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Employer Identification No.)2200 West Airfield Drive, P.O. Box 619810, D/FW Airport, TX75261(Address of principal executive offices)(Zip Code)(972)453-7000Â Â (Registrantâ€™s telephone number, including area code)Â Â Â Â Securities registered pursuant to Section 12(b) of the Act:Title of each classTrading Symbol(s)Name of each exchange on which registeredCommon Stock, $0.01 par value per shareTHRYThe Nasdaq Stock Market LLC 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 x No â˜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 (Â§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes x No â˜Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of â€œlarge accelerated filer,â€ â€œaccelerated filer,â€ â€œsmaller reporting company,â€ and â€œemerging growth companyâ€ in Rule 12b-2 of the Securities Exchange Act of 1934. Large accelerated filerâ˜'Accelerated filerâ˜Non-accelerated filer â˜Smaller reporting companyâ˜Emerging growth companyâ˜ 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. o Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes â˜ No xAs of NovemberÂ 5, 2024, there were 42,044,826 shares of the registrant's common stock outstanding.THRYV HOLDINGS, INC.TABLE OF CONTENTSPageCAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTSThis Quarterly Report on Form 10-Q (â€œQuarterly Reportâ€) contains forward-looking statements that reflect our current views with respect to future events and financial performance. Such statements are provided under the â€œsafe harborâ€ protection of the Private Securities Litigation Reform Act of 1995 and include, without limitation, statements concerning the conditions of our industry and our operations, performance, and financial condition, including, in particular, statements relating to our business, growth strategies, product development efforts, and future expenses. Forward-looking statements include all statements that do not relate solely to historical or current facts and generally can be identified by words such as â€œanticipates,â€ â€œintends,â€ â€œplans,â€ â€œseeks,â€ â€œbelieves,â€ â€œcould,â€ â€œestimates,â€ â€œexpects,â€ â€œlikely,â€ â€œmay,â€ and similar references to future periods, or by the inclusion of forecasts or projections. Examples of forward-looking statements include, but are not limited to, statements we make regarding the outlook for our future business and financial performance, such as those contained in â€œManagementâ€™s Discussion and Analysis of Financial Condition and Results of Operations.â€ Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy, and other future conditions. Because forward-looking statements relate to the future, by their nature, they are subject to inherent uncertainties, risks, and changes in circumstances that are difficult to predict. As a result, our actual results may differ materially from those contemplated by the forward-looking statements. Accordingly, we caution you against relying on forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include regional, national, or global political, economic, business, competitive, market, and regulatory conditions and the following: â€¢significant competition for our Marketing Services solutions and Software as a Service ("SaaS") offerings, including from companies that use components of our SaaS offerings provided by third parties;â€¢our ability to maintain profitability;â€¢our ability to manage our growth effectively;â€¢our ability to upgrade our Marketing Services clients to our Thryv platform, sell our platform into new markets or further penetrate existing markets; â€¢our ability to maintain our strategic relationships with third-party service providers;â€¢internet search engines and portals potentially terminating or materially altering their agreements with us;â€¢our ability to keep pace with rapid technological changes and evolving industry standards;â€¢our small to medium-sized businesses (â€œSMBsâ€) clients potentially opting not to renew their agreements with us or renewing at lower spend;â€¢potential system interruptions or failures, including cyber-security breaches, identity theft, data loss, unauthorized access to data or other disruptions that could compromise our information; â€¢our potential failure to identify suitable acquisition candidates and consummate such acquisitions;â€¢our ability to complete acquisitions and the successful integration of such acquisitions, including our recently completed acquisition of Infusion Software, Inc. d/b/a Keap (â€œKeapâ€ and the acquisition of Keap, the â€œKeap Acquisitionâ€), and any failure of an acquired business to achieve its plans and objectives or realize any expected benefit from any such acquisition;â€¢the potential loss of one or more key employees or our inability to attract and to retain highly skilled employees;â€¢our ability to maintain the compatibility of our Thryv platform with third-party applications;â€¢our ability to successfully expand our operations and current offerings into new markets, including internationally, or further penetrate existing markets;â€¢our potential failure to provide new or enhanced functionality and features;â€¢our potential failure to comply with applicable privacy, security and data laws, regulations and standards; â€¢potential changes in regulations governing privacy concerns and laws or other domestic or foreign data protection regulations;â€¢our potential failure to meet service level commitments under our client contracts;â€¢our potential failure to offer high-quality or technical support services;â€¢our Thryv platform and add-ons potentially failing to perform properly;â€¢our use of artificial intelligence in our business, and challenges with properly managing its use, could result in reputational harm, competitive harm, and legal liability;â€¢the potential impact of future labor negotiations; â€¢our ability to protect our intellectual property rights, proprietary technology, information, processes, and know-how;â€¢rising inflation and our ability to control costs, including operating expenses;â€¢general macro-economic conditions, including a recession or an economic slowdown in the U.S. or internationally;â€¢adverse tax laws or regulations or potential changes to existing tax laws or regulations; â€¢costs, liabilities and reputational harm resulting from regulatory investigations, including the subpoena from the Division of Enforcement of the SEC;â€¢volatility and weakness in bank and capital markets; and1â€¢costs, obligations and liabilities incurred as a result of and in connection with being a public company. For additional information regarding known material factors that could cause the Companyâ€™s actual results to differ from its projected results, see Risk Factors in our Annual Report on Form 10-K for the year ended DecemberÂ 31, 2023 (â€œ2023 Form 10-Kâ€), as supplemented by the disclosure in Part II, Item 1A. Risk Factors in subsequent quarterly reports on Form 10-Q. Readers are cautioned not to place undue reliance on forward-looking statements contained in this report, which speak only as of the date of this report. Except as required by applicable law, the Company undertakes no obligation to update or revise any forward-looking statements publicly after the date they are made, whether as a result of new information, future events, or otherwise.In this Quarterly Report on Form 10-Q, the terms â€œour Company,â€ â€œwe,â€ â€œus,â€ â€œour,â€ â€œCompanyâ€ and â€œThryvâ€ refer to Thryv Holdings, Inc. and its subsidiaries, unless the context indicates otherwise.2Part I. FINANCIAL INFORMATIONItem 1. Financial Statements Thryv Holdings, Inc. and SubsidiariesConsolidated Statements of Operations and Comprehensive (Loss)(unaudited)Three Months EndedNine Months EndedSeptember 30,September 30,(in thousands, except share and per share data)2024202320242023Revenue$179,852Â $183,822Â $637,560Â $680,798Â Cost of services 67,871Â 80,178Â 223,350Â 262,261Â Gross profit111,981Â 103,644Â 414,210Â 418,537Â Operating expenses:Sales and marketing66,484Â 74,755Â 201,984Â 226,781Â General and administrative50,972Â 48,267Â 155,229Â 149,642Â Impairment charges83,094Â â€"Â 83,094Â â€"Â Total operating expenses200,550Â 123,022Â 440,307Â 376,423Â Operating (loss) income(88,569)(19,378)(26,097)42,114Â Other income (expense):Interest expense(8,194)(15,131)(31,554)(47,911)Interest expense, related party(3,320)â€"Â (5,494)â€"Â Other components of net periodic pension cost(1,581)(1,902)(4,743)(3,888)Other income (expense)218Â (876)(7,571)(1,242)(Loss) before income tax benefit (expense)(101,446)(37,287)(75,459)(10,927)Income tax benefit (expense)5,375Â 10,241Â (6,640)9,173Â Net (loss)$(96,071)$(27,046)$(82,099)$(1,754)Other comprehensive income (loss):Foreign currency translation adjustment, net of tax1,330Â (1,842)1,132Â (4,332)Comprehensive (loss)$(94,741)$(28,888)$(80,967)$(6,086)Net (loss) per common share:Basic(2.65)(0.78)(2.28)(0.05)Diluted(2.65)(0.78)(2.28)(0.05)Weighted-average shares used in computing basic and diluted net (loss) per common share:Basic36,308,992Â 34,848,899Â 35,983,826Â 34,619,794Â Diluted36,308,992Â 34,848,899Â 35,983,826Â 34,619,794Â The accompanying notes are an integral part of the consolidated financial statements.3Thryv Holdings, Inc. and SubsidiariesConsolidated Balance Sheets(in thousands, except share data)September 30, 2024December 31, 2023Assets(unaudited)Current assetsCash and cash equivalents$12,453Â $18,216Â Accounts receivable, net of allowance of $18,890 in 2024 and $14,926 in 2023176,364Â 205,503Â Contract assets, net of allowance of $33 in 2024 and $35 in 20239,068Â 2,909Â Taxes receivable2,706Â 3,085Â Prepaid expenses18,383Â 17,771Â Deferred costs10,184Â 16,722Â Other current assets1,780Â 2,662Â Total current assets230,938Â 266,868Â Fixed assets and capitalized software, net37,142Â 38,599Â Goodwill218,884Â 302,400Â Intangible assets, net3,453Â 18,788Â Deferred tax assets139,769Â 128,051Â Other assets24,567Â 28,464Â Total assets$654,753Â $783,170Â Liabilities and Stockholders' EquityCurrent liabilitiesAccounts payable$6,946Â $10,348Â Accrued liabilities98,439Â 105,903Â Current portion of unrecognized tax benefits25,623Â 23,979Â Contract liabilities32,534Â 44,558Â Current portion of Term Loan35,783Â 70,000Â Current portion of Term Loan, related party16,717Â â€"Â Other current liabilities5,906Â 8,402Â Total current liabilities221,948Â 263,190Â Term Loan, net157,794Â 230,052Â Term Loan, net, related party75,610Â â€"Â ABL Facility21,900Â 48,845Â Pension obligations, net73,723Â 69,388Â Other liabilities9,246Â 18,995Â Total long-term liabilities338,273Â 367,280Â Commitments and contingencies (see Note 13)Stockholders' equityCommon stock - $0.01 par value, 250,000,000 shares authorized; 63,840,032 shares issued and 36,322,417 shares outstanding at SeptemberÂ 30, 2024; and 62,660,783 shares issued and 35,302,746 shares outstanding at DecemberÂ 31, 2023638Â 627Â Additional paid-in capital1,177,078Â 1,151,259Â Treasury stock - 27,517,615 shares at SeptemberÂ 30, 2024 and 27,358,037 shares at DecemberÂ 31, 2023(488,824)(485,793)Accumulated other comprehensive