doubt about our ability to continue as a going concern for one year after the filing date of the accompanying condensed consolidated financial statements.

The accompanying condensed consolidated financial statements have been prepared assuming we will continue to operate as a going concern and do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from our uncertainty related to our ability to continue as a going concern. These adjustments could materially impact our accompanying condensed consolidated financial statements.

Summary of Cash Flows

The following table sets forth a summary of our cash flows for the periods indicated:

	Nine Months Ended September 30,	
	2023	2022
	(in thousands)	
Net cash used in operating activities	$ (12,634)	$ (13,288)
Net cash used in investing activities	(1,511)	(1,360)
Net cash used in financing activities	(202)	(560)
Effect of foreign exchange rate changes on cash and cash equivalents and restricted cash	(13)	(158)
Net decrease in cash and cash equivalents and restricted cash	$ (14,360)	$ (15,366)

	Three Months Ended March 31,	
	2024	2023
	(in thousands)	
Net cash used in operating activities	$ (1,729)	$ (3,692)
Net cash used in investing activities	-	(579)
Net cash provided by (used in) financing activities	(60)	8
Effect of foreign exchange rate changes on cash and cash equivalents	(11)	22
Net decrease in cash and cash equivalents	$ (1,800)	$ (4,241)

Operating Activities

Cash used in operating activities is primarily influenced by the amount of cash we invest in personnel and infrastructure to support the operation of our business and the fluctuations in the number of advertisers using our platform. Cash provided by or used in operating activities has typically been affected by net losses and further impacted by changes in our operating assets and liabilities, particularly in the areas of accounts receivable, prepaid expenses and other assets, accounts payable and accrued expenses and other current liabilities, adjusted for non-cash expense items such as depreciation, amortization, stock-based compensation expense, and deferred income tax benefits, and forgiveness of PPP loan. benefits.

Cash used in operating activities for the nine three months ended September 30, 2023 March 31, 2024 of $12.6 million $1.7 million was primarily the result of a net loss of $16.7 million $2.4 million, adjusted for non-cash (income) expenses of $3.8 million $0.9 million, primarily consisting of depreciation and amortization, stock-based compensation expense and provision for bad debts credit losses and a $0.2 million net change in working capital items. These items consisted most notably of a decrease in accounts receivable of $0.5 million due to the decrease in revenues and the timing of related collections, a decrease in prepaid expenses and other assets (both current and non-current) of $0.1 million due to the timing of related disbursements, a net decrease in accounts payable and accrued expenses and other liabilities (both current and non-current) of $0.4 million due primarily to the timing of related disbursements, and a decrease to operating lease liabilities of $0.4 million.

Cash used in operating activities for the three months ended March 31, 2023 of $3.7 million was primarily the result of a net loss of $5.8 million, adjusted for non-cash (income) expenses of $1.3 million, primarily consisting of depreciation and amortization, stock-based compensation expense and provision for credit losses and a $0.8 million net change in working capital items. These items consisted most notably of (1) a decrease in accounts receivable of $0.9 million $0.7 million due to the decrease in revenues and the timing of related collections; (2) a decrease in prepaid expenses and other assets (both current and non-current) of $0.3 million $0.2 million due to the timing of related disbursements; and (3) a net decrease in accounts payable and accrued expenses and other liabilities (both current and non-current) of $1.0 million $0.2 million due primarily to the timing of related disbursements.

Cash used in operating activities for the nine months ended September 30, 2022 of $13.3 million was primarily the result of a net loss of $13.1 million, adjusted for non-cash (income) expenses of $1.3 million, primarily consisting of depreciation and amortization, forgiveness of PPP loan, stock-based compensation expense, provision for bad debts and net changes in operating leases, and a $1.4 million net change in working capital items. These items consisted most notably of (1) a decrease in accounts receivable of $0.5 million due to the decrease in revenues and the timing of related collections; (2) a decrease in prepaid expenses and other assets (both current and non-current) of $0.1 million due to the timing of related disbursements; and (3) a decrease in accounts payable and accrued expenses and other liabilities (both current and non-current) of $2.0 million due primarily to the timing of related disbursements, including the payment of employee bonuses on a quarterly rather than an annual basis.

Investing Activities

During the nine three months ended September 30, 2023 and 2022 March 31, 2023, investing activities primarily consisted of capitalized internally developed software costs. Purchases of property and equipment may vary from period-to-period due to the timing of our operational requirements and the development cycles of our internally developed hosted software platform. We expect to continue to invest in the development of our software platform for the foreseeable future.

Financing Activities

Cash used in financing activities for the nine three months ended September 30, 2023 March 31, 2024 and 2023 was $0.2 million, primarily from employee related to employees' taxes paid for withheld shares upon the settlement of equity awards.

Cash used in financing activities for the nine months ended September 30, 2022 was $0.6 million primarily from our $0.2 million repayment of the PPP loan and $0.4 million in employee taxes paid for withheld shares upon the settlement of equity awards.

26

Contractual Obligations and Commitments

There were no material changes outside the ordinary course of business during the nine three months ended September 30, 2023 March 31, 2024 to the contractual obligations and commitments disclosed in our Annual Report on Form 10-K for the fiscal year 2022 2023 filed with the SEC on February 23, 2023 February 23, 2024, under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Recent Accounting Pronouncements

For information regarding recent accounting pronouncements, refer to Note 1, Summary of Business and Significant Accounting Policies, within our unaudited condensed consolidated financial statements.

Critical Accounting Policies and Significant Judgments and Estimates

The discussion and analysis During the three months ended March 31, 2024, we analyzed whether our internally developed software still met the definition of our financial condition and results an asset. As of operations is March 31, 2024, we concluded that due to fact that the internally developed software does not have a future economic benefit to us based upon our unaudited condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in on its negative cash flows, it no longer meets the United States. The preparation definition of an asset. Additionally, as the internally developed software no longer meets the definition of an asset, the development costs related to internally developed software will no longer be capitalized as these unaudited condensed consolidated financial statements requires us development costs are considered to make estimates, assumptions and judgments that can have significant impact on be unrecoverable. Instead, all development costs related to the reported amounts of assets and liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities at the date of the unaudited condensed consolidated financial statements. These items are monitored and analyzed by us for changes in facts and circumstances, and material changes in these estimates could occur in the future. internally developed software will be expensed as incurred.

We believe Other than the estimates, assumptions and judgments involved in revenue recognition, accounting for income taxes, and reserving for credit losses have the greatest potential impact on our unaudited condensed consolidated financial statements and consider these change to be our critical accounting policies. Historically, our estimates, assumptions and judgments relative to our critical accounting policies have not differed materially from actual results.

There internally developed assets, described above, there have been no material changes to our critical accounting policies and significant judgments and estimates as compared to the critical accounting policies and significant judgments and estimates as described in our Annual Report on Form 10-K for the fiscal year 2022 2023 filed with the SEC on

February 23, 2023 February 23, 2024, under “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

20

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There were no material changes during the nine three months ended September 30, 2023 March 31, 2024 with respect to the information appearing in Part II, Item 7A, “Quantitative and Qualitative Disclosures About Market Risk,” of our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 2023 filed with the SEC on February 23, 2024.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which are designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our Principal Executive Officer (our Chief Executive Officer) and Principal Financial Officer (our Chief Financial Officer), or persons performing similar functions, as appropriate to allow timely decisions regarding required or necessary disclosures.

Our management, with the participation of our Principal Executive Officer and Principal Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, our Principal Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures were not effective at a reasonable assurance level as of September 30, 2023 March 31, 2024, due to the material weakness described below.

Material Weakness in Internal Control over Financial Reporting

A material weakness is a deficiency, or combination of deficiencies in internal controls over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

As previously disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 filed with the SEC on February 23, 2024, management identified a material weakness in internal control over financial reporting relating management's review of the long-lived asset impairment analysis pursuant to ASC 360, Property, Plant and Equipment. The review performed did not appropriately identify and evaluate an outlier in an assumption used to determine the fair value of internally developed software under the market approach valuation method. The material weakness resulted in a material corrected misstatement to the financial statements related to the full impairment of internally developed software as of December 31, 2023.

Remediation Efforts to Address the Material Weakness in Internal Control Over Financial Reporting

In order to remediate the material weakness relating to management's review of the long-lived asset impairment analysis, management is taking remediation action by incorporating a review step to ensure all outliers identified through the review of the long-lived asset impairment analysis pursuant to ASC 360, Property, Plant, and Equipment, which has been implemented in the three months ended March 31, 2024.

Management will continue to review, optimize, and enhance its financial reporting controls and procedures. As the Company continues to evaluate and work to improve its internal control over financial reporting, the Company may implement additional measures to address the material weakness or the remediation measures described above may be enhanced or modified. The material weakness will not be considered remediated until the applicable remediated control operates for a sufficient period of time and management has concluded, through further testing, that the control is operating effectively.

Changes in Internal Control over Financial Reporting

As of Other than the end of the period covered by this Quarterly Report on Form 10-Q, our Principal Executive Officer and Principal Financial Officer did not identify any control identified above, there was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the fiscal quarter covered by this Quarterly Report on Form 10-Q three months ended March 31, 2024, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II.

OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we may become involved in legal proceedings arising in the ordinary course of our business. We are not presently a party to any legal proceedings that, if determined adversely to us, would individually or taken together have a material adverse effect on our business, operating results, financial condition or cash flows.

Item 1A. Risk Factors

Investing in our 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 contained in this Quarterly Report on Form 10-Q, including our condensed consolidated financial statements and the related notes thereto, before making a decision to invest in our common stock. The risks and uncertainties summarized and described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that affect us. If any of the following risks occur, our business, financial condition, operating results and prospects could be materially and adversely affected. In that event, the price of our common stock could decline, and you could lose part or all of your investment.

SUMMARY OF RISK FACTORS

Risks Related to our Financial Condition and Future Operating Results

- Our history of recurring losses and negative operating cash flows raises substantial doubt about our ability to contin as a going concern unless we can increase our revenues, further reduce our expenses or raise additional capital meet our obligations in the near term.
- We expect to continue to incur losses and experience negative cash flows, and we may need to further reduce (expenses, change our business plans, sell additional securities, sell assets or borrow additional funds to sustain (business operations.
- We may require additional capital to sustain and grow our business, and this capital might not be available on acceptable terms, if at all.
- We may experience quarterly fluctuations in our operating results due to a number of factors, including gene macroeconomic conditions such as inflation or any recession, which make our future results difficult to predict.

Risks Related to our Business and Market

- If the market for digital advertising slows or declines, our business, growth prospects, and financial condition would adversely affected.
- We must develop and introduce enhancements and new features that achieve market acceptance or that keep pa with technological developments to remain competitive in our evolving industry.
- If we are unable to maintain our relationships with, and access to, publishers, advertising exchange platforms and oth platforms that aggregate the supply of advertising inventory, our business will suffer.
- Our ability sustain and grow our business depends in part on the success of our relationships with advertising agenci and our strategic relationships with third parties. We have recognized a significant percentage of our revenues duri recent periods from our strategic relationship with Google, and any adverse change in such relationship or failure renew such relationship beyond the currently scheduled September 30, 2024 expiration date could have a mater adverse effect on our results of operations and business.
- Our market is highly competitive and complex. We may not be able to compete successfully against current and futu competitors.

- Our business depends on our customers’ continued willingness to manage advertising spend on our platform.

28 22

Operational Risks

- Our business depends on retaining qualified personnel, and turnover may result in operational inefficiencies that could negatively affect our business. In July 2023, we commenced a significant reduction-in-force to reduce our expenses. These changes could be disruptive to our operations and could have a material adverse effect on our business and results of operations.
- We incur upfront costs associated with onboarding advertisers to our platform and may not recoup our investment if v do not maintain the advertiser relationship over time.
- Because we generally bill our customers over the term of the contract, near term decline in new or renew subscriptions may not be reflected immediately in our operating results.
- Any decrease in our customers’ use of search advertising or our inability to further penetrate social and eCommer advertising channels would harm our business.
- Our sales cycle can be long and unpredictable and require considerable time and expense, which may cause o operating results to fluctuate.
- Our ability to generate revenue depends on our collection of significant amounts of data from various sources.
- Material defects, errors or disruptions in our software platform could harm our reputation, result in significant costs to and impair our ability to sell our subscription services.
- If mobile connected devices, their operating systems or content distribution channels, including those controlled by o competitors, develop in ways that prevent our advertising campaigns from being delivered to their users, our ability grow our business will be impaired.
- If our security measures are breached or unauthorized access to customer data or our data is otherwise obtained, o solutions may be perceived as not being secure, customers may reduce the use of or stop using our solutions and v may incur significant liabilities.
- We primarily use third-party data centers to deliver our services. Any disruption of service at these facilities could ha our business.
- We may need to continually improve our hosting infrastructure to avoid service interruptions or slower syste performance.
- Our solutions must integrate with our customers’ enterprise applications and infrastructures. If we cannot efficien implement our solutions for our customers, we may lose customers.
- If we are unable to maintain or expand our sales and marketing capabilities, we may not be able to genera

anticipated revenues.

- Any failure to offer high-quality technical support services may adversely affect our relationships with our custome and harm our financial results.
- Any failure to protect our intellectual property rights could impair our ability to protect our proprietary technology a adversely affect our business, reputation or brand.

Regulatory and Compliance Risks

- Domestic and foreign government regulation and enforcement of data practices and data tracking technologies expansive, not clearly defined and rapidly evolving. Such regulation could directly restrict portions of our business indirectly affect our business by constraining our customers' use of our platform or limiting the growth of our markets.
- If our customers fail to abide by applicable privacy laws or to provide adequate notice and/or obtain consent from e users, we could be subject to litigation or enforcement action or reduced demand for our services. Industry se regulatory standards may be implemented in the future that could affect demand for our platform and our ability access data we use to provide our platform.
- We have identified a material weakness in our internal controls over financial reporting. If we experience mater weaknesses or deficiencies in the future or otherwise fail to maintain an effective system of internal controls, we m not be able to accurately or timely report our financial condition or results of operations, which may adversely affe investor confidence in us and, as a result, the value of our common stock.

Risks Related to the Ownership of Our Common Stock

- The closing price of our common stock on Nasdaq has been below $1.00 for more than 30 consecutive business da and as a result, we have received a deficiency notice from Nasdaq advising that we are not in compliance with continued listing requirement. If we cannot regain maintain compliance with the continued listing requirements of T Nasdaq Capital Market, The Nasdaq Capital Market may de-list our common stock, which would have an adver effect on the trading volume, liquidity and market price of our common stock.
- The market price of our common stock has been volatile and may continue to be subject to wide fluctuations due circumstances beyond our control, which could subject us to litigation.
- If we sell additional shares of our common stock, the percentage ownership of our stockholders will be diluted.

Risks Related to the COVID-19 Pandemic

- The COVID-19 global pandemic has adversely affected, and any lingering or renewed effects of the pandemic may continue to adversely affect, our business and operating results. Among other things, the COVID-19 global pander has caused, and any lingering or renewed effects of the pandemic could cause, some of our customers to reduce their purchases of our products or to reduce the amount of digital advertising spend that they manage using our products, which could have a material adverse effect on our business.

RISK FACTORS

Risks Related to our Financial Condition and Future Operating Results

Our history of recurring losses and negative operating cash flows raises substantial doubt about our ability to continue as a going concern unless we can increase our revenues, further reduce our expenses or raise additional capital to meet our obligations in the near term.

We have incurred significant losses in each fiscal year since our incorporation in 2006. We experienced a net loss of $2.4 million in the three months ended March 31, 2024, as well as net losses of $21.9 million and $18.2 million during the year years ended December 31, 2022 December 31, 2023 and a net loss of $16.7 million during the nine months ended September 30, 2023. 2022, respectively. As of September 30, 2023 March 31, 2024, we had an accumulated deficit of $339.0 million $346.7 million and cash and cash equivalents of $13.6 million $9.6 million. The losses and accumulated deficit were due largely to declining revenues and the substantial investments we have made to attempt to grow our business and acquire customers. Management expects to incur additional losses and experience negative operating cash flows into the foreseeable future. Our revenues have decreased over the last several years, decreasing from $30.0 million in 2020 to $24.4 million in 2021, and to $20.0 million in 2022. 2022, to $17.7 million in 2023. Historically, we have relied primarily on the sale of our capital stock to fund operating activities.

Our ability to achieve our business objectives, and to continue to meet our obligations, is dependent upon maintaining a certain level of liquidity, which is impacted by several factors, such as our ability to manage our cash flows, including the effectiveness of cost saving measures that we have implemented in the three months ended September 30, 2023 and the effective implementation of the remaining cost saving measures associated with the 2023 Restructuring Plan, our ability to maintain our strategic partnerships, our ability to increase new bookings, the extent of customer acceptance, retention and use of the MarinOne platform, and general macroeconomic conditions such as inflation or the extent and duration of any recession. Although we have pursued, and may continue to pursue, additional sources of liquidity, including additional equity and debt financing, there is no assurance that any additional financing will be available on acceptable terms, or at all. Failure to manage our cash flows, improve customer retention rates, or raise additional capital would have a material adverse effect on our ability to achieve our intended business objectives.

Based on the funds it has we have available as of the date of the filing of this Quarterly Report on Form 10-Q and our history of recurring losses and negative operating cash flows, there is substantial doubt raised about our ability to continue as a going concern. Our ability to continue as a going concern is substantially dependent upon our ability to achieve manage our business objectives. cash flows, including the effectiveness of the cost savings measures that we implemented in the 2023 Restructuring Plan, as well as our ability to maintain our strategic partnerships, improve customer retention rates and increase new bookings. If we are unable to achieve manage our business objectives, cash flows, maintain our strategic partnerships, improve customer retention rates, increase new bookings or raise sufficient additional capital, it is probable that we may be required to initiate further cost savings activities, extend payment terms with suppliers, liquidate assets where possible, or wind-up operations. These actions could materially impact our business, results of operations and future prospects. Therefore, there is substantial doubt about our ability to continue as a going concern for one year after the filing date of the accompanying condensed consolidated financial statements.

Our unaudited condensed consolidated financial statements for the nine months ended September 30, 2023 included in this Quarterly Report on Form 10-Q were prepared on a going concern basis in accordance with GAAP. The going concern basis assumes that we will continue in operation for the next 12 months and that we will be able to realize our assets and discharge our liabilities and commitments in the normal course of business. Thus, our unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q do not include any adjustments that might be necessary if we are unable to continue as a going concern. These adjustments could materially impact our accompanying condensed consolidated financial statements.

We expect to continue to incur losses and experience negative cash flows, and we may need to further reduce our expenses, change our business plans, sell additional securities, sell assets or borrow additional funds to sustain our business operations.

We currently operate at a loss and we anticipate that we will continue to have operating losses in the near term. Our business has not generated enough cash flow to fund our sales and marketing activities, research and development initiatives and other business activities. Based on the funds it has we have available as of the date of the filing of this report and our history of recurring losses and negative operating cash flows, there is substantial doubt raised about our ability to continue as a going concern. Our ability to continue as a going concern and grow our business and to realize profitability is substantially dependent upon our ability to improve customer retention rates, increase new bookings and manage our cash flows. To achieve this, we plan to attempt to increase our market share for our current services through sales and marketing efforts, continue development of new platform features and deliver efficient service to customers, which may require additional capital and expenditures, which may be difficult, especially if general macroeconomic conditions worsen. If we do not realize increases in our revenue, we may need to further reduce our expenses through additional cost-cutting measures, change our business plans or seek to sell additional securities, sell assets or borrow additional funds to sustain our business operations. In July 2023, we commenced the 2023 Restructuring Plan as described in Note 1 to the financial statements in Item 1 of Part I. We expect to substantially complete the 2023 Restructuring Plan during the fourth quarter of 2023. There is no guarantee that we will be able to realize the intended costs savings from this restructuring, or further reduce our expenses through any other future cost–cutting measures. Further, there is no guarantee that we will be able to issue additional securities or sell assets in future periods or borrow funds on commercially reasonable terms, or at all, in order to meet our cash needs and continue as a going concern. Our ability to raise additional financing is subject to a number of uncertainties, including but not limited to, the market demand for our stock, our financial performance and outlook, the market demand for products and services, and adverse market conditions.

We may require additional capital to sustain and grow our business, and this capital might not be available on acceptable terms, if at all.

We intend to continue to make investments to sustain and grow our business and may require additional funds to respond to business challenges, including the need to develop new features or enhance our existing platform and improve our operating infrastructure. Accordingly, we may need to engage in equity or debt financing to secure additional funds. If we raise additional funds through further issuance of equity or convertible debt securities our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. For example, during the year ended December 31, 2021, we sold 5.5 million shares of our common stock under equity distribution agreements with JMP Securities LLC, or JMP Securities, and received proceeds of approximately $41.7 million, net of offering costs of $1.5 million, at a weighted average sales price of $7.85 $47.10 per share. share (after accounting for the 1-for-6 reverse stock split that occurred on April 12, 2024). The 5.5 million shares of our common stock that we issued under the equity distribution agreements during 2021 increased the number of outstanding shares of our common stock by approximately 57%, resulting in dilution to the percentage ownership of our previously existing stockholders. Additionally, during the year ended December 31, 2022, we sold 1.1 million shares of our common stock under a new equity distribution agreement with JMP Securities for the sale of up to $50.0 million of new securities in an "at-the-market" common stock offering facility and received proceeds of approximately $1.3 million, net of offering costs of $0.1 million, at a weighted average sales price of $1.33 $7.85 per share. share (after accounting for the 1-for-6 reverse stock split that occurred on April 12, 2024). In accordance with the SEC's Instruction I.B.6 of Registration Statement on Form S-3, we adjusted the maximum aggregate market value of the securities that may be sold pursuant to this current "at-the-market" securities offering facility from $50.0 million to approximately $22.8 million based on our market capitalization on the date we filed our Annual Report on Form 10-K for the year ended December 31, 2021. We cannot provide any assurance that we will be able to raise any additional financing under this facility. Our ability to raise any additional financing under this facility may be adversely affected if our common stock is delisted from The Nasdaq Capital Market ("Nasdaq"). For more information regarding our compliance with Nasdaq listing standards, please refer below to "Risks Related to the Ownership of Our Common Stock—If we cannot regain compliance with the continued listing requirements of Nasdaq, Nasdaq may de-list our common stock, which would have an adverse effect on the trading volume, liquidity and market price of our common stock."

In May 2020, we entered into a loan agreement with Harvest Small Business Finance, LLC, or the Lender, as the lender for a loan in an aggregate principal amount of $3.3 million, or the Loan, pursuant to the Paycheck Protection Program under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. An aggregate principal amount of $3.1 million of the Loan was forgiven in January 2022 and we repaid the remaining outstanding balance of $0.2 million in February 2022. The U.S. Department of the Treasury, or the Treasury, and the U.S. Small Business Administration, or the SBA, have announced that they will review all Payroll Protection Program loans that equal or exceed $2.0 million. While we believe that we acted in good faith and complied with all requirements of the Payroll Protection Program, if Treasury or SBA determined that our Loan application was not made in good faith or that we did not otherwise meet the eligibility requirements of the Payroll Protection Program, we could be required to return the Loan or a portion thereof. 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. In addition, we may not be able to obtain additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us, when we require it, our ability to sustain and grow our business and to respond to business challenges could be significantly impaired.

Our usage-based pricing model makes it difficult to forecast revenues from our current customers and future prospects.

We primarily have a usage-based pricing model in which most of our fees are calculated as a percentage of customers' advertising spend managed on our platform. This pricing model makes it difficult to accurately forecast revenues because our customers' advertising spend managed by our platform may vary from month to month based on the variety of industries in which our advertisers operate, the seasonality of those industries and fluctuations in our customers' advertising budgets or other factors. The market for digital advertising may be adversely affected by adverse market conditions, including inflation or any general economic weakening, which has in the past caused some advertisers to, and may continue to in the future lead advertisers to, reduce the amount of their digital advertising spend. Our subscription contracts with our direct advertiser customers generally contain a minimum monthly platform fee, which is generally greater than one-half of our estimated monthly revenues from the customer at the time the contract is signed, and, as a result, the minimum monthly platform fee may not be a good indicator of our revenues from that customer. In addition, advertisers that use our platform through our agency customers typically do not have a minimum monthly spend amount or a minimum term during which they must use our platform, and as a result, our ability to forecast revenues from these advertisers is difficult. If we incorrectly forecast revenues for these advertisers and the amount of revenue is less than projections we provide to investors, the price of our common stock could decline substantially. Additionally, if we overestimate usage, we may incur additional expenses in adding infrastructure, without a commensurate increase in revenues, which would harm our gross margins and other operating results.

We may experience quarterly fluctuations in our operating results due to a number of factors which make our future results difficult to predict and could cause our operating results to fall below expectations or our guidance.

Our quarterly operating results may fluctuate due to a variety of factors, many of which are outside of our control. As a result, comparing our operating results on a period-to-period basis may not be meaningful. You should not rely on our past results as indicative of our future performance. If our revenues or operating results fall below the expectations of investors or securities analysts, or below any guidance we may provide to the market, the price of our common stock could decline substantially.