loss(14,059)(15,191)Accumulated deficit(580,301)(498,202)Total stockholders' equity94,532Â 152,700Â Total liabilities and stockholders' equity$654,753Â $783,170Â The accompanying notes are an integral part of the consolidated financial statements.4Thryv Holdings, Inc. and SubsidiariesConsolidated Statements of Changes in Stockholders' Equity(unaudited)Three Months Ended September 30, 2024Common StockTreasury Stock(in thousands, except share amounts)SharesAmountAdditional Paid-in CapitalSharesAmountAccumulated Other Comprehensive LossAccumulated DeficitTotal Stockholders'EquityBalance as of June 30, 202463,808,097Â $638Â $1,170,798Â (27,513,828)$(488,757)$(15,389)$(484,230)$183,060Â Issuance of shares related to stock-based compensation31,935Â â€"Â 269Â (3,787)(67)â€"Â â€"Â 202Â Stock-based compensation expenseâ€"Â â€"Â 6,011Â â€"Â â€"Â â€"Â â€"Â 6,011Â Foreign currency translation adjustment, net of taxâ€"Â â€"Â â€"Â â€"Â â€"Â 1,330Â â€"Â 1,330Â Net (loss)â€"Â â€"Â â€"Â â€"Â â€"Â â€"Â (96,071)(96,071)Balance as of SeptemberÂ 30, 202463,840,032Â $638Â $1,177,078Â (27,517,615)$(488,824)$(14,059)$(580,301)$94,532Â Three Months Ended September 30, 2023Common StockTreasury Stock(in thousands, except share amounts)SharesAmountAdditional Paid-in CapitalSharesAmountAccumulated Other Comprehensive LossAccumulated DeficitTotal Stockholders'EquityBalance as of June 30, 202361,832,315Â $618Â $1,121,804Â (27,355,029)$(485,730)$(18,751)$(213,615)$404,326Â Issuance of shares related to stock-based compensation42,695Â 1Â 476Â (1,658)(38)â€"Â â€"Â 439Â Exercise of stock warrants646,016Â 6Â 15,751Â â€"Â â€"Â â€"Â â€"Â 15,757Â Stock-based compensation expenseâ€"Â â€"Â 5,462Â â€"Â â€"Â â€"Â â€"Â 5,462Â Foreign currency translation adjustment, net of taxâ€"Â â€"Â â€"Â â€"Â â€"Â (1,842)â€"Â (1,842)Net (loss)â€"Â â€"Â â€"Â â€"Â â€"Â â€"Â (27,046)(27,046)Balance as of SeptemberÂ 30, 202362,521,026Â $625Â $1,143,493Â (27,356,687)$(485,768)$(20,593)$(240,661)$397,096Â The accompanying notes are an integral part of the consolidated financial statements.Thryv Holdings, Inc. and Subsidiaries5Consolidated Statements of Changes in Stockholders' Equity(unaudited)Nine Months Ended September 30, 2024Common StockTreasury Stock(in thousands, except share amounts)SharesAmountAdditional Paid-in CapitalSharesAmountAccumulated Other Comprehensive LossAccumulated DeficitTotal Stockholders'EquityBalance as of December 31, 202362,660,783Â $627Â $1,151,259Â (27,358,037)$(485,793)$(15,191)$(498,202)$152,700Â Issuance of shares related to stock-based compensation1,179,249Â 11Â 8,166Â (133,083)(2,532)â€"Â â€"Â 5,645Â Stock-based compensation expenseâ€"Â â€"Â 17,653Â â€"Â â€"Â â€"Â â€"Â 17,653Â Purchase of treasury stockâ€"Â â€"Â â€"Â (26,495)(499)â€"Â â€"Â (499)Foreign currency translation adjustment, net of taxâ€"Â â€"Â â€"Â â€"Â â€"Â 1,132Â â€"Â 1,132Â Net (loss)â€"Â â€"Â â€"Â â€"Â â€"Â â€"Â (82,099)(82,099)Balance as of SeptemberÂ 30, 202463,840,032Â $638Â $1,177,078Â (27,517,615)$(488,824)$(14,059)$(580,301)$94,532Â Nine Months Ended September 30, 2023Common StockTreasury Stock(in thousands, except share amounts)SharesAmountAdditional Paid-in CapitalSharesAmountAccumulated Other Comprehensive LossAccumulated DeficitTotal Stockholders'EquityBalance as of December 31, 202261,279,379Â $613Â $1,105,701Â (26,685,542)$(468,879)$(16,261)$(238,907)$382,267Â Issuance of shares related to stock-based compensation589,792Â 6Â 5,247Â (57,191)(1,129)â€"Â â€"Â 4,124Â Exercise of stock warrants651,855Â 6Â 15,892Â â€"Â â€"Â â€"Â â€"Â 15,898Â Stock-based compensation expenseâ€"Â â€"Â 16,653Â â€"Â â€"Â â€"Â â€"Â 16,653Â Settlement of indemnification assetâ€"Â â€"Â â€"Â (613,954)(15,760)â€"Â â€"Â (15,760)Foreign currency translation adjustment, net of taxâ€"Â â€"Â â€"Â â€"Â â€"Â (4,332)â€"Â (4,332)Net (loss)â€"Â â€"Â â€"Â â€"Â â€"Â â€"Â (1,754)(1,754)Balance as of SeptemberÂ 30, 202362,521,026Â $625Â $1,143,493Â (27,356,687)$(485,768)$(20,593)$(240,661)$397,096Â The accompanying notes are an integral part of the consolidated financial statements.6Thryv Holdings, Inc. and SubsidiariesConsolidated Statements of Cash FlowsNine Months Ended September 30,(in thousands)20242023Cash Flows from Operating Activities(unaudited)(unaudited)Net (loss)$(82,099)$(1,754)Adjustments to reconcile net (loss) to net cash provided by operating activities:Depreciation and amortization41,144Â 46,940Â Amortization of deferred commissions14,251Â 10,304Â Amortization of debt issuance costs3,151Â 4,080Â Deferred income taxes(11,823)808Â Provision for credit losses and service credits16,496Â 15,594Â Stock-based compensation expense17,653Â 16,653Â Other components of net periodic pension cost4,743Â 3,888Â Impairment charges83,094Â â€"Â Loss on foreign currency exchange rates933Â 164Â Non-cash loss from the remeasurement of the indemnification assetâ€"Â 10,734Â Loss on early extinguishment of debt6,638Â â€"Â Other(3,167)â€"Â Changes in working capital items, excluding acquisitions:Accounts receivable18,161Â 59,238Â Contract assets(6,160)1,111Â Prepaid expenses and other assets(7,079)23,489Â Accounts payable and accrued liabilities(14,108)(63,469)Other liabilities(18,188)(24,132)Net cash provided by operating activities63,640Â 103,648Â Cash Flows from Investing ActivitiesAdditions to fixed assets and capitalized software(24,730)(22,920)Acquisition of a business, net of cash acquiredâ€”Â (8,897)Otherâ€”Â (215)Net cash used in investing activities(24,730)(32,032)Cash Flows from Financing ActivitiesProceeds from Term Loan234,256Â â€”Â Proceeds from Term Loan, related party109,444Â â€”Â Payments of Term Loan(345,151)(95,000)Payments of Term Loan, related party(16,717)â€”Â Proceeds from ABL Facility247,579Â 697,234Â Payments of ABL Facility(274,524)(694,395)Debt issuance costs(5,480)â€”Â Purchase of treasury stock(499)â€”Â Proceeds from exercise of stock warrantsâ€”Â 15,899Â Other5,646Â 4,124Â Net cash used in financing activities(45,446)(72,138)Effect of exchange rate changes on cash, cash equivalents and restricted cash(120)(707)(Decrease) in cash, cash equivalents and restricted cash(6,656)(1,229)Cash, cash equivalents and restricted cash, beginning of period20,530Â 18,180Â Cash, cash equivalents and restricted cash, end of period$13,874Â $16,951Â Supplemental InformationCash paid for interest$35,299Â $44,029Â Cash paid for income taxes, net$14,960Â $7,605Â Non-cash investing and financing activitiesRepurchase of Treasury stock as a result of the settlement of the indemnification asset$â€”Â $15,760Â The accompanying notes are an integral part of the consolidated financial statements.7Thryv Holdings, Inc. and SubsidiariesNotes to Consolidated Financial Statements(Unaudited)Note 1Â Â Â Â Description of Business and Summary of Significant Accounting PoliciesGeneralThryv Holdings, Inc. (â€œThryvâ€ or the â€œCompanyâ€) provides small-to-medium sized businesses (â€œSMBsâ€) with print and digital marketing services and Software as a Service (â€œSaaSâ€) business management tools. The Company owns and operates Print Yellow Pages (â€œPYPâ€ or â€œPrintâ€) and digital marketing services (â€œDigitalâ€), which includes Internet Yellow Pages (â€œIYPâ€), search engine marketing (â€œSEMâ€), and other digital media services, including online display advertising, and search engine optimization (â€œSEOâ€) tools. In addition, through the ThryvÂ® platform, the Company is a provider of SaaS business management, communication, and marketing tools designed for SMBs. On April 3, 2023, Thryv New Zealand Limited, the Companyâ€™s wholly-owned subsidiary, acquired Yellow Holdings Limited (â€œYellowâ€), a New Zealand marketing services company. During the first quarter of 2024, the Company changed the internal reporting provided to the chief operating decision maker (â€œCODMâ€). As a result, the Company reevaluated its segment reporting and determined that Thryv U.S. Marketing Services and Thryv International Marketing Services should be reflected as a single reportable segment, and that Thryv U.S. SaaS and Thryv International SaaS should be reflected as a single reportable segment. As such, beginning on January 1, 2024, the results of our Marketing Services and SaaS businesses are presented as two reportable segments. Comparative prior periods have been recast to reflect the current presentation.The Company reports its results based on two reportable segments (see Note 15, Segment Information): â€¢Thryv Marketing Services, which includes the Company's Print and Digital solutions business; andâ€¢Thryv SaaS, which includes the Company's SaaS flagship all-in-one small business management modular software platform.Basis of PresentationThe Company prepares its financial statements in accordance with generally accepted accounting principles in the United States (â€œU.S. GAAPâ€). The consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the â€œSECâ€) regarding interim financial reporting. Accordingly, certain information and disclosures normally included in the complete financial statements prepared in accordance with U.S. GAAP have been omitted pursuant to such rules and regulations. The consolidated financial statements include the financial statements of Thryv Holdings, Inc. and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.In the opinion of management, the accompanying consolidated financial statements reflect all adjustments, consisting of only normal recurring items and accruals, necessary for the fair statement of the financial position, results of operations and cash flows of the Company for the periods presented. The consolidated financial statements as of and for the three and nine months ended September 30, 2024 and 2023 have been prepared on the same basis as the audited annual financial statements.Â The consolidated balance sheet as of DecemberÂ 31, 2023 was derived from the audited annual financial statements. The consolidated results for interim periods are not necessarily indicative of results for the full year and should be read in conjunction with the Companyâ€™s audited financial statements and related footnotes for the year ended December 31, 2023.Use of EstimatesThe preparation of the Companyâ€™s consolidated financial statements requires management to make estimates and assumptions about future events that affect the amounts reported and disclosed in the consolidated financial statements and accompanying notes. Actual results could differ materially from those estimates. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable. The results of those estimates form the basis for making judgments about the carrying values of certain assets and liabilities.8Examples of reported amounts that rely on significant estimates include revenue recognition, allowance for credit losses, assets acquired and liabilities assumed in business combinations, capitalized costs to obtain a contract, certain amounts relating to the accounting for income taxes, including valuation allowance, indemnification asset, stock-based compensation expense, operating lease right-of-use assets and operating lease liabilities, accrued service credits, and pension obligations. Significant estimates are also used in determining the recoverability and fair value of fixed assets and capitalized software, operating lease right-of-use assets, goodwill and intangible assets.Summary of Significant Accounting Policies The Company describes its significant accounting policies in Note 1 to the financial statements in Part II, Item 8 of its Annual Report on Form 10-K for the fiscal year ended DecemberÂ 31, 2023. There have been no changes to the Company's significant accounting policies during the three and nine months ended September 30, 2024.Restricted CashThe following table presents a reconciliation of cash, cash equivalents and restricted cash reported within the Company's consolidated balance sheets to the amount shown in the Company's consolidated statements of cash flows for the nine months ended September 30, 2024 and 2023: (in thousands)September 30, 2024September 30, 2023Cash and cash equivalents$12,453Â $14,676Â Restricted cash, included in Other current assets1,421Â 2,275Â Total cash, cash equivalents and restricted cash $13,874Â $16,951Â Recent Accounting PronouncementsIn November 2023, the Financial Accounting Standards Board (â€œFASBâ€) issued ASU No. 2023-07, â€œSegment Reporting (Topic 280): Improvements to Reportable Segment Disclosuresâ€ (â€œASU 2023-07â€). ASU 2023-07 requires additional disclosures, including more detailed information about segment expenses about a public entityâ€™s reportable segments on an annual and interim basis. The new segment disclosures are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Management will review the extent of new disclosures necessary in the coming quarters, prior to implementation in the Company's 2024 Annual Report on Form 10-K. Other than additional disclosures, the Company does not expect the adoption of ASU 2023-07 to have a material impact on its consolidated financial statements.In December 2023, the FASB issued ASU No. 2023-09, â€œIncome Taxes (Topic 740): Improvements to Income Tax Disclosuresâ€ (â€œASU 2023-09â€). ASU 2023-09 requires additional disclosures primarily related to the rate reconciliation and income taxes paid information. The new income tax disclosures are effective for fiscal years beginning after December 15, 2024. Management will review the extent of new disclosures necessary in the coming years, prior to implementation in the Company's 2025 Annual Report on Form 10-K. Other than additional disclosures, the Company does not expect the adoption of ASU 2023-09 to have a material impact on its consolidated financial statements.9Note 2 Â Â Â Â AcquisitionsYellow New Zealand Acquisition On April 3, 2023 (the â€œYellow Acquisition Dateâ€), Thryv New Zealand Limited, the Companyâ€™s wholly-owned subsidiary, acquired Yellow, a New Zealand marketing services company for $8.9 million in cash (net of $1.7 million of cash acquired), subject to certain adjustments (the â€œYellow Acquisitionâ€). The Yellow Acquisition expanded the Company's market share with a broader geographical footprint and provided the Company with an increase in our clients. Yellow is a provider of marketing solutions serving SMBs in New Zealand. Control was obtained by means of acquiring all the voting interests. The assets acquired consisted primarily of $2.4 million in current assets and $5.6 million in fixed and intangible assets, consisting primarily of customer relationships, trade name, and technology assets, along with $5.1 million in goodwill. The Company also assumed liabilities of $4.7 million, consisting primarily of accrued, contract, and deferred liabilities. The Company accounted for the Yellow Acquisition using the acquisition method of accounting in accordance with Accounting Standards Codification 805, Business Combinations (â€œASC 805â€). This requires that the assets acquired and liabilities assumed are measured at fair value. With the assistance of a third-party valuation firm, the Company determined, using Level 3 inputs (see Note 4, Fair Value Measurements), the fair value of certain assets and liabilities, including fixed assets and intangible assets by applying the income approach and the cost approach. Specific to intangible assets, client relationships were valued using a combination of the income and excess earnings approach, whereas trade names were valued using a relief of royalty method and assumptions related to Yellow's assets acquired and liabilities assumed. The fair values of existing technologies were computed using a relief of royalty approach, similar to the trade name valuation.The following table summarizes the assets acquired and liabilities assumed at the Yellow Acquisition Date:(in thousands)Current assets$2,438Â Fixed and intangible assets5,565Â Other assets457Â Current liabilities(3,533)Other liabilities(1,159)Goodwill5,129Â Fair value allocated to net assets acquired$8,897Â The excess of the purchase price over the fair value of the identifiable net assets acquired and the liabilities assumed was allocated to goodwill. The recognized goodwill of $5.1Â million was primarily related to the benefits expected from the acquisition and was allocated to the Thryv Marketing Services segment. The goodwill recognized is not deductible for income tax purposes.10Note 3 Â Â Â Â Revenue RecognitionThe Company has determined that each of its Print and Digital marketing services and SaaS business management tools services is distinct and represents a separate performance obligation. The client can benefit from each service on its own or together with other resources that are readily available to the client. Services are separately identifiable from other promises in the contract. Control over the Companyâ€™s Print services transfers to the client upon delivery of the published directories containing their advertisements to the intended market(s). Therefore, revenue associated with Print services is recognized at a point in time upon delivery to the intended market(s). The Company bills clients for Print advertising services monthly over the relative contract term. The difference between the timing of recognition of Print advertising revenue and monthly billing generates the Companyâ€™s unbilled receivables balance. The unbilled receivables balance is reclassified as billed accounts receivable through the passage of time as the clients are invoiced each month. SaaS and Digital marketing services are recognized using the series guidance. Under the series guidance, the Company's obligation to provide services is the same for each day under the contract, and therefore represents a single performance obligation. Revenue associated with SaaS and Digital marketing services is recognized over time using an output method to measure the progress toward satisfying a performance obligation.Disaggregation of RevenueThe Company presents disaggregated revenue based on the type of service within its segment footnote. See Note 15, Segment Information. Contract Assets and LiabilitiesThe timing of revenue recognition may differ from the timing of billing to the Companyâ€™s clients. These timing differences result in receivables, contract assets, or contract liabilities (deferred revenue) as disclosed on the Company's consolidated balance sheets. Contract assets represent the Company's right to consideration when revenue recognized exceeds the receivable from the client because the consideration allocated to fulfilled performance obligations exceeds the Companyâ€™s right to payment, and the right to payment is subject to more than the passage of time. Contract liabilities represent remaining performance obligations that consist of advance payments and revenue deferrals resulting from the allocation of the consideration to performance obligations. The Company recognizes revenue on all of its remaining performance obligations within the next twelve months. For the three and nine months ended September 30, 2024, the Company recognized revenue of $1.0 million and $37.8 million, respectively, that was recorded in Contract liabilities as of DecemberÂ 31, 2023. For the three and nine months ended September 30, 2023, the Company recognized revenue of $1.6 million and $40.6 million, respectively, that was recorded in Contract liabilities as of DecemberÂ 31, 2022. Note 4Â Â Â Â Fair Value MeasurementsFair value is defined as the price that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants at the measurement date. To increase the comparability of fair value measures, the following hierarchy prioritizes the inputs to valuation methodologies used to measure fair value:Level 1 â€” Quoted prices in active markets for identical assets or liabilities.Level 2 â€” Inputs, other than quoted prices in active markets, that are observable either directly or indirectly.Level 3 â€” Unobservable inputs that reflect the Company's own assumptions incorporated into valuation techniques.These valuations require significant judgment.In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. When there is more than one input at different levels within the hierarchy, the fair value is determined based on the lowest level input that is significant to the fair value measurement in its entirety. Assessment of the significance of a particular input to the fair value measurement in its entirety requires substantial judgment and consideration of factors specific to the asset or liability. Level 3 inputs are inherently difficult to estimate. Changes to these inputs can have a significant impact on fair value measurements. Assets and liabilities measured at fair value using Level 3 inputs are based on one or more of the following valuation techniques: market approach, income approach or cost approach. 11Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis The Companyâ€™s non-financial assets such as goodwill, intangible assets, fixed assets, capitalized software and operating lease right-of-use assets are adjusted to fair value when the net book values of the assets exceed their respective fair values, resulting in an impairment charge. Such fair value measurements are predominantly based on Level 3 inputs.Assets and Liabilities Measured at Fair Value on a Recurring Basis Indemnification AssetOn June 30, 2017, the Company completed the acquisition of YP Holdings, Inc. (the â€œYP Acquisitionâ€). As further discussed in Note 13, Contingent Liabilities, as part of the YP Acquisition agreement, the Company was indemnified for an uncertain tax position for up to the fair value of 1,804,715 shares held in escrow, subject to certain contract limitations (the â€œindemnification assetâ€). On June 22, 2023, the Company entered into a settlement agreement with the sellers regarding the settlement of the indemnification asset. Pursuant to the settlement agreement, the Company and the sellers agreed (i) that the sellers would pay and indemnify the Company for $15.8 million of indemnified taxes (the â€œIndemnity Amountâ€) and (ii) that the Indemnity Amount would be deemed satisfied by the transfer of 613,954 outstanding shares of the Companyâ€™s common stock from the sellers back to the Company, which were returned to treasury and reduced the number of outstanding shares of the Companyâ€™s common stock. Furthermore, the sellers would be entitled to retain 1,190,761 currently outstanding shares of the Companyâ€™s common stock that previously secured the sellers' tax indemnity obligations under the YP Acquisition agreement. As of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023, the Company no longer recorded a Level 1 indemnification asset because it was settled on June 22, 2023. A loss of $10.7 million from the change in fair value of the Companyâ€™s Level 1 indemnification asset during the nine months ended September 30, 2023 was recorded in General and administrative expense on the Company's consolidated statements of operations and comprehensive (loss). The $15.8 million Indemnity Amount, which was the fair value of the shares returned to treasury, was recorded in Treasury stock on the Company's consolidated balance sheets, along with the 613,954 shares that the Company received from the sellers, as of SeptemberÂ 30, 2023. Benefit Plan AssetsThe fair value of benefit plan assets is measured and recorded on the Company's consolidated balance sheets using Level 2 inputs. See Note 9, Pensions. Fair Value of Financial InstrumentsThe Company considers the carrying amounts of cash, trade receivables, and accounts payable to approximate fair value because of the relatively short period of time between the origination of these instruments and their expected realization or payment. Additionally, the Company considers the carrying amounts of its New ABL Facility and Prior ABL Facility (each as defined in Note 8, Debt Obligations) and financing obligations to approximate their respective fair values due to their short-term nature and approximation of interest rates to market rates. These fair value measurements are considered Level 2. See Note 8, Debt Obligations.The New Term Loan and Prior Term Loan (each as defined in Note 8, Debt Obligations) are carried at amortized cost; however, the Company estimates the fair value of the New Term Loan and Prior Term Loan for disclosure purposes. The fair values of the New Term Loan and Prior Term Loan are determined based on quoted prices that are observable in the marketplace and are classified as Level 2 measurements. See Note 8, Debt Obligations.The following table sets forth the carrying amount and fair value of the New Term Loan and Prior Term Loan:September 30, 2024December 31, 2023(in thousands)Carrying AmountFair ValueCarrying AmountFair ValueNew Term Loan, net$285,904Â $290,372Â $â€”Â $â€”Â Prior Term Loan, netâ€”Â â€”Â 300,052Â 300,052Â 12Note 5Â Â Â Â Goodwill and Intangible AssetsGoodwillManagement performs its annual goodwill impairment test on October 1 or more frequently if events or changes in circumstances indicate that the goodwill may be impaired.The goodwill impairment test requires measurement of the fair value of the Company's reporting units, which is compared to the carrying value of the reporting units, including goodwill. Each reporting unit is valued using a discounted cash flow model which requires estimating future cash flows expected to be generated from the reporting unit, discounted to their present value using a risk-adjusted discount rate. Terminal values are also estimated and discounted to their present value. Assessing the recoverability of goodwill requires estimates and assumptions about revenue, operating margins, growth rates and discount rates based on budgets, business plans, economic projections, anticipated future cash flows and marketplace data. There are inherent uncertainties related to these factors and managementâ€™s judgment in applying these factors.Based on the initial success of client conversions from digital Marketing Services solutions to SaaS solutions, the Company made a strategic decision during the third quarter of 2024 to terminate its Marketing Services solutions by the end of 2028. This strategic decision resulted in an additional accelerated decline in estimated future cash flows, partially offset by operating cost savings from terminating our Marketing Services solutions, and the Company concluded a triggering event had occurred in the Thryv Marketing Services reporting unit during the third quarter of 2024. As a result, the Company recorded a non-cash impairment charge of $83.1 million during the third quarter 2024, reducing the goodwill in its Thryv Marketing Services reporting unit to zero. No goodwill impairment charge was recorded on the Company's other reporting unit during the three and nine months ended September 30, 2024 and 2023.The Company engaged a third-party valuation firm to assist it in the development of the assumptions and the Companyâ€™s determination of the fair value of its reporting units for this interim impairment test. The estimated fair value of the Companyâ€™s Marketing Services reporting unit was below its carrying value, including goodwill. The historical secular decline in industry demand for Print services, the historical trending decline in the Companyâ€™s Marketing Services client base, continued competition in the consumer search and display space and the projected decline in cash flows from an estimated conversion of certain clients from digital Marketing Services solutions to SaaS solutions impacted the assumptions used to estimate the discounted future cash flows of the Companyâ€™s Marketing Services reporting unit for purposes of performing the goodwill impairment test. The fair value of the Company's SaaS reporting unit substantially exceeded its carrying value. The following table sets forth the changes in the carrying amount of the Company's goodwill for the nine months ended September 30, 2024 and the year ended DecemberÂ 31, 2023.(in thousands)Thryv Marketing ServicesThryv SaaSTotalBalance as of DecemberÂ 31, 2022$347,120Â $218,884Â $566,004Â Yellow Acquisition (1)5,129Â â€”Â 5,129Â Impairments(268,800)â€”Â (268,800)Effects of foreign currency translation67Â â€”Â 67Â Balance as of DecemberÂ 31, 2023$83,516Â $218,884Â $302,400Â Impairments(83,094)â€”Â (83,094)Effects of foreign currency translation(422)â€”Â (422)Balance as of SeptemberÂ 30, 2024$â€”Â $218,884Â $218,884Â (1)Â Â Â Yellow was included in the Thryv Marketing Services reporting unit. 13In the first quarter of 2024, the Company changed its reporting structure from four to two reporting units. Accordingly, the Company assessed its goodwill for impairment under a four reporting unit structure prior to the assessment. Upon completion of this assessment, the Company determined that no impairment existed. Subsequent to this review and after allocating goodwill to the new reporting units based on relative fair value, the Company reassessed goodwill for impairment at the new reporting unit level (i.e., the Marketing Services and SaaS reporting units). Based upon each of these assessments, the Company determined no impairment existed for either of the Company's reporting units.Intangible AssetsThe following tables set forth the details of the Company's intangible assets as of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023:Â As of September 30, 2024(in thousands)GrossAccumulatedAmortizationNetWeightedAverageRemainingAmortizationPeriod in YearsClient relationships$801,263Â $(798,682)$2,581Â 1.6Trademarks and domain names224,748Â (223,986)762Â 4.0Covenants not to compete4,921Â (4,811)110Â 1.1Total intangible assets$1,030,932Â $(1,027,479)$3,453Â 2.1Â As of December 31, 2023(in thousands)GrossAccumulatedAmortizationNetWeightedAverageRemainingAmortizationPeriod in YearsClient relationships$799,882Â $(787,736)$12,146Â 1.4Trademarks and domain names224,423Â (220,886)3,537Â 1.9Covenants not to compete10,446Â (7,341)3,105Â 0.8Total intangible assets$1,034,751Â $(1,015,963)$18,788Â 1.4Amortization expense for intangible assets for the three and nine months ended September 30, 2024 was $3.3Â million and $13.7 million, respectively. Amortization expense for intangible assets for the three and nine months ended September 30, 2023 was $6.4Â million and $19.1 million, respectively.Estimated aggregate future amortization expense by fiscal year for the Company's intangible assets is as follows:(in thousands)Estimated FutureAmortization Expense2024 (remaining)$937Â 20251,912Â 2026420Â 2027140Â 202844Â Total$3,453Â As a result of the goodwill impairment noted above, the Company performed impairment tests during the third quarter of 2024 on its intangible assets and other long-lived assets within the Marketing Services reporting unit. Based on the Companyâ€™s analysis, the carrying values of the Companyâ€™s definite-lived intangible assets and other long-lived assets were determined to be recoverable, and no impairment was recognized. Accordingly, no impairment charges were recorded during the three and nine months ended September 30, 2023 and 2024.14Note 6Â Â Â Â Allowance for Credit LossesThe following table sets forth the Company's allowance for credit losses as of SeptemberÂ 30, 2024 and 2023:(in thousands)20242023Balance as of January 1$14,961Â $14,799Â Additions (1)12,256Â 10,397Â Deductions (2)(8,294)(11,409)Balance as of September 30 (3)$18,923Â $13,787Â (1)Â Â Â For the nine months ended September 30, 2024 and 2023, the Company recorded a provision for credit losses of $12.3 million and $10.4 million, respectively, which is included in General and administrative expense in the Company's consolidated statements of operations and comprehensive (loss). For the three months ended September 30, 2024 and 2023, the Company recorded a provision for credit losses of $3.3 million and $3.1 million, respectively, which is included in General and administrative expense in the Company's consolidated statements of operations and comprehensive (loss).(2)Â Â Â For the nine months ended September 30, 2024 and 2023, the deductions represent amounts written off as uncollectible, net of recoveries.