In addition to other risk factors listed in this section, factors that may affect our quarterly operating results include the following:

- the impact of market volatility or other macroeconomic conditions such as inflation, increased interest rates and recession, or other economic disruptions;
- the level of advertising spend managed through our platform for a particular quarter;
- fluctuations in the contractual rates of our strategic agreements with publishers;
- customer renewal or contract termination rates, and the pricing and usage of our platform in any renewal term;
- demand for our platform and the size and timing of our sales;
- customers delaying purchasing decisions in anticipation of new releases by us or of new products by our competit
- any termination or adverse changes in the Google Revenue Share Agreement, or any changes in any other curre future strategic agreements with publishers;
- any disruptions in our business resulting from the significant reduction-in-force that we commenced in July 202 other departures of employees or restructurings of our teams or personnel;
- any service defects and any costs related to any such service defects;
- delays in projects to upgrade our own software platform infrastructure and any resulting delays in releasing features;
- network or system outages, platform downtime, software application or operations errors, software bugs, sec breaches or other supplier system or supply chain changes or interruptions and any associated credits, warr claims or other expenses;
- changes in the competitive dynamics of our industry, including consolidation among competitors or customers;
- market acceptance of our current and future solutions;
- changes in spending on digital advertising or information technology and software by our current and/or prospec customers;
- budgeting cycles of our customers;
- our potentially lengthy sales cycle;
- our ability to control costs, including our operating expenses;
- expenses we incur in relation to governmental investigations of Google and Meta;
- foreign currency exchange rate fluctuations; and

- political conditions in our domestic and international markets, including hostilities in international markets.

Based upon all of the factors described above, we have a limited ability to forecast our future revenues, costs and expenses, and as a result, our operating results may from time to time fall below our estimates or the expectations of public market analysts and investors.

Risks Related to our Business and Market

If the market for digital advertising slows or declines, our business, growth prospects, and financial condition would be adversely affected.

Our ability to grow or sustain our business could be constrained by the level of acceptance and expansion of emerging cloud-based advertising channels, as well as the continued use and growth of existing channels, such as search and social advertising. Even if these channels become widely adopted, advertisers and agencies may not make significant investments in solutions such as ours that help them manage their digital advertising spend across publisher platforms and advertising channels. It is difficult to predict customer adoption rates, customer demand for our platform, the future growth rate and size of the advertising cloud solutions market or the entry of competitive solutions. The market for digital advertising may be adversely affected by adverse market conditions, including inflation or the effects of any general economic weakening, which caused some advertisers to, and may continue to lead advertisers to, reduce the amount of their digital advertising spend. Any expansion of the market for advertising cloud solutions depends on a number of factors, including growth of the cloud-based advertising market, growth of social and mobile as advertising channels and the cost, performance and perceived value associated with advertising cloud solutions, as well as the ability of cloud computing companies to address security and privacy concerns. Further, the cloud computing market is less developed in many jurisdictions outside the United States. If we or other cloud computing providers experience security incidents, loss of customer data, disruptions in delivery or other problems, the market for cloud computing as a whole, including our applications, may be negatively affected.

We operate in a rapidly developing and changing industry, which makes it difficult to evaluate our current business and future prospects.

We have encountered and will continue to encounter risks and difficulties frequently experienced by companies in rapidly developing and changing industries, including hiring and retaining qualified employees, determining appropriate investments of our limited resources, market acceptance of our existing and future solutions, competition from established companies with greater financial and technical resources, acquiring and retaining customers, managing customer deployments, making improvements to our existing products and developing new solutions. Our current operations infrastructure may require changes in order for us to achieve profitability and scale our operations efficiently. For example, we may need to automate portions of our solution to decrease our costs, ensure our marketing infrastructure is designed to drive highly qualified leads cost effectively and implement changes in our sales model to improve the predictability of our sales and reduce our sales cycle. In addition, from time to time, we may need to make additional investments in product development to address market demands, which may increase our overall expenses and reduce our ability to achieve profitability. Our ability to implement changes to our business and operations successfully and on a timely basis may be adversely affected by the restructuring plan that we commenced in July 2023, which is expected to reduce reduced our total full-time equivalent employee and contractor workforce by approximately 39%. If we fail to successfully and timely implement these changes, our business may suffer, our revenue may decline and we may not be able to achieve growth or profitability. We cannot be assured that we will be successful in addressing these and other challenges we may face in the future.

33

We must develop and introduce enhancements and new features that achieve market acceptance or that keep pace with technological developments to remain competitive in our evolving industry.

We operate in a dynamic market characterized by rapidly changing technologies and industry and legal standards. The introduction of new advertising platform solutions by our competitors, the market acceptance of solutions based on new or alternative technologies, or the emergence of new industry standards could render our platform obsolete. Our ability to compete successfully, attract new customers and increase revenues from existing customers depends in large part on our ability to enhance and improve our existing cross-channel, cross-device, enterprise marketing software platform and to continually introduce or acquire new features that are in demand by the market we serve. We also must update our software to reflect changes in publishers' application programming interfaces, or APIs, and terms of use. We have deployed our latest platform, MarinOne, and are in the process of deploying new features and services, including MarinOne Budget Optimizer. Marin budget pacing and dynamic allocation tools. In connection with the restructuring plan that we commenced in July 2023, we are focusing our business and product development efforts in more specific projects and initiatives. The success of these projects or any other enhancement or new solution depends on several factors, including timely completion, adequate quality testing, effective migration of existing customers with minimal disruption and appropriate introduction and market acceptance. Any new platform or feature that we develop or acquire may not be introduced in a timely manner, may contain defects, may be more costly to compete than we anticipate or may not achieve the broad market acceptance necessary to generate significant revenues. Our ability to develop new products and features successfully and on a timely basis may be adversely affected by the restructuring plan that we commenced in July 2023. If we are unable to upgrade our software platform and features effectively or in a timely manner, or to anticipate or timely and successfully develop or acquire new offerings or features or enhance our existing platform to meet customer requirements, our business and operating results will be adversely affected.

27

If we are unable to maintain our relationships with, and access to, publishers, advertising exchange platforms and other platforms that aggregate the supply of advertising inventory, our business will suffer.

We currently depend on relationships with various publishers, including Amazon, Apple, Baidu, Bing, Meta, Google, Instagram, LinkedIn, Pinterest, Twitter, Verizon Media, Walmart and Yahoo!. Our subscription services interface with these publishers' platforms through APIs, such as the Google API or Meta API. We are subject to the respective platforms' standard API terms and conditions, which govern the use and distribution of data from these platforms. Our business significantly depends on having access to these APIs, particularly the Google API, which the substantial majority of our customers use, on commercially reasonable terms and our business would be harmed if any of these publishers, advertising exchanges or aggregators of advertising inventory discontinues or limits access to their platforms, modifies their terms of use or other policies or place additional restrictions on us as API users, or charges API license fees for API access. Moreover, some of these publishers, such as Google, market competitive solutions for their platforms. Because the advertising inventory suppliers control their APIs, they may develop competitive offerings that are not subject to the limits imposed on us through the API terms and conditions. Currently, restrictions in these API agreements limit our ability to implement certain functionality, require us to implement functionality in a particular manner or require us to implement certain required minimum functionality, causing us to devote development resources to implement certain functionality that we would not otherwise include in our subscription services and to incur costs for personnel to provide services to implement functionality that we are prohibited from automating. Publishers, advertising exchanges and advertising inventory aggregators update their API terms of use from time to time and new versions of these terms could impose additional restrictions on us. In addition, publishers, advertising exchanges and advertising inventory aggregators continually update their APIs and may update or modify functionality, which has required us to, and will likely continue to require us to modify our software to accommodate these changes and to devote technical resources and personnel to these efforts which could otherwise be used to focus on other priorities. In particular, we invested significant research and development resources in recent periods to transition to a new API recently released by Google. Any of these outcomes could cause disruptions in our service, demand for our products to decrease, our research and development costs to increase, and our results of operations and financial condition to be harmed.

We have also entered into long-term strategic agreements with certain leading search publishers. Under these strategic agreements, we receive consideration based on a percentage of the search advertising spend that our customers manage on our platform. The majority of our strategic agreement revenue is concentrated in one revenue share agreement with Google. We entered into our original revenue share agreement with Google in December 2018 for a three-year term that ran from October 1, 2018 until September 30, 2021. We entered into a new revenue share agreement with Google in September 2021 for a three-year term scheduled to run from October 1, 2021 until September 30, 2024. Under these Google Revenue Share Agreements, we have been eligible to receive fixed and variable revenue share payments based on a percentage of the search advertising spend that is managed through our platform. For the years ended December 31, 2022 December 31, 2023 and 2021, 2022, we recognized revenues of $7.2 million and $8.6 million, respectively, from the applicable Google Revenue Share Agreement. Google has the right to terminate our current Google Revenue Share Agreement in certain circumstances and the agreement requires us to make minimum investments in product development. We are in preliminary discussions with Google to renew or extend the term of the Google Revenue Share Agreement, but no assurances can be provided as to whether the agreement will be renewed or the term extended or as to terms of any renewal or extension of the agreement. Any termination or amendment of this agreement, any failure of us to comply with the terms of the agreement, or any failure to renew the agreement to extend beyond the currently scheduled expiration date of September 30, 2024, could would have a material adverse effect on our results of operations.

Our ability to sustain and grow our business depends in part on the success of our relationships with advertising agencies and our strategic relationships with third parties.

Our ability to sustain and grow our business will depend, in part, on our ability to enter into successful relationships with advertising agencies. Identifying agencies and negotiating and documenting relationships with them requires significant time and resources. These relationships may not result in additional customers or enable us to generate significant revenues. Our contracts for these relationships are typically non-exclusive and do not prohibit the agency from working with our competitors or from offering competing services. Frequently, these agencies do in fact work with our competitors and compete with us. In addition, we often work with, or seek to work with, high-profile brands directly. This may not be possible where, for example, those brands obtain advertising services exclusively or primarily from advertising agencies.

We generally bill agencies for their customers' use of our platform, but in most cases the agency's customer has no direct contractual commitment to make payment to us. Furthermore, some of these agency contracts include provisions whereby the agency is not liable for making payment to us for our subscription services if the agency does not receive a corresponding payment from its client on whose behalf the subscription services were rendered. These provisions may result in longer collections periods or our inability to collect payment for some of our subscription services. If we are unsuccessful in establishing or maintaining our relationships with these agencies on commercially reasonable terms, or if these relationships are not profitable for us, our ability to compete in the marketplace or to grow our revenues could be impaired and our operating results would suffer.

Our ability to sustain and grow our business will also depend, in part, on our ability to enter-into and retain successful strategic relationships with third-parties. For example, we are seeking to establish relationships with third-parties to develop integrations with complementary technology and content. These relationships may not result in additional customers or enable us to generate significant revenues. For example, we have entered into Revenue Share Agreements with Google pursuant to which we are or have been eligible to receive fixed and variable revenue share payments based on a percentage of the search advertising spend that is managed through our platform. Identifying partners and negotiating and documenting relationships with them require significant time and resources. Our contracts for these relationships are typically non-exclusive and do not prohibit the other party from working with our competitors or from offering competing services. If we are unsuccessful in establishing or maintaining our relationships with these third parties, our ability to compete in the marketplace or to grow our revenues could be impaired and our operating results would suffer.

We may not be able to compete successfully against current and future competitors.

The overall market for advertising cloud solutions is rapidly evolving, highly competitive, complex, fragmented, and subject to changing technology and shifting customer needs. We face significant competition in this market and we expect competition to intensify in the future. We currently compete with large, well-established public companies, such as Adobe Systems Incorporated and Google Inc., and privately held companies, such as Skai.io. We also compete with channel-specific offerings, in-house proprietary tools, tools from publishers and custom solutions, including spreadsheets. We believe that our most significant competition comes from the SA360 product that is offered by Google and from other digital ad management tools offered by Google and other publishers. Increased competition may result in reduced pricing for our solutions, longer sales cycles or a decrease of our market share, any of which could negatively affect our revenues and future operating results and our ability to grow our business.

A number of competitive factors could cause us to lose potential sales or to sell our solutions at lower prices or at reduced margins, including, among others:

- Google and other publishers generally offer their tools for free, or at a reduced price, as their primary compensatic via the sale of advertising on their own or syndicated websites;
- some of our competitors, such as Adobe, Meta and Google, have greater financial, marketing and technical resou than we do, allowing them to leverage a larger installed customer base, adopt more aggressive pricing policies, devote greater resources to the development, promotion and sale of their products and services than we can;
- channel-specific competitors, such as Skai.io and Smartly.io, may devote greater resources to the developm promotion and sale of their channel-specific products and services than we can;
- companies may enter our market by expanding their platforms or acquiring a competitor; and
- potential customers may choose to develop or continue to use internal solutions rather than paying for our solutior may choose to use a competitor’s solution that has different or additional technical capabilities.

We cannot assure you that we will be able to compete successfully against current and future competitors. If we cannot compete successfully, our business, results of operations and financial condition could be negatively impacted.

We have incurred, and may incur in the future, expenses related to governmental investigations of Google and Meta.