(3)Â Â Â As of SeptemberÂ 30, 2024, $18.9Â million of the allowance is attributable to Accounts receivable and less than $0.1 million is attributable to Contract assets. As of SeptemberÂ 30, 2023, $13.8Â million of the allowance is attributable to Accounts receivable and less than $0.1Â million is attributable to Contract assets. The Companyâ€™s exposure to expected credit losses depends on the financial condition of its clients and other macroeconomic factors. The Company maintains an allowance for credit losses based upon its estimate of potential credit losses. This allowance is based upon historical and current client collection trends, any identified client-specific collection issues, and current as well as expected future economic conditions and market trends. Note 7Â Â Â Â Accrued LiabilitiesThe following table sets forth additional financial information related to the Company's accrued liabilities as of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023: (in thousands)September 30, 2024December 31, 2023Accrued salaries and related expenses$49,927Â $57,357Â Accrued expenses39,153Â 37,889Â Accrued taxes 7,122Â 8,832Â Accrued service credits2,237Â 1,825Â Accrued liabilities$98,439Â $105,903Â 15Note 8 Â Â Â Â Debt ObligationsThe following table sets forth the Company's outstanding debt obligations as of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023:(in thousands)MaturityInterest RateSeptember 30, 2024December 31, 2023New Term LoanMay 1, 2029SOFR +6.75%$297,500Â $â€”Â Prior Term LoanMarch 1, 2026SOFR +8.5%â€”Â 309,368Â New ABL FacilityMay 1, 2028SOFR +2.50% - 2.75%21,900Â â€”Â Prior ABL FacilityMarch 1, 2026SOFR +3.0%â€”Â 48,845Â Unamortized original issue discount and debt issuance costs(11,596)(9,316)Total debt obligations$307,804Â $348,897Â Current portion of New Term Loan/Prior Term Loan(52,500)(70,000)Total long-term debt obligations$255,304Â $278,897Â Term LoanOn May 1, 2024, the Company entered into a new Term Loan Credit Agreement (the â€œNew Term Loanâ€), the proceeds of which were used to refinance and pay off in full the Companyâ€™s previous term loan facility (the â€œPrior Term Loanâ€) and to pay fees and expenses related to the refinancing.The New Term Loan established a senior secured term loan facility (the â€œNew Term Loan Facilityâ€) in an aggregate principal amount equal to $350.0Â million, of which 31.8% was held by a related party who was an equity holder of the Company as of May 1, 2024. The Company defines a related party as any shareholder owning more than 5% of the Company's voting securities. As of SeptemberÂ 30, 2024, 31.8% of the New Term Loan was held by a related party who was an equity holder of the Company as of that date.The New Term Loan Facility matures on May 1, 2029 and borrowings under the New Term Loan Facility bear interest at a fluctuating rate per annum equal to, at the Companyâ€™s option, SOFR or base rate, in each case, plus an applicable margin per annum equal to (i) 6.75% (for SOFR loans) and (ii) 5.75% (for base rate loans). The New Term Loan Facility requires mandatory amortization payments, paid quarterly commencing June 30, 2024, equal to (i) $52.5Â million per year for the first two years following the closing date of the New Term Loan, and (ii) $35.0Â million per year thereafter.The New Term Loan, which was incurred by Thryv, Inc., the Companyâ€™s operating subsidiary, is secured by all the assets of Thryv, Inc., certain of its subsidiaries and the Company, and is guaranteed by the Company and certain of its subsidiaries.The net proceeds from the New Term Loan of $337.6Â million (net of original issue discount costs of $6.3Â million and third-party fees of $6.1Â million) were used to repay the remaining $300.0Â million outstanding principal balance of the Prior Term Loan, accrued interest of $3.8Â million, and third-party fees of $0.6Â million. The Company accounted for this transaction as a modification for lenders that were party to both the Prior Term Loan and New Term Loan. The debt of the new lenders that were party to the New Term Loan are new issuances, while the other lenders that were party to only the Prior Term Loan were accounted for as an extinguishment.Accordingly, total third-party fees paid were $6.1Â million, of which $2.0Â million was immediately charged to General and administrative expense on the Company's consolidated statement of operations and comprehensive (loss). The remaining third-party fees of $4.1Â million were deferred as debt issuance costs and will be amortized to interest expense, over the term of the New Term Loan, using the effective interest method. Additionally, there were unamortized debt issuance costs which includes third-party fees and original issue discount costs of $7.8Â million on the Prior Term Loan, of which $5.4Â million was written off and recorded as a loss on early extinguishment of debt on the Company's consolidated statement of operations and comprehensive (loss). The remaining unamortized debt issuance costs of $2.4Â million were deferred as debt issuance costs and will be amortized to interest expense, over the term of the New Term Loan, using the effective interest method.16The Company has recorded accrued interest of $0.1Â million and $1.1Â million as of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023, respectively. Accrued interest is included in Other current liabilities on the Company's consolidated balance sheets.Term Loan CovenantsThe New Term Loan Facility contains certain covenants that, subject to exceptions, limit or restrict the Companyâ€™s ability to, among others, incur additional indebtedness, guarantees and liens; make investments, loans and advances; dispose of assets and make sale-leaseback transactions; enter into swap agreements; make payments of dividends and other distributions; make payments in respect of certain indebtedness; enter into certain affiliate transactions and restrictive amendments to certain agreements; change its lines of business; amend certain material documents; consummate certain mergers, consolidations and liquidations; and use the proceeds of the term loans.Additionally, the Company is required to maintain compliance with (a) a maximum â€œTotal Net Leverage Ratioâ€, calculated as the ratio of â€œConsolidated Total Net Indebtednessâ€ to â€œConsolidated EBITDAâ€ (in each case, as defined in the New Term Loan, which shall not be 3.0 to 1.0 as of the last day of each fiscal quarter and (b) a minimum â€œSaaS Revenueâ€ (as defined in the New Term Loan), which shall not be less than the quarterly thresholds set forth in the New Term Loan Agreement as of the last day of each fiscal quarter. As of SeptemberÂ 30, 2024, the Company was in compliance with its New Term Loan covenants. The Company also expects to be in compliance with these covenants for the next twelve months.ABL FacilityOn May 1, 2024, the Company entered into a new Credit Agreement (the â€œABL Credit Agreementâ€), which established a new $85.0 million asset-based revolving loan facility (the â€œNew ABL Facilityâ€). The New ABL Facility refinanced the Companyâ€™s previous asset-based revolving loan facility (the â€œPrior ABL Facilityâ€). Proceeds of the New ABL Facility may be used by the Company for ongoing general corporate purposes and working capital. The New ABL Facility matures on May 1, 2028 and borrowings under the New ABL Facility bear interest at a fluctuating rate per annum equal to, at the Companyâ€™s option, SOFR or base rate, in each case, plus an applicable margin per annum, depending on the average excess availability under the New ABL Facility, equal to (i) 2.50% to 2.75% (for SOFR loans) and (ii) 1.50% to 1.75% (for base rate loans). The fee for undrawn commitments under the New ABL Facility is equal to 0.375% per annum. The Company accounted for this transaction as an extinguishment of the Prior ABL Facility. Total third-party fees and lender fees of $1.2 million associated with the New ABL Facility, were deferred as debt issuance costs and will be amortized as interest expense, over the term of the New ABL Facility. Additionally, the unamortized debt issuance costs associated with the Prior ABL Facility of $1.2 million, were written off and recorded as a loss on early extinguishment of debt on the Company's consolidated statement of operations and comprehensive (loss). As of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023, the Company had debt issuance costs with a remaining balance of $1.1Â million and $1.4Â million, respectively. These debt issuance costs are included in Other assets on the Company's consolidated balance sheets.As of SeptemberÂ 30, 2024, the Company had borrowing base availability of $60.9Â million. As a result of certain restrictions in the Company's debt agreements, as of SeptemberÂ 30, 2024, approximately $50.3Â million was available to be drawn upon under the New ABL Facility.ABL Facility Covenants The ABL Credit Agreement contains certain covenants that, subject to exceptions, limit or restrict the Companyâ€™s ability to, among others, incur additional indebtedness, guarantees and liens; make investments, loans and advances; dispose of assets and make sale-leaseback transactions; enter into swap agreements; make payments of dividends and other distributions; make payments in respect of certain indebtedness; enter into certain affiliate transactions and restrictive amendments to certain agreements; change its lines of business; amend certain material documents; consummate certain mergers, consolidations and liquidations; and use the proceeds of the revolving loans.Additionally, the Company is required to maintain compliance with (a) a minimum â€œFixed Charge Coverage Ratioâ€, calculated as the ratio of â€œConsolidated EBITDAâ€ minus unfinanced capital expenditures to â€œFixed Chargesâ€ (in each case, as defined in the ABL Credit Agreement), which shall not be less than 1.0 to 1.0 as of the last day of each fiscal quarter and 17(b) a minimum â€œExcess Availabilityâ€ (as defined in the ABL Credit Agreement) of at least $8.5Â million at all times. As of SeptemberÂ 30, 2024, the Company was in compliance with its ABL Credit Agreement covenants. The Company also expects to be in compliance with these covenants for the next twelve months.Note 9Â Â Â Â PensionsThe Company maintains pension obligations associated with non-contributory defined benefit pension plans that are currently frozen and incur no additional service costs. The Company immediately recognizes actuarial gains and losses in its operating results in the period in which the gains and losses occur. The Company estimates the interest cost component of net periodic pension cost by utilizing a full yield curve approach and applying the specific spot rates along the yield curve used in the determination of the benefit obligations of the relevant projected cash flows. This method provides a more precise measurement of interest costs by improving the correlation between projected cash flows to the corresponding spot yield curve rates.Net Periodic Pension CostThe following table details the other components of net periodic pension cost for the Company's pension plans:Three Months Ended September 30,Nine Months Ended September 30,(in thousands)2024202320242023Interest cost$4,824Â $5,138Â $14,472Â $16,048Â Expected return on assets(3,243)(3,223)(9,729)(10,384)Settlement (gain)â€”Â â€”Â â€”Â (420)Remeasurement (gain)â€”Â (13)â€”Â (1,356)Net periodic pension cost $1,581Â $1,902Â $4,743Â $3,888Â Since all pension plans are frozen and no employees accrue future pension benefits under any of the pension plans, the rate of compensation increase assumption is no longer needed. The Company determines the weighted-average discount rate by applying a yield curve comprised of the yields on several hundred high-quality, fixed income corporate bonds available on the measurement date to expected future benefit cash flows.During the three and nine months ended September 30, 2023, the Company recognized a settlement gain of less than $0.1Â million and $0.4Â million, respectively, and as a result of an interim actuarial valuation due to the settlement of one of the Company's pension plans, the Company recognized a remeasurement gain of less than $0.1Â million and $1.4Â million, respectively. During the three and nine months ended September 30, 2024, the Company made no contributions to the qualified plans and contributions and associated payments of $0.1Â million and $0.4Â million to the non-qualified plans. During the three and nine months ended September 30, 2023, the Company made no cash contributions to the qualified plans, and contributions and associated payments of $0.1Â million and $0.4Â million to the non-qualified plans. For the fiscal year 2024, the Company expects to contribute approximately $10.0 million to the qualified plans and approximately $0.5Â million to the non-qualified plans. 