In 2020, U.S. federal and state and foreign governments and regulatory agencies initiated lawsuits or investigations against Google and Meta related to certain of their anticompetitive business practices and conduct in the digital advertising and social media industries and we cannot be certain as to how such lawsuits and investigations might affect Google or Meta or otherwise affect the digital advertising industry. We are not a party to any such lawsuits or investigations. As a participant in the digital advertising industry and having business relationships with Google and Meta, certain governmental authorities and Google and have requested us to provide information to them in connection with such lawsuits and investigations, and responding to such requests has caused us to incur, and may cause us to incur in the future from time to time, professional fees and other expenses in connection with responding to such requests.

Our business depends on our customers' continued willingness to manage advertising spend on our platform.

In order for us to improve our operating results, it is important that our customers continue to manage their advertising spend on our platform, increase their usage and also purchase additional solutions from us. In the case of our direct advertiser customers, we offer our solutions primarily through subscription contracts and generally bill customers over the related subscription period, which is generally one year or longer. During the term of their contracts, our direct advertiser customers generally have no obligation to maintain or increase their advertising spend on our platform beyond a specified minimum monthly platform fee, which is typically set at the time the contract is signed and is generally greater than half of the monthly amount we anticipate the customer will spend. Our direct advertiser customers generally have no renewal obligation after the initial or then-current renewal subscription period expires, and even if customers renew contracts, they may decrease the level of their digital advertising spend managed through our platform, resulting in lower revenues from that customer. Some customers, including some of our largest customers, have contractual rights to terminate their agreements with us in some circumstances. Advertisers that we serve through our arrangements with our advertising agencies generally do not have any contractual commitment to use our platform. Our customers' usage may decline or fluctuate as a result of a number of factors, including, but not limited to, their satisfaction with our platform and our customer support, the frequency and severity of outages, the pricing of our, or competing, solutions, the effects of global economic conditions and reductions in spending levels or changes in our customers' strategies regarding digital advertising. We may not be able to accurately predict future usage trends. If our customers renew on less favorable terms or reduce their advertising spend on our platform, our revenues may grow more slowly than expected or decline.

Unfavorable conditions in the market for digital advertising or the global economy or reductions in digital advertising spend could negatively affect our operating results.

Potential revenue growth and profitability of our business depends on digital advertising spend by advertisers in the markets we serve. Our operating results may vary based on changes in the market for digital advertising or the global economy. To the extent that weak economic conditions cause our customers and potential customers to freeze or reduce their advertising budgets, particularly digital advertising, demand for our solution may be negatively affected.

Historically, economic downturns have resulted in overall reductions in advertising spend. If general macroeconomic conditions deteriorate or the rise of geopolitical instability and military hostilities or global health emergencies and pandemics such as COVID-19 causes economic uncertainty, our customers and potential customers may elect to decrease their advertising budgets or defer or reconsider software and service purchases, which would limit our ability to grow our business and negatively affect our operating results.

Operational Risks

Our business depends on retaining and attracting qualified personnel, and turnover may result in operational inefficiencies that could negatively affect our business.

Our success depends upon the continued service of our talented management, operational and key technical employees, as well as our ability to continue to attract additional highly qualified talent. We have experienced employee attrition and have conducted restructuring actions. In July 2023, we commenced a global reduction-in-force and other restructuring actions designed to reduce our expenses. In connection with the 2023 Restructuring Plan, described in Note 1 of our Condensed Consolidated Financial Statements, under the heading “Liquidity and Going Concern.” We expect to substantially complete completed the 2023 Restructuring Plan in the fourth quarter of 2023. These changes, and any future changes, in our operations and management team could be disruptive to our operations. Our restructuring actions and any future restructuring actions or employee attrition could have an adverse effect on our business as a result of operational and administrative inefficiencies and added costs, decreases in employee morale and the failure to meet operational targets due to the loss of employees. If key employees leave, we may not be able to fully integrate new personnel or replicate the prior working relationships, which could adversely affect our results of operations, stock price and customer relationships, and could make recruiting for future management and other positions more difficult. In addition, changes in other key positions may temporarily affect our financial performance and results of operations as new employees become familiar with our business.

We do not maintain key person life insurance policies on any of our employees. Each of our executive officers, key technical personnel and other employees could terminate his or her relationship with us at any time. Our business also requires skilled technical, sales and other personnel, who are in high demand and are often subject to competing offers. If we expand into additional geographic markets, we will require personnel with expertise in these new areas. Competition for qualified employees is particularly intense in our industry and particularly in San Francisco, California. An inability to retain, attract, relocate and motivate employees required for our business could delay or prevent the achievement of our business objectives and could materially harm our business and our customer relationships.

Since the start of the COVID-19 pandemic in March 2020, most of our employees have been working remotely. In addition, the lease for our largest office, in San Francisco, California, expired in July 2022. As a result of these developments, we have transitioned to a more hybrid working environment with a larger number of employees dispersed remotely, which may present challenges to maintaining our corporate culture or employee productivity. We expect that most of our employees will work remotely for most of the time for the foreseeable future. Any failure to preserve our culture or productivity could negatively affect our future success, including our ability to retain and recruit personnel and to effectively focus on and pursue our corporate objectives.

We incur upfront costs associated with onboarding advertisers to our platform and may not recoup our investment if we do not maintain the advertiser relationship over time.

Our operating results may be negatively affected if we are unable to recoup our upfront costs for onboarding new advertisers to our platform. Upfront costs when adding new advertisers generally include sales commissions for our sales force, expenses associated with entering customer data into our platform and other implementation-related costs. Because our customers, including direct advertisers and agencies, are billed over the term of the contract, if new customers sign contracts with short initial subscription periods and do not renew their subscriptions, or otherwise do not continue to use our platform to a level that generates revenues in excess of our upfront expenses, our operating results could be negatively impacted. In cases in which the implementation process is particularly complex, the revenues resulting from the customer under our contract may not cover the upfront investment; therefore, if a significant number of these customers do not renew their contracts, it could negatively affect our operating results. In addition, because we capitalize certain upfront costs to obtain and fulfill contracts under authoritative accounting guidance, we could be required to record impairment expense for these upfront costs if the estimated revenue for these contracts is not realized.

Because we generally bill our customers over the term of the contract, near term decline in new or renewed subscriptions may not be reflected immediately in our operating results.

Most of our revenues in each quarter are derived from contracts entered into with our customers during previous quarters. Consequently, a decline in new or renewed subscriptions in any one quarter may not be fully reflected in our revenues for that quarter. Such declines, however, would negatively affect our revenues in future periods and the effect of significant downturns in sales and market acceptance of our solutions, and potential changes in our rate of renewals or renewal terms, may not be fully reflected in our results of operations until future periods. In addition, we may be unable to adjust our cost structure rapidly, or at all, to take account of reduced revenues. Our subscription model also makes it difficult for us to rapidly increase our total revenues through additional sales in any period, as revenues from new customers must be earned over the applicable subscription term based on the value of their monthly advertising spend.

We have been dependent on our customers' use of search advertising. Any decrease in the use of search advertising or our inability to further penetrate social and eCommerce advertising channels would harm our business, growth prospects, operating results and financial condition.

Historically, our customers have primarily used our solutions for managing their search advertising, including mobile search advertising, and the substantial majority of our revenue is derived from advertisers that use our platform to manage their search advertising. We expect that search advertising will continue to be the primary channel used by our customers for the foreseeable future. Should our customers lose confidence in the value or effectiveness of search advertising, or if search advertising growth moderates or declines, the demand for our solutions may decline, and it may negatively impact our revenues. In addition, our failure to achieve market acceptance of our solution for the management of social and eCommerce advertising spend would harm our growth prospects, operating results and financial condition.

Our sales cycle can be long and unpredictable and require considerable time and expense, which may cause our operating results to fluctuate.

The sales cycle for our solutions, from initial contact with a potential lead to contract execution and implementation, varies widely by customer, but can take as long as three to nine months. Some of our customers undertake a significant evaluation process that frequently involves not only our solutions but also those of our competitors, which has in the past resulted in extended sales cycles. Our sales efforts involve educating our customers about the use, technical capabilities and benefits of our platform. In addition, under certain circumstances, we sometimes offer an initial term, typically of a few months in duration, to new customers who may terminate their subscription at any time during this initial period before the fixed term contract commences. We have no assurance that the substantial time and money spent on our sales efforts will produce any sales. If our sales efforts result in a new customer subscription, the customer may terminate its subscription during the initial period, after we have incurred the expenses associated with entering the customer’s data in our platform and related training and support. If sales expected from a customer are not realized in the time period expected or not realized at all, or if a customer terminates during the initial period, our business, operating results and financial condition could be adversely affected.

Our ability to generate revenue depends on our collection of significant amounts of data from various sources.

Our ability to optimize the delivery of Internet advertisements for our customers depends on our ability to successfully leverage data, including data that we collect from our customers as well as data provided by publishers and from third parties. Using cookies and similar tracking technologies, we collect information about the interaction of users with our advertisers’ and publishers’ websites. Our ability to successfully leverage such data is dependent upon our continued ability to access and utilize such data. Our ability to access and use such data could be restricted by a number of factors, including consumer choice, restrictions imposed by advertisers and publishers, changes in technology, and new developments in laws, regulations, and industry standards.

For example, the release by Apple of its iOS 14 operating systems in April 2021 brought with it a number of new changes, including the need for mobile app users to opt-in before their identifier for advertisers, or IDFA, can be accessed by an app. Apple’s IDFA is a string of numbers and letters assigned to Apple devices which advertisers use to identify app users to deliver personalized and targeted advertising. Although we do not rely heavily on IDFA, low opt-in rates to grant IDFA access may result in advertisers rethinking their conversion tracking strategy. Any reduced ability of advertisers to accurately target and measure their advertising campaigns may cause spend fluctuations. If consumer resistance to the collection and sharing of the data used to deliver targeted advertising continues to increase, or the use and adoption of consent / Do Not Track mechanisms increases as a result of industry regulatory and/or legal developments, and/or new technologies are developed and deployed that have a material impact on our ability to collect data, such developments could have a material adverse effect on our results of our operations.

Material defects, errors or disruptions in our software platform could harm our reputation, result in significant costs to us and impair our ability to sell our subscription services.

The software applications underlying our subscription services are inherently complex and may contain material defects or errors, which may cause disruptions in availability, misallocation of advertising spend or other performance problems. Any such errors, defects, disruptions in service or other performance problems with our software platform, including those resulting from new versions or updates to our software platform or from changes or interruptions to third party applications or systems that we interconnect with, could negatively impact our customers' businesses or the success of their advertising campaigns and cause harm to our reputation. If we have any errors, defects, disruptions in service or other performance problems with our software platform, customers could elect not to renew or reduce their usage or delay or withhold payment to us, which could result in an increase in our provision for doubtful accounts or an increase in the length of collection cycles for accounts receivable. Errors, defects, disruptions in service or other performance problems could also result in customers making warranty or other claims against us, us providing refunds or credits to our customers toward future advertising spend, or costly litigation. We implement bug fixes and upgrades as part of our regularly scheduled system maintenance. If we do not complete this maintenance according to schedule or if customers are otherwise dissatisfied with the frequency and/or duration of our maintenance services, customers could elect not to renew, or delay or withhold payment to us, or cause us to issue credits, make refunds or pay penalties.

On occasion, we have granted credits to some of our customers in connection with product issues that resulted in unexpected ad spending, and we may agree to grant certain credits in the future, particularly as we gain experience with new products and features. After the release of new versions of our software or new products or features, defects or errors may be identified from time to time by our internal team and by our customers. We have recently launched our new MarinOne Budget Optimizer solution and we may observe performance issues with the product as it becomes more widely deployed with more customers and in more use cases. Changes or interruptions to third party applications or systems that we interconnect with could cause us to incur significant time and expense to remedy such issues or develop integrations with other third-party suppliers. As a result, material defects or errors in our platform could have a material adverse impact on our business and financial performance.

We primarily derive our revenues from a single software platform and any factor adversely affecting subscriptions to our platform could harm our business and operating results.

We primarily derive our revenues from sales of a single software platform. As such, any factor adversely affecting subscriptions to our platform, including product release cycles, market acceptance, product competition, performance and reliability, reputation, price competition, and economic and market conditions, could harm our business and operating results.

If mobile connected devices, their operating systems or content distribution channels, including those controlled by our competitors, develop in ways that prevent our advertising campaigns from being delivered to their users, our ability to grow our business will be impaired.

Our success in the mobile channel depends upon the ability of our technology platform to integrate with mobile inventory suppliers and provide advertising for most mobile connected devices, as well as the major operating systems that run on them and the applications that are downloaded onto them. For example, the release of iOS 14 brought with it a number of new changes, including the need for app users to opt-in before their identifier for advertisers, or IDFA, can be accessed by an app (which was released April 26, 2021). Apple’s IDFA is a string of numbers and letters assigned to Apple devices which advertisers use to identify app users to deliver personalized and targeted advertising. Although we do not rely heavily on IDFA, low opt-in rates to grant IDFA access may result in advertisers rethinking their conversion tracking strategy. Any reduced ability of advertisers to accurately target and measure their advertising campaigns may cause spend fluctuations.

Further, the design of mobile devices and operating systems is controlled by third parties with whom we do not have any formal relationships. These parties frequently introduce new devices, and from time to time they may introduce new operating systems or modify existing ones. Network carriers may also impact the ability to access specified content on mobile devices. If our solution were unable to work on these devices or operating systems, either because of technological constraints or because an operating system or app developer, device maker or carrier wished to impair our ability to purchase inventory and provide advertisements, our ability to generate revenue could be significantly harmed.

If our security measures are breached or unauthorized access to customer data or our data is otherwise obtained, our solutions may be perceived as not being secure, customers may reduce the use of or stop using our solutions and we may incur significant liabilities.

In the ordinary course of our business, we maintain sensitive data on our networks, including our intellectual property and proprietary or confidential business information relating to our business and that of our customers and business partners. The secure maintenance of this information is critical to our business and reputation. Despite the implementation of security measures, our internal information technology systems and infrastructure, and those of our current and any future third parties on which we rely, are vulnerable to breakdown or other damage or interruption from service interruptions, system malfunction, computer viruses, malware, natural disasters, terrorism, war, telecommunication and electrical failures, cyber-attacks or cyber-intrusions over the Internet (including harmful attachments to emails, ransomware, denial-of-service attacks, social engineering, and other means to affect service reliability and threaten the confidentiality, integrity, and availability of information), by persons inside our organization, or by persons with access to systems inside our organization. Any of the foregoing may compromise our system infrastructure, or that of our third-party partners and other contractors and consultants, or lead to data leakage.

32

The risk of a security breach or disruption, particularly through cyber-attacks or cyber-intrusion, including by computer hackers, foreign governments, and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. We may not be able to anticipate all types of security threats, and we may not be able to implement preventive measures effective against all such security threats. The techniques used by cyber criminals change frequently, may not be recognized until launched, and can originate from a wide variety of sources. In addition, the prevalent use of mobile devices that access confidential information increases the risk of data security breaches, which could lead to the loss of confidential information or other intellectual property. Because techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. Third parties may also attempt to fraudulently induce employees or customers into disclosing sensitive information such as usernames, passwords or other information in order to gain access to our customers' data or our data, including intellectual property and other confidential business information. Moreover, our employees, service providers and third parties work more frequently on a remote basis, which may involve relying on less secure systems and may increase the risk of, and susceptibility to, cybersecurity related incidents. We cannot guarantee these private work environments and electronic connections to our work environment have the same robust security measures deployed in our physical offices. If an actual or perceived breach of our security occurs, the market perception of the effectiveness of our security measures could be harmed, we could lose potential sales and existing customers or we could incur other liabilities, which could adversely affect our business.

39

The costs to us to mitigate network security problems, bugs, viruses, worms, malicious software programs and security vulnerabilities could be material, and although we have implemented security measures to protect our data security and information technology systems, our efforts to address these problems may not be successful, and these problems could result in unexpected interruptions, delays, cessation of service and other harm to our business and our competitive position. If the information technology systems of our third-party partners and other contractors and consultants become subject to disruptions or security breaches, we may have insufficient recourse against such third parties and we may have to expend significant resources to mitigate the impact of such an event, and to develop and implement protections to prevent future events of this nature from occurring.

We and our third-party service providers regularly defend against and respond to data security incidents, and we cannot assure you that our data protection efforts and our investment in information technology will prevent significant breakdowns, data leakages, breaches in our systems, or those of our third-party partners and other contractors and consultants, or other cyber incidents that could have a material adverse effect upon our reputation, business, operations, or financial condition. If such an event were to occur that causes interruptions in our operations, or those of our third-party vendors and other contractors and consultants, it could result in a material disruption or delay of our product development programs. Furthermore, significant disruptions of our internal information technology systems or those of our third-party vendors and other contractors and consultants, or security breaches could result in the loss, misappropriation, and/or unauthorized access, use, or disclosure of, or the prevention of access to, confidential information (including trade secrets or other intellectual property, proprietary business information, and personal information), which could result in financial, legal, business, and reputational harm to us. If any such event, including a computer security breach, results in the unauthorized access, use or release of personally identifiable information, our reputation could be materially damaged. In addition, such a breach may require notification to governmental agencies, the media or individuals pursuant to various federal and state privacy and security laws (and other similar non-U.S. laws), subject us to mandatory corrective action, and otherwise subject us to liability under laws and regulations that protect the privacy and security of personal information. For example, data breaches frequently result in regulatory actions and commercial and class action litigation based on a variety of laws and legal duties, such as the CCPA, which provides for a private right of action in the event of certain data security breaches. Such actions could result in significant legal and financial exposure and reputational damages that could have a material adverse effect on our business, results of operations, prospects and financial condition.

In addition, our insurance may not cover all costs from a security incident or breach. The assertion of a claim against our insurance policies could result in premium increases, imposition of a large deductible or other adverse circumstances.

We primarily use third-party data centers to deliver our services. Any disruption of service at these facilities could harm our business.

We manage a significant portion of our services and serve substantially all of our customers from only a single third-party data center facility. While we control the actual computer, network and storage systems upon which our platform runs, and deploy them to the data center facility, we do not control the operation of the facility. The owner of the facility has no obligation to renew the agreement with us on commercially reasonable terms, or at all. If we are unable to renew the agreement on commercially reasonable terms, we may be required to transfer to a new facility or facilities, and we may incur significant costs and possible service interruption in connection with doing so.

The facility is vulnerable to damage or service interruption resulting from human error, intentional bad acts, cyberattacks, earthquakes, hurricanes, floods, fires, war, terrorist attacks, power losses, hardware failures, systems failures, telecommunications failures and similar events. Moreover, while we have a disaster recovery plan in place, we do not maintain a “hot failover” instance of our software platform permitting us to immediately switch over in the event of damage or service interruption at our data center. The occurrence of a natural disaster or an act of terrorism, any outages or vandalism or other misconduct, or a decision to close the facility without adequate notice or other unanticipated problems could result in lengthy interruptions in our services.

Any changes in service levels at the facility or any errors, defects, disruptions or other performance problems at or related to the facility that affect our services could harm our reputation and may damage our customers' businesses. Interruptions in our services might reduce our revenues, subject us to potential liability, or result in reduced usage of our platform. In addition, some of our customer contracts require us to issue credits for downtime in excess of certain levels and in some instances give our customers the ability to terminate their subscriptions.

We also depend on third-party Internet-hosting providers and continuous and uninterrupted access to the Internet through third-party bandwidth providers to operate our business. If we lose the services of one or more of our Internet-hosting or bandwidth providers for any reason or if their services are disrupted, for example due to viruses or "denial-of-service" or other attacks on their systems, or due to human error, intentional bad acts, power loss, hardware failures, telecommunications failures, fires, wars, terrorist attacks, floods, earthquakes, hurricanes, tornadoes or similar events, we could experience disruption in our ability to offer our solutions or we could be required to retain the services of replacement providers, which could increase our operating costs and harm our business and reputation.

Depending upon the level of our customers' usage of our software platform, we may need to continually improve our hosting infrastructure to avoid service interruptions or slower system performance.

We seek to maintain sufficient excess capacity in our infrastructure to meet the needs of all of our customers. We also seek to maintain excess capacity to facilitate the rapid provision of new customer deployments and the expansion of existing customer deployments. For example, if we secure a large customer or a group of customers that require significant amounts of bandwidth or storage, we may need to increase bandwidth, storage, power or other elements of our application architecture and our infrastructure, and our existing systems may not be able to scale in a manner satisfactory to our existing or prospective customers.

The amount of infrastructure needed to support our customers is based on our estimates of anticipated usage. If we were to experience unforeseen increases in usage, we could be required to increase our infrastructure investments resulting in increased costs or reduced gross margins, and if we do not accurately predict our infrastructure capacity requirements, our customers could experience service outages that may subject us to financial penalties and liabilities and result in customer losses. If our hosting infrastructure capacity fails to keep pace with sales, customers may experience service interruptions or slower system performance, which could harm our reputation and adversely affect our revenue growth. As customers use our software platform for more complicated tasks, we will need to devote resources to improve our application architecture and our infrastructure in order to maintain the performance of our software platform. We may need to incur additional costs to upgrade or expand our computer systems and architecture if our systems cannot handle current or higher volumes of usage. In addition, increasing our systems and infrastructure in advance of new customers would cause us to have increased cost of revenues, which can adversely affect our gross margins until we increase revenues that are spread over the increased costs.

Our solutions must integrate with our customers' enterprise applications and infrastructures. If we cannot efficiently implement our solutions for customers, we may lose customers.

Our customers have a variety of different data formats, enterprise applications and infrastructure and our platform must support our customers' data formats and integrate with complex enterprise applications and infrastructures. If our platform does not currently support a customer's required data format or appropriately integrate with a customer's applications and infrastructure, then we may choose to configure our platform to do so, which would increase our expenses. Additionally, we do not control our customers' implementation schedules. As a result, as we have experienced in the past, if our customers do not allocate internal resources necessary to meet their implementation responsibilities or if we face unanticipated implementation difficulties, the implementation may be delayed. Further, in the past, our implementation capacity has at times constrained our ability to successfully implement our solutions for our customers in a timely manner, particularly during periods of high demand. If the customer implementation process is not executed successfully or if execution is delayed, we could incur significant costs, customers could become dissatisfied and decide not to increase usage of our platform, not to use our platform beyond an initial period prior to their term commitment and revenue recognition could be delayed. In addition, competitors with more efficient operating models with lower implementation costs could penetrate our customer relationships.

Additionally, large customers may request or require specific features or functions unique to their particular business processes, which increase our upfront investment in sales and deployment efforts and the revenues resulting from the customers under our typical contract length may not cover the upfront investments. If prospective large customers require specific features or functions that we do not offer, then the market for our solution will be more limited and our business could suffer. In addition, supporting large customers could require us to devote significant development services and support personnel and strain our personnel resources and infrastructure. If we are unable to address the needs of these customers in a timely fashion or further develop and enhance our solution, these customers may not renew their subscriptions, seek to terminate their relationship with us, renew on less favorable terms, or reduce their advertising spend on our platform. If any of these were to occur, our revenues may decline and our operating results could be adversely affected.

If we are unable to maintain our sales and marketing capabilities, we may not be able to generate anticipated revenues.

Increasing our customer base and achieving broader market acceptance of our software platform will depend to an extent on our ability to maintain our sales and marketing operations and activities. We are substantially dependent on our sales force to obtain new customers and our marketing organization to generate a sufficient pipeline of qualified sales leads. We have recently leads; however, we restructured our sales team in 2023 in order to decrease our expenses. Our expenses, which may make our sales and marketing activities more challenging. Additionally, our solutions require a sophisticated sales force with specific sales skills and technical knowledge. Competition for qualified sales personnel is intense, and we may not be able to retain our existing sales personnel or attract, integrate, train or retain sufficient highly qualified sales personnel. In addition, we may need to invest in lead generation activities to develop our pipeline of qualified opportunities for our sales force, which could increase our marketing expenses. If our lead generation activities do not increase our pipeline or if our sales force is unable to close opportunities at a high rate, then we may not generate an increase in revenues.

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

Our customers depend on our support organization to resolve any technical issues relating to our solutions. Any changes in our customer support teams could be disruptive to our operations. In addition, our sales process is highly dependent on the quality of our solutions, our business reputation and on strong recommendations from our existing customers. In July 2023, we commenced a global reduction-in-force and other restructuring actions designed to reduce our expenses. The 2023 Restructuring Plan resulted in the reduction of our total full-time equivalent employee and contractor workforce in the three months ended September 30, 2023 by approximately 36% of our total full-time equivalent employee and contractor workforce as of June 30, 2023, which could adversely affect our ability to provide the same of level of high-quality technical support services as in the past. Any failure to maintain high-quality technical support, or a market perception that we do not maintain high-quality support, could harm our reputation, adversely affect our ability to sell our solutions to existing and prospective customers, and harm our business, operating results and financial condition.

We offer technical support services with our solutions and may be unable to respond quickly enough to accommodate short-term increases in customer 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 competitors. It is difficult to predict customer demand for technical support services and if customer demand increases significantly, we may be unable to provide satisfactory support services to our customers. Additionally, increased customer demand for these services, without corresponding revenues, could increase costs and adversely affect our operating results.

Any failure to protect our intellectual property rights could impair our ability to protect our proprietary technology and adversely affect our business, reputation or brand.

Our success and ability to compete depends in part upon our intellectual property. We primarily rely on a combination of copyright, trade secret and trademark laws, as well as confidentiality procedures and contractual restrictions with our employees, customers, partners and others to establish and protect our intellectual property rights, reputation and brand. However, the steps we take to protect our intellectual property rights may be inadequate or we may be unable to secure intellectual property protection for all of our solutions.