18Note 10Â Â Â Â Stock-Based Compensation and Stockholders' EquityStock-Based Compensation ExpenseThe following table sets forth stock-based compensation expense recognized by the Company in the following line items in the Company's consolidated statements of operations and comprehensive (loss) during the periods presented:Â Three Months Ended September 30,Nine Months Ended September 30,(in thousands)2024202320242023Cost of services$160Â $174Â $507Â $496Â Sales and marketing1,915Â 2,691Â 5,255Â 8,303Â General and administrative3,936Â 2,597Â 11,891Â 7,854Â Stock-based compensation expense $6,011Â $5,462Â $17,653Â $16,653Â The following table sets forth stock-based compensation expense by award type during the periods presented:Â Three Months Ended September 30,Nine Months Ended September 30,(in thousands)2024202320242023RSUs$3,101Â $2,423Â $9,685Â $7,243Â PSUs2,559Â 2,379Â 6,664Â 6,994Â Stock options145Â 419Â 435Â 1,260Â ESPP206Â 241Â 869Â 1,156Â Stock-based compensation expense $6,011Â $5,462Â $17,653Â $16,653Â Restricted Stock Units The following table sets forth the Company's restricted stock unit (â€œRSUâ€) activity during the nine months ended September 30, 2024:Â Number of Restricted Stock UnitsWeighted-Average Grant-Date Fair ValueNonvested balance as of DecemberÂ 31, 2023992,464$21.52Â Granted891,59818.42Vested (440,655)22.12Forfeited(231,440)19.32Nonvested balance as of SeptemberÂ 30, 20241,211,967$19.44Â The Company grants RSUs to the Company's employees and non-employee directors under the Companyâ€™s 2020 Incentive Award Plan (the â€œ2020 Planâ€). Pursuant to the RSU award agreements, each RSU entitles the recipient to one share of the Companyâ€™s common stock, subject to time-based vesting conditions set forth in individual agreements.The fair value of each RSU grant is determined based upon the market closing price of the Companyâ€™s common stock on the date of grant. The RSUs vest over the requisite service period, which ranges between one year and three years from the date of grant, subject to the continued employment of the employees and services of the non-employee board members. As of SeptemberÂ 30, 2024, the unrecognized stock-based compensation expense related to the unvested portion of the Company's RSU awards was approximately $15.8Â million and is expected to be recognized over a weighted-average period of 1.73 years. During the nine months ended September 30, 2024, the Company issued an aggregate of 440,655 shares of common stock to employees and non-employee directors upon the vesting of RSUs previously granted under the 2020 Plan.19Performance-Based Restricted Stock UnitsThe following table sets forth the Company's performance-based restricted stock unit (â€œPSUâ€) activity during the nine months ended September 30, 2024:Â Number of Performance-Based Restricted Stock UnitsWeighted-Average Grant-Date Fair ValueNonvested balance as of DecemberÂ 31, 20231,130,779$23.68Â Granted693,93618.89Vested(122,241)26.33Forfeited(352,116)22.31Nonvested balance as of SeptemberÂ 30, 20241,350,358$22.01Â The Company also grants PSUs to employees under the Companyâ€™s 2020 Plan. Pursuant to the PSU Award Agreement, each PSU entitles the recipient to up to 1.5 shares of the Companyâ€™s common stock, subject to certain performance measures set forth in individual agreements. The PSUs will vest, if at all, following the achievement of certain performance measures over a three year performance period, relative to certain performance and market conditions. The grant date fair value of PSUs that vest relative to a performance condition is measured based upon the market closing price of the Companyâ€™s common stock on the date of grant and expensed on a straight-line basis when it becomes probable that the performance conditions will be satisfied, net of forfeitures, over the service period of the awards, which is generally the vesting term of three years. The grant date fair value of PSUs that vest relative to a market condition is measured using a Monte Carlo simulation model and expensed on a straight-line basis, net of forfeitures, over the service period of the awards, which is generally the vesting term of three years. As of SeptemberÂ 30, 2024, the nonvested balance of PSUs that vest based on performance and market conditions are 729,894 and 1,094,821 shares, respectively. As of SeptemberÂ 30, 2024, the unrecognized stock-based compensation expense related to the unvested portion of the Company's PSU awards was approximately $12.7Â million and is expected to be recognized over a weighted-average period of 1.39 years. Stock OptionsAs of SeptemberÂ 30, 2024, the unrecognized stock-based compensation expense related to the unvested portion of the Company's stock options was less than $0.1Â million, and is expected to be recognized over a weighted-average period of less than 0.1 years. As of SeptemberÂ 30, 2024, there were 83,334 stock options expected to vest with a weighted-average grant-date fair value of $13.82. During the nine months ended September 30, 2024, the Company issued an aggregate of 588,611 shares of common stock to employees upon the exercise of options previously granted under the 2016 Stock Incentive Plan and 2020 Plan at exercise prices ranging from $3.68 to $13.82 per share. During the nine months ended September 30, 2023, the Company issued an aggregate of 194,435 shares of common stock to employees upon the exercise of options previously granted under the 2016 Stock Incentive Plan and 2020 Plan at exercise prices ranging from $3.68 to $13.82 per share. Employee Stock Purchase PlanDuring the nine months ended September 30, 2024, the Company issued 149,983 shares through the Employee Stock Purchase Plan (â€œESPPâ€). During the nine months ended September 30, 2023, the Company issued 189,837 shares through the ESPP.Share Repurchase ProgramOn April 30, 2024, the Board authorized a new share repurchase program (the â€œShare Repurchase Programâ€), under which the Company may repurchase up to $40 million in shares of common stock through AprilÂ 30, 2029. The repurchase program will be subject to market conditions, the periodic capital needs of the Companyâ€™s operating activities, and the continued satisfaction of all covenants under the Companyâ€™s New Term Loan and ABL Credit Agreement. The Share 20Repurchase Program does not obligate the Company to repurchase shares and may be suspended, terminated, or modified at any time. On JuneÂ 20, 2024, the Company repurchased approximately 26,495 shares of its outstanding common stock. The total purchase price of this transaction was approximately $0.5 million. The acquired shares were recorded as Treasury stock upon repurchase. Note 11Â Â Â Â Earnings per ShareThe following table sets forth the calculation of the Company's basic and diluted earnings per share for the three and nine months ended September 30, 2024 and 2023:Three Months Ended September 30,Nine Months Ended September 30,(in thousands, except share and per share amounts)2024202320242023Basic net (loss) per share:Net (loss)$(96,071)$(27,046)$(82,099)$(1,754)Weighted-average common shares outstanding during the period36,308,992Â 34,848,899Â 35,983,826Â 34,619,794Â Basic net (loss) per share(2.65)(0.78)(2.28)(0.05)Three Months Ended September 30,Nine Months Ended September 30,(in thousands, except share and per share amounts)2024202320242023Diluted net (loss) per share:Net (loss)$(96,071)$(27,046)$(82,099)$(1,754)Weighted-average basic shares outstanding during the period36,308,992Â 34,848,899Â 35,983,826Â 34,619,794Â Plus: Common stock equivalents associated with stock-based compensationâ€"Â â€"Â â€"Â â€"Â Weighted-average diluted shares outstanding36,308,992Â 34,848,899Â 35,983,826Â 34,619,794Â Diluted net (loss) per share(2.65)(0.78)(2.28)(0.05)The computation of weighted-average diluted shares outstanding excluded the following share amounts as their effect would have been anti-dilutive for the three and nine months ended September 30, 2024 and 2023:Three Months Ended September 30,Nine Months Ended September 30,2024202320242023Outstanding RSUs36,334Â â€"Â 228,681Â 218,804Â Outstanding PSUsâ€"Â 147,914Â 221,326Â 238,655Â Outstanding ESPP shares61,442Â 38,581Â 228,707Â 64,091Â Outstanding stock warrantsâ€"Â â€"Â â€"Â 3,489,662Â Note 12Â Â Â Â Income TaxesThe Companyâ€™s effective tax rate (â€œETRâ€) was 5.3% and (8.8%) for the three and nine months ended September 30, 2024, respectively, and 27.5% and 83.9% for the three and nine months ended September 30, 2023, respectively. The Company's ETR differs from the U.S. Federal statutory rate of 21% primarily due to permanent differences, including state taxes, non-deductible executive compensation, non-U.S. taxing jurisdictions, tax credits, change in valuation allowance due to expiring net operating losses, and the discrete impact of interest accrual on uncertain tax positions, goodwill impairment as further discussed in Note 5, Goodwill and Intangible Assets, and the debt refinance further discussed in Note 8, Debt Obligations.21As of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023, the amount of unrecognized tax benefits was $18.1Â million and $17.1Â million, respectively, excluding interest and penalties, that if recognized, would impact the effective tax rate. As of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023, the Company had $10.7Â million and $9.0Â million, respectively, recorded for interest on the Company's consolidated balance sheets. The Company engages in continuous discussions and negotiations with tax authorities regarding tax matters in various jurisdictions. The Company expects to complete resolution of certain tax years with various tax authorities within the next 12 months. The Company believes it is reasonably possible that its existing gross unrecognized tax benefits may be reduced by up to $15.6Â million within the next 12 months, affecting the Companyâ€™s ETR if realized. See Note 13, Contingent Liabilities.Risks Related to Taxes and TariffsThe international tax environment remains highly uncertain and increasingly complex as evidenced by initiatives put forth by the Organization for Economic Co-operation and Development (â€œOECDâ€), which includes the introduction of a global minimum tax at a rate of 15% under the OECDâ€™s Pillar Two rules. We continue to monitor these proposals closely and, if enacted by various countries in which we do business, they may increase our taxes in the applicable jurisdictions or cause us to change the way we operate our business and result in increased taxation of our international earnings. As of the nine months ended September 30, 2024, Pillar Two legislation enacted by countries in which Thryv operates is not expected to materially impact the Companyâ€™s