If we are unable to protect our intellectual property, our competitors could use our intellectual property to market products and services similar to ours and our ability to compete effectively would be impaired. Moreover, others may independently develop technologies that are competitive to ours or infringe our intellectual property. In addition, we are aware that third parties have been attempting to impersonate us in conducting online scams, which could harm our reputation and brand. The enforcement of our intellectual property rights and the protection of our reputation and brand depends on our legal actions against any infringers being successful, but we cannot be sure these actions will be successful, even when our rights have been infringed. In addition, defending our intellectual property rights and protecting our reputation and brand might entail significant expense and diversion of management resources. Any of our intellectual property rights may be challenged by others or invalidated through administrative processes or litigation. Any patents issued in the future may not provide us with competitive advantages or may be successfully challenged by third parties.

Furthermore, legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain. Effective protection of our intellectual property may not be available to us in every country in which our solutions are available. The laws of some foreign countries may not be as protective of intellectual property rights as those in the United States, and mechanisms for enforcement of intellectual property rights may be inadequate. Accordingly, despite our efforts, we may be unable to prevent third parties from infringing upon or misappropriating our intellectual property.

We might be required to spend significant resources to monitor and protect our intellectual property rights, our reputation and our brand, and our efforts to enforce our intellectual property rights and protect our reputation and brand may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights. Litigation to protect and enforce our intellectual property rights, our reputation and our brand could be costly, time-consuming and distracting to management, whether or not it is resolved in our favor, and could ultimately result in the impairment or loss of portions of our intellectual property.

We could incur substantial costs as a result of any claim of infringement of another party's intellectual property rights.

In recent years, there has been significant litigation in the United States involving patents and other intellectual property rights. Companies in the Internet and technology industries are increasingly bringing and becoming subject to suits alleging infringement of proprietary rights, particularly patent rights, and our competitors may hold patents or have pending patent applications, which could be related to our business. These risks have been amplified by the increase in third parties, which we refer to as non-practicing entities, whose sole primary business is to assert such claims. We have received in the past, and expect to receive in the future, notices that claim we or our customers using our solutions have misappropriated or misused other parties' intellectual property rights. If we are sued by a third party that claims that our technology infringes its rights, the litigation could be expensive and could divert our management resources. We do not currently have an extensive patent portfolio of our own, which may limit the defenses available to us in any such litigation.

In addition, in most instances, we have agreed to indemnify our customers against certain claims that our subscription services infringe the intellectual property rights of third parties. Our business could be adversely affected by any significant disputes between us and our customers as to the applicability or scope of our indemnification obligations to them. The results of any intellectual property litigation to which we might become a party, or for which we are required to provide indemnification, may require us to do one or more of the following:

- cease offering or using technologies that incorporate the challenged intellectual property;
- make substantial payments for legal fees, settlement payments or other costs or damages;
- obtain a license, which may not be available on reasonable terms, to sell or use the relevant technology; or
- redesign technology to avoid infringement.

If we are required to make substantial payments or undertake any of the other actions noted above as a result of any intellectual property infringement claims against us or any obligation to indemnify our customers for such claims, such payments or costs could have a material adverse effect upon our business and financial results.

Our use of open source technology could impose limitations on our ability to commercialize our software platform.

We use open source software in our platform. Some open source software licenses require users who distribute open source software as part of their software to publicly disclose all or part of the source code to such software and/or make available any derivative works of the open source code on unfavorable terms or at no cost. The terms of various open source licenses have not been interpreted by the U.S. courts, and there is a risk that such licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to market our software platform. While we monitor our use of open source software and try to ensure that none is used in a manner that would require us to disclose our source code or that would otherwise breach the terms of an open source agreement, such use could inadvertently occur and we may be required to release our proprietary source code, pay damages for breach of contract, re-engineer our applications, discontinue sales in the event re-engineering cannot be accomplished on a timely basis or take other remedial action that may divert resources away from our development efforts, any of which could cause us to breach customer contracts, harm our reputation, result in customer losses or claims, increase our costs or otherwise adversely affect our business and operating results.

Because our long-term success depends, in part, on our ability to expand our sales to customers outside the United States, our business will be susceptible to risks associated with international operations.

We currently have personnel and/or customers in China, England, France, Ireland, Japan and Singapore, as well as the United States. Due to our international exposure, our business is susceptible to risks associated with international operations. Managing our business and operations internationally requires considerable management attention and resources and is subject to particular challenges of supporting a rapidly growing business in an environment of diverse cultures, languages, customs, tax laws, legal systems, alternate dispute systems and regulatory systems. In 2020, we restructured our international corporate structure to address changes in international tax laws and regulations, and completion of such restructuring may cause us to incur some additional expense. The risks and challenges associated with international expansion include:

- the need to support and integrate with local publishers and partners;
- continued localization of our platform, including translation into foreign languages and associated expenses;
- competition with companies that have greater experience in the local markets than we do or who have pre-exis relationships with potential customers in those markets;

36

- compliance with multiple, potentially conflicting and changing governmental laws and regulations, inclu employment, tax, privacy and data protection laws and regulations and legal and operational changes resulting f the departure of the United Kingdom from the European Union;
- compliance with anti-bribery laws, including compliance with the Foreign Corrupt Practices Act;
- difficulties in invoicing and collecting in foreign currencies and associated foreign currency exposure;
- difficulties in staffing and managing foreign operations and the increased travel, infrastructure and legal complia costs associated with international operations;
- different or lesser protection of our intellectual property rights;
- difficulties in enforcing contracts and collecting accounts receivable, longer payment cycles and other collec difficulties;

43

- restrictions on repatriation of earnings;
- exposure to more affected areas of the COVID-19 pandemic; and
- regional economic and political conditions.

We have limited experience in marketing, selling and supporting our subscription services internationally, which increases the risk that any potential future expansion efforts that we may undertake will not be successful.

Fluctuations in the exchange rate of foreign currencies could result in currency transactions losses.

We currently have foreign sales denominated in Australian Dollars, British Pound Sterling, Chinese Yuan, Euros, Japanese Yen and Singaporean Dollars. In addition, we incur a portion of our operating expenses in currencies other than the U.S. Dollar. We face exposure to adverse movements in currency exchange rates, which may cause our revenues and operating results to differ materially from expectations. In addition, the continued uncertainty around the full impact of Brexit and the exact trade arrangements upon exit has adversely impacted global markets, including currencies, and resulted in a decline and volatility in the value of the British Pound Sterling and the Euro, as compared to the U.S. Dollar and other currencies. Volatility in exchange rates and global financial markets may continue due to a number of factors, including political and economic uncertainty. If the U.S. Dollar strengthens relative to foreign currencies, as it has from time to time in the past, our non-U.S. revenues would be adversely affected. Conversely, a decline in the U.S. Dollar relative to foreign currencies would increase our non-U.S. revenues when translated into U.S. Dollars. Our operating results could be negatively impacted depending on the amount of expense denominated in foreign currencies. As exchange rates vary, revenues, cost of revenues, operating expenses and other operating results, when translated, may differ materially from expectations. In addition, our revenues and operating results are subject to fluctuation if our mix of U.S. and foreign currency-denominated transactions or expenses changes in the future because we do not currently hedge our foreign currency exposure. Even if we were to implement hedging strategies to mitigate foreign currency risk, these strategies might not eliminate our exposure to foreign exchange rate fluctuations and would involve costs and risks of their own, such as ongoing management time and expertise, external costs to implement the strategies and potential accounting implications.

Managing a global organization has placed, and may continue to place, significant demands on our management and infrastructure. If we fail to manage our operations effectively, we may be unable to execute our business plan, maintain high levels of service or address competitive challenges adequately.

Managing a global and geographically dispersed workforce and operation has required substantial management effort, the allocation of valuable management resources and significant additional investment in our infrastructure. We will be required to continue to improve our operational, financial and management controls and operations reporting procedures, and we may not be able to do so effectively. Moreover, we may from time to time decide to undertake cost savings initiatives, such as the 2023 Restructuring Plan, disposing of, and/or otherwise discontinuing certain products, in an effort to focus our resources on key strategic initiatives and streamline our business. Further, supporting to support our customers and operations, we must continually improve and maintain our technology, systems and network infrastructure. As such, we may be unable to manage our expenses effectively in the future, which may negatively impact our gross margins or operating expenses in any particular quarter. If we fail to manage our anticipated growth or change in a manner that does not preserve the key aspects of our corporate culture, the quality of our solutions may suffer, which could negatively affect our brand and reputation and harm our ability to retain and attract customers.

Future acquisitions or divestitures, strategic investments, partnerships or alliances could be difficult to integrate or complete, divert the attention of key management personnel, disrupt our business, dilute shareholder value and

adversely affect our results of operations and financial condition.

We acquired and divested businesses in the past and may seek to acquire or divest businesses, products or technologies in the future. However, we have limited experience in acquiring or divesting businesses, products and technologies. If we identify an appropriate acquisition or divestment candidate, we may not be successful in negotiating the terms of any transaction, and our due diligence may fail to identify all of the problems, liabilities or other shortcomings or challenges of an acquired business, product or technology, including issues related to intellectual property, product quality or architecture, regulatory compliance practices, revenue recognition or other accounting practices or employee or client issues.

Any acquisition or investment may require us to use significant amounts of cash, issue potentially dilutive equity securities or incur debt. In addition, acquisitions involve numerous risks, any of which could harm our business, including:

- regulatory and commercial risks relating to advertising technologies we may acquire;
- difficulties in integrating the operations, technologies, services and personnel of acquired businesses, especia those businesses operate outside of our core competency or in foreign countries;
- cultural challenges associated with integrating employees from the acquired company into our organization;

- reputation and perception risks associated with the acquired product or technology by the general public;
- ineffectiveness or incompatibility of acquired technologies or services;
- potential loss of key employees of acquired businesses or of our business;
- inability to maintain the key business relationships and the reputations of acquired businesses or of our business;
- diversion of management's attention from other business concerns;
- risks related to completing any proposed acquisition or other significant transaction, including obtaining any requ approvals of stockholders, governmental agencies or other parties, and potential risks to our business if we fa complete any planned acquisition or other significant strategic transaction;
- litigation for activities of the acquired company, including claims from terminated employees, clients, for shareholders or other third parties;
- failure to identify all of the problems, liabilities or other shortcomings or challenges of an acquired comp technology, or solution, including issues related to intellectual property, solution quality or architecture, regula compliance practices, revenue recognition or other accounting practices, employee or client issues, or transactio integration costs;

- in the case of foreign acquisitions, the need to integrate operations across different cultures and languages an address the particular economic, currency, political and regulatory risks associated with specific countries; c necessary to establish and maintain effective internal controls for acquired businesses;
- failure to successfully further develop the acquired technology in order to recoup our investment; and
- increased fixed costs.

If we are unable to successfully integrate any future business, product or technology we acquire, our business and results of operations may suffer.

In addition, a significant portion of the purchase price of companies we acquire may be allocated to acquired goodwill and other intangible assets, which must be assessed for impairment at least annually. If our acquisitions do not yield expected returns, we may be required to take charges to our operating results based on this impairment assessment process, which could adversely affect our results of operations.

Acquisitions could also result in dilutive issuances of equity securities or the incurrence of debt, which could adversely affect our operating results. For instance, in connection with our prior acquisitions, we issued shares of our common stock. We may consider divestitures of certain non-core businesses, products, technologies or other assets from time to time. We may not be successful in identifying buyers for any such assets or in negotiating the terms of any such sale. Any such sale could disrupt our business and adversely affect our results of operations.

Regulatory and Compliance Risks

Domestic and foreign government regulation and enforcement of data practices and data tracking technologies is expansive, not clearly defined and rapidly evolving. Such regulation could directly restrict portions of our business or indirectly affect our business by constraining our customers' use of our platform or limiting the growth of our markets.

Federal, state, municipal and/or foreign governments and agencies have adopted and could in the future adopt, modify, apply or enforce laws, policies, and regulations covering user privacy, data security, technologies such as cookies that are used to collect, store and/or process data, the taxation of products and services, unfair and deceptive practices, and/or the collection, use, processing, transfer, storage and/or disclosure of data associated with a unique individual. The categories of data regulated under these laws vary widely and are often ill-defined and subject to new applications or interpretation by regulators. Our subscription services enable our customers to display digital advertisements to targeted population segments, as well as collect, manage and store data regarding the measurement and valuation of their digital advertising and marketing campaigns, which may include data that is directly or indirectly obtained or derived through the activities of online or mobile visitors. The uncertainty and inconsistency among these laws, coupled with a lack of guidance as to how these laws will be applied to current and emerging Internet and mobile analytics technologies, creates a risk that regulators, lawmakers or other third parties, such as potential plaintiffs, may assert claims, pursue investigations or audits, or engage in civil or criminal enforcement. These actions could limit the market for our subscription services or impose burdensome requirements on our services and/or customers' use of our services, thereby rendering our business unprofitable.