taxes in 2024.Note 13Â Â Â Â Contingent LiabilitiesLitigationThe Company is subject to various lawsuits and other claims in the normal course of business. In addition, from time to time, the Company receives communications from government or regulatory agencies concerning investigations or allegations of noncompliance with laws or regulations in jurisdictions in which the Company operates. The Company establishes reserves for the estimated losses on specific contingent liabilities for regulatory and legal actions where the Company deems a loss to be probable and the amount of the loss can be reasonably estimated. In other instances, losses are considered probable, but the Company is not able to make a reasonable estimate of the liability because of the uncertainties related to the outcome or the amount or range of potential loss. For these matters, disclosure is made when material, but no amount is reserved. The Company does not expect that the ultimate resolution of pending regulatory and legal matters in future periods will have a material adverse effect on the Company's consolidated statements of operations and comprehensive (loss), balance sheets or cash flows. Regulatory MatterIn October 2024, the Company received a subpoena from the Division of Enforcement of the SEC requesting documents and information related to the Companyâ€™s previously publicly announced strategic conversion of its clients from its digital marketing services solutions platform to its SaaS solutions platform. The Company is cooperating fully. The SEC noted that the investigation is a fact-finding inquiry and does not mean that it has concluded that anyone has violated the law.Section 199 and Research and Development Tax CaseSection 199 of the Internal Revenue Code of 1986, as amended (the â€œTax Codeâ€), provides for deductions for manufacturing performed in the U.S. The Internal Revenue Service (â€œIRSâ€) has taken the position that directory providers are not entitled to take advantage of the deductions because printing vendors are already taking deductions and only one taxpayer can claim the deduction. The Tax Code also grants tax credits related to research and development expenditures. The IRS also takes the position that the expenditures have not been sufficiently documented to be eligible for the tax credit. The Company disagrees with these positions.The IRS has challenged the Company's positions. With respect to the tax years 2012 through June 2015 for the YP LLC partnership, the IRS sent 90-day notices to DexYP on August 29, 2018. In response, the Company filed three petitions (in the names of various related partners) in U.S. Tax Court, and the IRS filed answers to those petitions. The three cases were consolidated by the court and were referred back to IRS Administrative Appeals for settlement negotiations, during which time the litigation was suspended. Several appeals conferences for YP have been held. The Company and the IRS also reached an agreement regarding additional research and development tax credits for the tax years at issue whereby the IRS will allow more tax credits than were originally claimed on the tax returns. With respect to the tax year from July to 22December 2015 for the Print Media LLC partnership, the Company has been unsuccessful in its attempt to negotiate a settlement with IRS Appeals, and the IRS issued a 90-day notice to the Company. The Company filed a petition in the U.S. Tax Court to challenge the IRS denial. As of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023, the Company has reserved $27.7Â million and $26.1Â million, respectively, in connection with the Section 199 disallowance and less than $0.1Â million related to the research and development tax credit disallowance. See Note 4, Fair Value Measurements, for a discussion of the Company's former indemnification asset related to these matters.On May 22, 2023, the Company received a draft Appeals Settlement document (â€œDraft Settlementâ€) from the IRS relating to the IRC Section 199 tax case. Once finalized, the Draft Settlement will result in a decrease in the unrecognized tax benefit recorded for this tax position. During the year ended December 31, 2023, the Company recorded a measurement adjustment to the uncertain tax position liability to account for the new information received from the Draft Settlement. The Company is in continued discussion with the IRS regarding the finalization of this case and final tax impact that will result. As of SeptemberÂ 30, 2024, the final settlement has not been issued by the IRS. Accordingly, the Company does not consider the matter effectively settled.Note 14Â Â Â Â Changes in Accumulated Other Comprehensive LossThe following table summarizes the changes in accumulated other comprehensive loss, which is reported as a component of stockholders' equity, for the nine months ended September 30, 2024 and 2023:Accumulated Other Comprehensive Loss(in thousands)20242023Beginning balance at January 1,$(15,191)$(16,261)Foreign currency translation adjustment, net of tax expense of $0.4Â million and $1.8 million, respectively1,132Â (4,332)Ending balance at September 30,$(14,059)$(20,593)Note 15Â Â Â Â Segment InformationDuring the first quarter of 2024, the Company changed the internal reporting provided to the CODM. As a result, the Company reevaluated its segment reporting, as discussed in Note 1, Description of Business and Summary of Significant Accounting Policies. The Company determined that the Company manages its operations using two operating segments, which are also its reportable segments: (1) Thryv Marketing Services and (2) Thryv SaaS. Comparative prior periods have been recast to reflect the current presentation.The Company does not allocate assets to its segments and the CODM does not evaluate performance or allocate resources based on segment asset data, and therefore, such information is not presented. The following tables summarize the operating results of the Company's reportable segments:Three Months Ended September 30, 2024(in thousands)Thryv Marketing ServicesThryv SaaSTotalRevenue$92,797Â $87,055Â $179,852Â Segment Gross Profit51,374Â 60,607Â 111,981Â Segment Adjusted EBITDA9,309Â 10,314Â 19,623Â 23Three Months Ended September 30, 2023(in thousands)Thryv Marketing ServicesThryv SaaSTotalRevenue$116,462Â $67,360Â $183,822Â Segment Gross Profit60,776Â 42,868Â 103,644Â Segment Adjusted EBITDA7,835Â (504)7,331Â Nine Months Ended September 30, 2024(in thousands)Thryv Marketing ServicesThryv SaaSTotalRevenue$398,389Â $239,171Â $637,560Â Segment Gross Profit252,219Â 161,991Â 414,210Â Segment Adjusted EBITDA109,137Â 23,914Â 133,051Â Nine Months Ended September 30, 2023(in thousands)Thryv Marketing ServicesThryv SaaSTotalRevenue$491,051Â $189,747Â $680,798Â Segment Gross Profit299,305Â 119,232Â 418,537Â Segment Adjusted EBITDA129,717Â 5,522Â 135,239Â A reconciliation of the Companyâ€™s (Loss) before income tax benefit (expense) to total Segment Adjusted EBITDA is as follows:Three Months Ended September 30,Nine Months Ended September 30,(in thousands)2024202320242023(Loss) before income tax benefit (expense)$(101,446)$(37,287)$(75,459)$(10,927)Interest expense11,514Â 15,131Â 37,048Â 47,911Â Depreciation and amortization expense12,519Â 15,842Â 41,144Â 46,940Â Stock-based compensation expense6,011Â 5,462Â 17,653Â 16,653Â Restructuring and integration expenses4,861Â 3,584Â 17,679Â 12,845Â Transaction costs (1)1,706Â â€"Â 1,706Â 373Â Other components of net periodic pension cost1,581Â 1,902Â 4,743Â 3,888Â Loss on early extinguishment of debtâ€"Â â€"Â 6,638Â â€"Â Non-cash loss from remeasurement of indemnification assetâ€"Â â€"Â 10,734Â Impairment charges83,094Â â€"Â 83,094Â â€"Â Other(217)2,697Â (1,195)6,822Â Total Segment Adjusted EBITDA$19,623Â $7,331Â $133,051Â $135,239Â (1)Consists of expenses related to the Keap Acquisition during the three and nine months ended September 30, 2024 and the Yellow Acquisition during the nine months ended September 30, 2023.24The following table sets forth the Company's disaggregation of Revenue based on services for the periods indicated:Three Months Ended September 30,Nine Months Ended September 30,(in thousands)2024202320242023Thryv Marketing ServicesPrint$44,174Â $22,222Â $211,441Â $186,082Â Digital48,623Â 94,240Â 186,948Â 304,969Â Total Thryv Marketing Services92,797Â 116,462Â 398,389Â 491,051Â Thryv SaaS87,055Â 67,360Â 239,171Â 189,747Â Revenue$179,852Â $183,822Â $637,560Â $680,798Â Revenue by geography is based on the location of the customer. The following table sets forth the Company's disaggregation of Revenue based on geographic region for the periods indicated:Three Months Ended September 30,Nine Months Ended September 30,(in thousands)2024202320242023United States$156,016Â $157,534Â $530,585Â $560,795Â International23,836Â 26,288Â 106,975Â 120,003Â Revenue$179,852Â $183,822Â $637,560Â $680,798Â Thryv Australia's revenue attributed to the International region was approximately 11.2% and 12.5% of total revenue for the three months ended September 30, 2024 and 2023, respectively, and 14.6% and 16.3% for the nine months ended September 30, 2024 and 2023, respectively. No other individual country from the International region contributed more than 10% of total revenue for the three and nine months ended September 30, 2024 and 2023.Note 16Â Â Â Â Subsequent Events Keap Acquisition and Equity OfferingOn October 31, 2024, the Company acquired all of the outstanding capital stock of Infusion Software, Inc. (â€œKeapâ€) for $80.0 million of cash, subject to adjustment. Keap was founded in 2001 and operates a SaaS e-mail marketing and sales platform for small businesses, including products to manage customers, customer relationship management, marketing and e-commerce.To finance the purchase price, the Company closed an underwritten public offering of 5,715,000 shares of common stock, generating proceeds before expenses of $76.0 million and borrowed $5.5 million under its New ABL Facility.As a result of limited access to the information required to prepare the initial accounting, the initial accounting for the Keap acquisition is incomplete and we are unable to provide the amounts that will be recognized at the acquisition date for the major classes of assets acquired and liabilities assumed, pre-existing contingencies, goodwill or other intangible assets at the time of this Quarterly Report on Form 10-Q.25Item 2. Management's Discussion and Analysis of Financial Condition and Results of OperationsThe following is a discussion and analysis of our financial condition and results of operations as of, and for, the periods presented and should be read in conjunction with our unaudited interim consolidated financial statements and the related notes thereto included elsewhere in this Quarterly Report. This discussion and analysis contains forward-looking statements, including statements regarding industry outlook, our expectations for the future of our business, and our liquidity and capital resources as well as other non-historical statements. These statements are based on current expectations and are subject to numerous risks and uncertainties, including but not limited to the risks and uncertainties described in â€œRisk Factorsâ€ in our 2023 Form 10-K, elsewhere in this Quarterly Report on Form 10-Q, particularly Part II, Item 1A. "Risk Factors," and â€œCautionary Note Regarding Forward-Looking Statements.