The General Data Protection Regulation, or the GDPR, is applicable in all European Union member states and prescribes data protection requirements in the European Union and substantial fines for non-compliance. We make use of model contractual clauses approved by the European Commission in relation to the transfer of personal data from the European Union to the United States. The European Commission's model contractual clauses are subject to changes and legal challenges in the European Union, however, and it is unclear whether these will continue serve as appropriate means for us to transfer personal data from the European Union to the United States. Some features of our subscription services use cookies, which trigger the data protection requirements of certain foreign jurisdictions, such as the GDPR and the EU ePrivacy Directive. In addition, our services collect data about visitors' interactions with our advertiser clients that may be subject to regulation under current or future laws or regulations. If our privacy or data security measures fail to comply with these current or future laws and regulations in any of the jurisdictions in which we collect information, we may be subject to litigation, regulatory investigations, civil or criminal enforcement, audits or other liabilities in such jurisdictions, or our advertisers may terminate their relationships with us. In addition, foreign court judgments or regulatory actions could impact our ability to transfer, process and/or receive transnational data that is critical to our operations, including data relating to users, clients, or partners outside the United States. Such judgments or actions could affect the manner in which we provide our services or adversely affect our financial results if foreign clients and partners are not able to lawfully transfer data to us.

This area of the law is currently under intense government scrutiny and many governments, including the U.S. government, are considering a variety of proposed regulations that would restrict or impact the conditions under which data obtained from or through the activities of visitors could be collected, processed or stored. In addition, regulators such as the Federal Trade Commission and the California Attorney General are continually proposing new regulations and interpreting and applying existing regulations in new ways. For example, the California Consumer Privacy Act, or the CCPA, took effect January 1, 2020, which provides new data privacy rights for consumers and new disclosure and operational requirements for companies. The CCPA gives California residents expanded rights to access and delete their personal information, opt out of certain personal information sharing and receive detailed information about how their personal information is used. The CCPA provides for civil penalties for violations, as well as a private right of action for data breaches that is expected to increase data breach litigation. In connection with the United Kingdom leaving the European Union, new or amended data privacy laws may be adopted in the United Kingdom. The burdens imposed by the GDPR and CCPA, and changes to existing laws or new laws regulating the solicitation, collection or processing of personal and consumer information, truth-in-advertising and consumer protection could affect our customers' utilization of digital advertising and marketing, potentially reducing demand for our subscription services, or impose restrictions that make it more difficult or expensive for us to provide our services.

If legislation dampens the growth in web and mobile usage or access to the Internet, our results of operations could be harmed.

Legislation enacted in the future could dampen the growth in web and mobile usage and decrease its acceptance as a medium of communications and commerce or result in increased adoption of new modes of communication and commerce that may not be serviced by our products. In addition, government agencies or private organizations may begin to impose taxes, fees or other charges for accessing the Internet, which could result in slower growth or a decrease in eCommerce, use of social media and/or use of mobile devices. Any of these outcomes could cause demand for our platform to decrease, our costs to increase, and our results of operations and financial condition to be harmed.

If our customers fail to abide by applicable privacy laws or to provide adequate notice and/or obtain consent from end users, we could be subject to litigation or enforcement action or reduced demand for our services. Industry self-regulatory standards may be implemented in the future that could affect demand for our platform and our ability to access data we use to provide our platform.

Our customers utilize our services to support and measure their direct interactions with visitors, and although we provide notice and choice mechanisms on our websites for our subscription services, we also must rely on our customers to implement and administer notice and choice mechanisms required under applicable laws. If we or our customers fail to abide by these laws, it could result in litigation or regulatory or enforcement action against our customers or against us directly.

In addition, self-regulatory organizations (such as the Digital Advertising Network or Network Advertising Initiative) to which our customers, partners and suppliers may belong, may impose opt-in or opt-out requirements on our customers, which may in the future require our customers to provide various mechanisms for users to opt-in or opt-out of the collection of any data, including anonymous data, with respect to such users' web or mobile activities. The online and/or mobile industries may adopt technical or industry standards, or federal, state, local or foreign laws may be enacted that allow users to opt-in or opt-out of data that is necessary to our business. In particular, some government regulators and standard-setting organizations have suggested a "Do Not Track" standard that allows users to express a preference, independent of cookie settings in their browser, not to have website browsing recorded. All the major Internet browsers have implemented some version of a "Do Not Track" setting. Furthermore, publishers may implement alternative tracking technologies that make it more difficult to access the data necessary to our business or make it more difficult for us to compete with the publisher's own advertising management solutions. If any of these events were to occur in the future, it could have a material effect on our ability to provide services and for our customers to collect the data that is necessary to use our services.

Public scrutiny of Internet privacy and security issues may result in increased regulation and different industry standards, which could deter or prevent us from providing our current services to our customers, thereby harming our business.

The regulatory framework for privacy and security issues worldwide is currently in flux and is likely to remain so for the foreseeable future. Practices regarding the collection, processing, use, storage, transmission, disclosure, and security of personal information by companies operating over the internet have recently come under increased public scrutiny. State, federal and foreign lawmakers and regulatory authorities have increased their attention on the collection and use of consumer data. In addition, many jurisdictions in which we operate have or are developing laws that protect the privacy and security of sensitive and personal information, including, but not limited to, those described under the heading “Business—Government Regulations.”

The various privacy and cybersecurity laws and regulations with which we must comply are complex and evolving. Compliance with such laws and regulations require we expend significant resources, and we cannot guarantee that we will be able to successfully comply with all such privacy and cybersecurity laws and regulations, especially where they do or may in the future conflict with one another, nor can we predict the extent to which such new and evolving regulatory and legal requirements will impact our business strategies and the cost or availability of previously useful data, increase our potential liability, increase our compliance costs, require changes in business practices and policies, or otherwise adversely affect our business. Furthermore, any data breach or a failure by us to comply with the cybersecurity and privacy regulations and laws which we are subject to could result in penalties and fines, or in civil litigation against us, which could have a material adverse effect on our business, including on how we use personal data, on our financial condition, and our operating results.

If we do not comply with applicable privacy guidelines and other applicable laws and regulations under which we are regulated, if there are changes to the guidelines, laws, or regulations, or their interpretation, or if new regulations are enacted that are inconsistent with our current business practices, our business could be harmed. We may be required to change our business practices, services, or privacy policy, among other changes. Changes like these could increase our operating costs and potentially make it more difficult for customers to use our services, resulting in less revenue or slower growth.

Our revenues may be adversely affected if we are required to charge sales taxes in additional jurisdictions or other taxes for our solutions.

We collect or have imposed upon us sales or other taxes related to the solutions we sell in certain states and other jurisdictions. An increasing number of states have considered or adopted laws that attempt to impose tax collection obligations on out-of-state companies. Additionally, the U.S. Supreme Court recently ruled in *South Dakota v. Wayfair, Inc. et al*, or Wayfair, that online sellers can be required to collect sales and use tax despite not having a physical presence in the buyer’s state. In response to Wayfair, or otherwise, states or local governments may adopt, or begin to enforce, laws requiring us to calculate, collect, and remit taxes on sales in their jurisdictions. A successful assertion by any state, country or other jurisdiction in which we do business that we should be collecting sales or other taxes on the sale of our products and services could, among other things, create significant administrative burdens for us, result in substantial tax liabilities for past sales, discourage clients from purchasing solutions from us or otherwise substantially harm our business and results of operations.

We have identified a material weakness in our internal controls over financial reporting as of December 31, 2023. If we experience material weaknesses or deficiencies in the future or otherwise fail to maintain an effective system of internal controls, we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect investor confidence in us and, as a result, the value of our common stock.

In the past, we We have identified a material weakness in our internal controls over financial reporting as of December 31, 2023 relating to our review of the long-lived asset impairment analysis pursuant to ASC 360, Property, Plant and Equipment, specifically our review did not appropriately identify and evaluate an outlier in an assumption used to determine the fair value of internally developed software under the market approach valuation method. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting. While reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected and corrected on a timely basis.

There can be no assurance that our remediation efforts will ultimately have the intended effects. Additionally, measures to remediate material weaknesses may be time-consuming and costly, and even if we have remediated such remediate this material weakness, there can be no assurance that we will not identify additional control deficiencies or have material weaknesses or deficiencies in our internal control over financial reporting in the future.

If we cannot remediate the material weakness identified above, identify other material weaknesses or deficiencies in the future, if we are unable to comply with the requirements of Section 404(b) of the Sarbanes-Oxley Act, or Section 404, in a timely manner, if we are unable to assert that our internal control over financial reporting is effective or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common stock could be negatively affected, and we could become subject to investigations by the stock exchange on which our securities are listed, the SEC, or other regulatory authorities, which could require additional financial and management resources.

We are a smaller reporting company and we cannot be certain if the reduced disclosure requirements applicable to smaller reporting companies will make our common stock less attractive to investors.

We are a smaller reporting company and as a result we can provide simplified executive compensation disclosures in our filings; are exempt from the provisions of Section 404 requiring that independent registered public accounting firms provide an attestation report on the effectiveness of internal control over financial reporting; and we have certain other decreased disclosure obligations in their SEC filings, including, among other things, only being required to provide two years of audited financial statements in annual reports. Decreased disclosures in our SEC filings due to our status as a smaller reporting company may make it harder for investors to analyze our results of operations and financial prospects. We cannot predict if investors will find our common stock less attractive because we will rely on the exemptions available to smaller reporting companies. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

We may not be able to utilize a significant portion of our net operating loss or research tax credit carryforwards, which could adversely affect our profitability.

As of December 31, 2022 December 31, 2023, we had federal and state net operating loss carryforwards due to prior period losses, which if not utilized will begin to expire in 2027 for federal purposes and began to expire in 2022 for state purposes. Our federal net operating loss generated in 2018 and after can be carried forward indefinitely. We also have federal research tax credit carryforwards, which if not utilized will begin to expire in 2026. These net operating loss and research tax credit carryforwards could expire unused and be unavailable to offset future income tax liabilities, which could adversely affect our profitability.

In addition, under Section 382 of the Internal Revenue Code of 1986, as amended, or the Code, our ability to utilize net operating loss carryforwards or other tax attributes, such as research tax credits, in any taxable year may be limited if we experience an “ownership change.” A Section 382 “ownership change” generally occurs if one or more stockholders or groups of stockholders who own at least 5% of our stock increase their ownership by more than 50 percentage points over their lowest ownership percentage within a rolling three-year period. Similar rules may apply under state tax laws.

Future issuances of our stock could cause an “ownership change.” It is possible that any future ownership change could have a material effect on the use of our net operating loss carryforwards or other tax attributes, which could adversely affect our profitability.

Risks Related to the Ownership of Our Common Stock

If we cannot regain maintain compliance with the continued listing requirements of Nasdaq, Nasdaq may de-list our common stock, which would have an adverse effect on the trading volume, liquidity and market price of our common stock.

Our common stock is listed on the Nasdaq Capital Market, or Nasdaq. Nasdaq’s listing standards generally require that we meet certain requirements relating to stockholders’ equity, market capitalization, stock price, the aggregate market value of publicly held shares, and distribution requirements, and we cannot assure you that we will be able to meet Nasdaq’s listing requirements. One of Nasdaq’s listing requirements is that our shares maintain a minimum bid price of at least $1.00. We received a deficiency notice from Nasdaq on April 26, 2023, advising that the closing bid price of our stock for the previous 30 consecutive business days was below the $1.00 minimum bid price requirement and, therefore, we no longer satisfied this Nasdaq requirement. As of October 27, 2023, the closing price of our common stock on Nasdaq was $0.37.

In accordance with Nasdaq rules, we had until October 23, 2023 (180 calendar days from the date of the Nasdaq deficiency notice) to regain compliance with the minimum bid price requirement, which we did not achieve prior to October 23, 2023. In October 2023, we applied to Nasdaq for an additional 180 calendar day compliance period and, in connection with such application, applied to transfer the listing of our common stock from the Nasdaq Global Market to the Nasdaq Capital Market. Nasdaq approved our application effective on October 24, 2023, and the listing of our common stock transferred to the Nasdaq Capital Market effective as of the opening of business on October 25, 2023. After the extension of the compliance period, we now have until April 22, 2024 to regain compliance with Nasdaq's minimum bid price requirement. If at any time prior to April 22, 2024, completed a 1-for-6 reverse stock split on April 12, 2024. Since the completion of the reverse stock split, the bid price of our common stock closes has closed at or above $1.00 per share for a minimum of 10 consecutive business days, we expect that days. On April 29, 2024, Nasdaq would provide notified us with a written confirmation of compliance and the matter will be closed. In the event that we do not regain have regained compliance with the minimum bid price requirement.

If in the future the closing bid price of our common stock on the Nasdaq Capital Market is below the $1.00 minimum bid price requirement prior to April 22, 2024, for 30 consecutive business days or if we fail to continue to satisfy other listing requirements, we expect Nasdaq will provide us with a deficiency notice. If we are not able to timely correct any deficiency or if we otherwise eligible become ineligible to maintain the listing of our common stock on the Nasdaq Capital Market, we expect Nasdaq will provide us with written notification that our securities are subject to delisting from the Nasdaq Capital Market. At that time, we may appeal the delisting determination to a hearings panel.

If Nasdaq delists our securities for trading on the Nasdaq, we could face significant adverse consequences, including:

- a limited availability of market quotations for our common stock;
- reduced liquidity with respect to our common stock;
- reduced trading volume in and market price of our common stock;

- a limited amount of news and analyst coverage for our company; and
- a decreased ability to issue additional securities or obtain additional financing in the future.

Such a de-listing would likely have an adverse effect on the price of our common stock and would impair your ability to sell or purchase our common stock when you wish to do so. In the event that we receive a deficiency notice from Nasdaq or our stock is de-listed, we would discuss with Nasdaq plans to restore our compliance with the listing requirements and may take actions to restore our compliance, but we can provide no assurance that any such action taken by us would allow our common stock to remain listed or to become listed again, would stabilize the market price or improve the liquidity or trading volume of our common stock, would prevent our common capitalization and stockholder's equity from dropping below the Nasdaq minimum requirements, or would prevent other future non-compliance with Nasdaq's continued listing requirements.

48

The market price of our common stock has been highly volatile and may continue to be subject to wide fluctuations due to circumstances beyond our control, which could result in stockholders incurring losses on their investments and subject us to litigation.

Since our initial public offering, the closing sales price of our common stock on the New York Stock Exchange (from March 22, 2013 through June 19, 2018), The Nasdaq Global Market (from June 20, 2018 through October 24, 2023) and The Nasdaq Capital Market (from October 25, 2023 to the date of this filing) has been volatile. From January 1, 2023 January 1, 2024 through September 30, 2023 April 26, 2024, the closing sales price of our common stock on the Nasdaq Global Market ranged from $0.42 $1.68 to $1.33 $3.90 per share. From October 1, 2023 through October 27, 2023, share (after accounting for the closing sales price of our common 1-for-6 reverse stock split that occurred on the Nasdaq Global Market or, since October 25, 2023, the Nasdaq Capital Market, ranged from $0.35 to $0.47 per share. April 12, 2024). Factors that may affect the market price of our common stock include:

- variations in, or forward-looking guidance regarding, our revenues, gross margin, operating results, free cash f loss per share, revenue retention rates, annualized advertising spend on our platform, adjusted EBITDA and these results compare to analyst and investor expectations;
- announcements of technological innovations, new products or services, strategic alliances, acquisitions or signifi agreements or other developments by us or related to our competitors, including any announcements of regula actions, lawsuits or other developments, such as the pending U.S. and state government lawsuits against Google Meta;
- the timing, volume and pricing of any sales of shares by us under our at-the-market offering program or otherwise;
- disruptions in our cloud-based operations or services or disruptions of other prominent cloud-based operation services;
- disruptions to financial markets and market conditions as a result of the inflation, interest rate fluctuations, hostilitie international markets and regions, the COVID-19 pandemic pandemics or other factors;
- the economy as a whole, market conditions in our industry, and in the industries of our customers, and condition the U.S. and international stock trading markets; and
- any other factors discussed herein.

Because our stock price has been volatile, investing in our common stock is risky.

In addition, the stock market in general has experienced substantial price and volume volatility that is often seemingly unrelated to the operating results of any particular companies. If the market for technology stocks, especially software and cloud computing-related stocks, or the stock market in general experiences uneven investor confidence, the market price of our common stock could decline for reasons unrelated to our business, operating results or financial condition. The market price for our stock might also decline in reaction to events that affect other companies within, or outside, our industry, even if these events do not directly affect us. Some companies that have experienced volatility in the trading price of their stock have been subject of securities litigation. If we are the subject of such litigation, it could result in substantial costs and a diversion of management's attention and resources.

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

We have never declared nor paid cash dividends on our capital stock. We currently intend to retain any future earnings to finance the operation and expansion of our business, and we do not expect to declare or pay any dividends in the foreseeable future. Consequently, stockholders must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment.

If we sell additional shares of our common stock, or securities convertible into our common stock in the future, the percentage ownership of our stockholders will be diluted.

Sales of a substantial number of shares of our common stock in the public market, or the perception that these sales might occur could depress the market price of our common stock and may make it more difficult for you to sell your common stock at a time and price that you deem appropriate. We are unable to predict the effect that sales may have on the prevailing market price of our common stock. Any sales of securities by existing stockholders or by us could adversely affect the trading price of our common stock.

On March 14, 2019, 42

In August 2021, we filed a shelf registration statement on Form S-3 for the potential offering, issuance and sale by us of up to $50.0 million $100.0 million of our common stock, preferred stock, debt securities, warrants to purchase our common stock, preferred stock and debt securities, subscription rights to purchase our common stock, preferred stock and debt securities, and units consisting of all or some of these securities.

During the year ended December 31, 2021, we sold 5.5 million shares of our common stock under equity distribution agreements with JMP Securities LLC, or JMP Securities, and received proceeds of approximately $41.7 million, net of offering costs of $1.5 million, at a weighted average sales price of $7.85 per share. The 5.5 million shares of our common stock that we issued under equity distribution agreements during 2021 increased the number of outstanding shares of our common stock by approximately 57%, resulting in dilution to the percentage ownership of our previously existing stockholders.

Additionally, Under this shelf registration statement, during the year ended December 31, 2022, we sold 1.1 million shares of our common stock under a new an equity distribution agreement with JMP Securities LLC (“JMP Securities”) for the sale of up to $50.0 million of new securities in an “at-the-market” common stock offering facility and received proceeds of approximately $1.3 million, net of offering costs of $0.1 million, at a weighted average sales price of $1.33 $7.85 per share. share (after accounting for the 1-for-6 reverse stock split that occurred on April 12, 2024). In accordance with the SEC’s Instruction I.B.6 of Registration Statement on Form S-3, we adjusted the maximum aggregate market value of the securities that may be sold pursuant to this current "at-the-market" securities offering facility from $50.0 million to approximately $22.8 million based on our market capitalization on the date we filed our Annual Report on Form 10-K for the year ended December 31, 2021. We cannot provide any assurance that we will be able to raise any additional financing under this facility. Our ability to raise any additional financing under this facility would be materially adversely affected if our common stock is delisted from Nasdaq.

Delaware law and provisions in our restated certificate of incorporation and restated bylaws could make a merger, tender offer, or proxy contest difficult, and limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees, thereby depressing the trading price of our common stock.

Our status as a Delaware corporation and the anti-takeover provisions of the Delaware General Corporation Law may discourage, delay, or prevent a change in control by prohibiting us from engaging in a business combination with an interested stockholder for a period of three years after the person becomes an interested stockholder, even if a change of control would be beneficial to our existing stockholders. In addition, our restated certificate of incorporation and restated bylaws contain provisions that may make the acquisition of our Company more difficult, including the following:

- our Board is classified into three classes of directors with staggered three-year terms and directors can only removed from office for cause;
- only our Board has the right to fill a vacancy created by the expansion of our Board or the resignation, deat removal of a director, which prevents stockholders from being able to fill vacancies on our Board;
- only our chairman of the Board, our lead independent director, our chief executive officer, our president, or a maj of our Board is authorized to call a special meeting of stockholders;
- certain litigation against us can only be brought in Delaware;
- our restated certificate of incorporation authorizes undesignated preferred stock, the terms of which may established, and shares of which may be issued, without the approval of the holders of common stock; and
- advance notice procedures apply for stockholders to nominate candidates for election as directors or to bring mat before an annual meeting of stockholders.

In addition, our restated certificate of incorporation provides that the Court of Chancery of the State of Delaware will be the exclusive forum for: (1) any derivative action or proceeding brought on our behalf; (2) any action asserting a breach of fiduciary duty; (3) any action asserting a claim against us arising pursuant to the Delaware General Corporation Law, our restated certificate of incorporation, or our restated bylaws; (4) any action to interpret, apply, enforce or determine the validity of our restated certificate of incorporation or our restated bylaws, or (5) any action asserting a claim against us that is governed by the internal affairs doctrine. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers, or other employees, which may discourage lawsuits with respect to such claims. Alternatively, if a court were to find the choice of forum provision contained in our restated certificate of incorporation 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.

Risks Related to the COVID-19 Pandemic

The COVID-19 global pandemic has adversely affected and may continue to adversely affect our business and operating results.

We believe that the COVID-19 pandemic has had, and any lingering effects of the pandemic may continue to have, an adverse effect on many of our customers and their businesses and their spending on digital advertising, which has had an adverse effect on our results of operations and may affect our future results of operations.

We cannot predict the extent to which any lingering effects of the COVID-19 pandemic may affect our future business or operating results, which is highly dependent on inherently uncertain future developments, including the severity of outbreaks of COVID-19, the effects of new variants, the actions taken by governments and private businesses in relation to COVID-19 containment, the availability, deployment and efficacy of vaccines, and the transition from COVID-19 being a pandemic to an endemic illness. In geographies where we, our customers or our employees operate, health concerns and political or governmental developments in response to COVID-19 have resulted in, and could in the future result in, economic, social or labor instability or prolonged contractions in the industries in which our customers operate, slowdowns in our sales process, customers not purchasing or renewing subscriptions to our platform or reducing the amount of digital advertising that they manage using our platform, customers failing to make payments, slowdowns in our product development efforts, or other effects that may have a material adverse effect on our business or our results of operations and financial condition. Recently, the effects of the pandemic have been most severe in China, where we employ several members of our product development team. Because our platform is offered as a subscription-based service, the effect of the pandemic may not be fully reflected in our operating results until future periods, if at all.

General Risk Factor

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, 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.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

		Incorporated by Reference			
Number	Exhibit Title	Form	File No.	Filing Date	Filed Herewith

3.1	Certificate of Amendment to Restated Certificate of Incorporation of Marin Software Incorporated	8-K	001-35838	4/11/2024	
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
32.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*				X
32.2	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.*				X
101.INS	Inline XBRL Instance Document.				X
101.SCH	Inline XBRL Taxonomy Extension Schema Document.				X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.				X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.				X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.				X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.				X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).				X

* As contemplated by SEC Release No. 33-8212, these exhibits are furnished with this Quarterly Report on Form 10-Q and are not deemed filed with the Securities and Exchange Commission and are not incorporated by reference in any filing of Marin Software Incorporated under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and irrespective of any general incorporation language contained in such filings.

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.

	MARIN SOFTWARE INCORPORATED
Dated: November 13, 2023 May 2, 2024	By: /s/ Christopher A. Lien
	Christopher A. Lien
	Chief Executive Officer
	(Principal Executive Officer)
Dated: November 13, 2023 May 2, 2024	By: /s/ Robert Bertz
	Robert Bertz
	Chief Financial Officer
	(Principal Financial and Accounting Officer)

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Christopher A. Lien, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Marin Software Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a materi

fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly presen in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls ar procedures (as defined in Exchange Act Rules13a-15(e) and 15d-15(e)) and internal control over financial reporting (defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting ar the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report ou conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covere by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) tha has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal contrc over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in t registrant's internal control over financial reporting.

Date: November 13, 2023 May 2, 2024

By: /s/ Christopher A. Lien

Christopher A. Lien

Chief Executive Officer

(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert Bertz, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Marin Software Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a materi fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly presen in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls ar procedures (as defined in Exchange Act Rules13a-15(e) and 15d-15(e)) and internal control over financial reporting (defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting ar the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report ou conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covere by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) tha has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal contro over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in t registrant’s internal control over financial reporting.

Date: November 13, 2023 May 2, 2024

By: /s/ Robert Bertz

Robert Bertz

Chief Financial Officer

(Principal Financial Officer)

Exhibit 32.1

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

I, Christopher A. Lien, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Quarterly Report of Marin Software Incorporated on Form 10-Q for the fiscal quarter ended September 30, 2023 March 31, 2024 (the “***Report***”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Marin Software Incorporated for the periods presented therein.

Date: November 13, 2023 May 2, 2024

Date: November 13, 2023 May 2, 2024

By: /s/ Christopher A. Lien

Christopher A. Lien

Chief Executive Officer

(Principal Executive Officer)

Exhibit 32.2

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

I, Robert Bertz, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Quarterly Report of Marin Software Incorporated on Form 10-Q for the fiscal quarter ended September 30, 2023 March 31, 2024 (the "***Report***"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Marin Software Incorporated for the periods presented therein.

Date: November 13, 2023 May 2, 2024

By: /s/ Robert Bertz

Robert Bertz

Chief Financial Officer

(Principal Financial Officer)

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