â€ Our actual results may differ materially from those contained in or implied by these forward-looking statements.OverviewWe are dedicated to supporting local, independent businesses and franchises by providing innovative marketing solutions and cloud-based tools to the entrepreneurs who run them. We are one of the largest providers of SaaS end-to-end customer experience tools and digital marketing solutions (â€œDigitalâ€) to small-to-medium sized businesses (â€œSMBsâ€). Our solutions enable our SMB clients to generate new business leads, manage their customer relationships and run their day-to-day business operations. We serve approximately 300,000 SMB clients globally through two business segments: Thryv Marketing Services and Thryv SaaS.Our Thryv Marketing Services segment provides both print and digital solutions and generated $92.8Â million and $116.5Â million of consolidated revenue for the three months ended September 30, 2024 and 2023, respectively, and $398.4Â million and $491.1Â million of consolidated revenue for the nine months ended September 30, 2024 and 2023, respectively. Our Marketing Services offerings include our owned and operated Print Yellow Pages (â€œPrintâ€), which carry the â€œThe Real Yellow Pagesâ€ tagline, our proprietary Internet Yellow Pages, known by the Yellowpages.com, Superpages.com, and Dexknows.com URLs, search engine marketing solutions and other digital media solutions, which include online display advertising, online presence, and search engine optimization tools. Our Thryv Marketing Services segment includes Thryv Australia Pty Ltd (â€œThryv Australiaâ€), and Yellow Holdings Limited (â€œYellowâ€), a New Zealand marketing services company, which we acquired on April 3, 2023 for $8.9 million in cash (the â€œYellow Acquisitionâ€), subject to certain adjustments. Thryv Australia and Yellow serve approximately 81,000 and 16,000 Marketing Services SMBs, respectively, many of which we believe are ideal candidates for the Thryv platform.Our Thryv SaaS segment generated $87.1Â million and $67.4Â million of consolidated revenue for the three months ended September 30, 2024 and 2023, respectively and $239.2Â million and $189.7Â million of consolidated revenue for the nine months ended September 30, 2024 and 2023, respectively. Our primary SaaS offerings are comprised of ThryvÂ®, our flagship all-in-one small business management platform (â€œThryv Platformâ€), which includes Command Center, Business Center, Marketing Center, ThryvPaySM, and Thryv Add-Ons. Thryv Command Center enables SMBs to centralize all their internal and external communications through a modular, easily expandable, and customizable platform. Command Center allows an SMB to do the following to provide a centralized inbox for all customer communication:â€¢Connect their pre-existing email, Facebook and Instagram accounts;â€¢Install Command Centerâ€™s WebChat client on their website; and â€¢Use Voice over Internet Protocol (â€œVoIPâ€) in-platform telephony services, Short Message Service (â€œSMSâ€) and video calls. Thryv Business Center is designed to allow a SMB everything necessary to streamline day-to-day business operations, including customer relationship management, appointment scheduling, estimate and invoice creation, and online review management. Thryv Marketing Center is a fully integrated next generation marketing and advertising platform operated by the end user. Marketing Center contains everything a small business owner needs to market and grow their business effectively, including easy to understand, artificial intelligence (â€œAIâ€) driven analytics, and lead attribution, helping them understand what marketing is working for them. ThryvPaySM, is our own branded payment solution that allows users to get paid via credit card and ACH and is tailored to service focused businesses that want to provide consumers safe, contactless, and fast-online payment options. Thryv Add-Ons include AI-assisted website development, SEO tools, Google Business Profile optimization, Hub by ThryvSM, and Thryv Leads. These optional platform subscription-based add-ons provide a seamless user experience for our end-users and drive higher engagement within the Thryv Platform while also producing incremental revenue growth.26Our expertise in delivering solutions for our client base is rooted in our deep history of serving SMBs. In 2024, SMB demand for integrated technology solutions continues to grow as SMBs adapt their business and service model to facilitate remote working and virtual interactions.Keap Acquisition and Equity OfferingOn October 31, 2024, the Company acquired all of the outstanding capital stock of Infusion Software, Inc. (â€œKeapâ€) for $80.0 million of cash, subject to adjustment. Keap was founded in 2001 and operates a SaaS e-mail marketing and sales platform for small businesses, including products to manage customers, customer relationship management, marketing and e-commerce. As of June 30, 2024, Keap's customer base consisted of approximately 17,000 subscribers.To finance the purchase price, the Company closed an underwritten public offering of 5,715,000 shares of common stock, generating proceeds before expenses of $76.0 million and borrowed $5.5 million under its New ABL Facility.Factors Affecting Our PerformanceOur operations can be impacted by, among other factors, general economic conditions and increased competition with the introduction of new technologies and market entrants. We believe that our performance and future success depend on several factors that present significant opportunities for us, but also pose risks and challenges, including those listed below and those discussed in the section titled â€œCautionary Note Regarding Forward-Looking Statements.â€Ability to Attract and Retain ClientsOur revenue growth is driven by our ability to attract, retain, and expand the spend of SMB clients. To do so, we must deliver solutions that address the challenges currently faced by SMBs at a value-based price point that SMBs can afford.Our strategy is to expand the use of our solutions by introducing our SaaS solutions to new SMB clients, as well as our current Thryv Marketing Services clients and our existing SaaS client base - offering them additional SaaS solutions. This strategy includes capitalizing on the increased needs of SMBs for solutions that facilitate a remote working environment and virtual interactions. This strategy will require substantial sales and marketing capital. This strategy poses a risk if our Marketing Services clients do not fully embrace the transition to SaaS solutions by increasing their spend. Investment in GrowthWe intend to continue to develop and grow a profitable SaaS segment to better help SMBs manage their businesses, while maintaining strong profitability within our Marketing Services segment, which serves as an efficient customer acquisition channel for our SaaS platform. As a result, SaaS has been able to achieve profitable growth. We will continue to improve our SaaS solutions by analyzing user behavior, expanding features, improving usability, enhancing our onboarding services and customer support and making version updates available to SMBs. We believe these initiatives will ultimately drive revenue growth; however, such improvements will also increase our operating expenses. Ability to Grow Through AcquisitionOur growth prospects depend upon our ability to successfully develop new markets. We currently serve SMB markets in the United States, Australia, New Zealand and Canada and plan to leverage strategic acquisitions or initiatives to expand our client base domestically and enter new markets internationally. Identifying proper targets and executing strategic acquisitions may take substantial time and capital. On October 31, 2024, we completed the acquisition of Keap. On April 3, 2023, we completed the acquisition of Yellow, a New Zealand marketing services company. We believe that strategic acquisitions of marketing services companies globally will expand our client base and provide additional opportunities to offer our SaaS solutions. Print Publication CycleWe recognize revenue for print services at a point in time upon delivery of the published PYP directories containing customer advertisements to the intended market. Our PYP directories typically have 12-month publication cycles in Australia, 18-month publication cycles in New Zealand, and 15 to 24-month publication cycles in the U.S. As a result, we typically record revenue for each publication only once every 12 to 24 months, depending on the publication cycle of the directory. The amount of revenue we recognize each quarter from our PYP directories is therefore directly related to the number of PYP directories we deliver to the intended market each quarter, which can vary based on the timing of the publication cycles.27Key Business MetricsWe review several operating metrics, including the following key business metrics to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections and make strategic decisions. We believe these key metrics are useful to investors both because they allow for greater transparency with respect to key metrics used by management in its financial and operational decision-making, and they may be used by investors to help analyze the health of our business.Total ClientsWe define total clients as the number of SMB accounts with one or more revenue-generating solutions in a particular period. For quarter- and year-ending periods, total clients from the last month in the period are reported. A single client may have separate revenue-generating accounts for multiple Marketing Services solutions or SaaS offerings, but we count these as one client when the accounts are managed by the same business entity or individual. Although infrequent, where a single organization has multiple subsidiaries, divisions, or segments, each business entity that is invoiced by us is treated as a separate client. We believe that the number of total clients is an indicator of our market penetration and potential future business opportunities. We view the mix between Marketing Services clients and SaaS clients as an indicator of potential future opportunities to offer our SaaS solutions to our Marketing Services clients.Â As of September 30,(in thousands)20242023Clients (1)Marketing Services (2)251Â 335Â SaaS (3)96Â 66Â Total (4)295Â 364Â (1) Â Â Â Â Clients include total clients from both of our business segments: Thryv Marketing Services and Thryv SaaS.(2) Â Â Â Â Clients that purchase one or more of our Marketing Services solutions are included in this metric. These clients may or may not also purchase subscriptions to our SaaS offerings.(3) Â Â Â Â Clients that purchase subscriptions to our SaaS offerings are included in this metric. These clients may or may not also purchase one or more of our Marketing Services solutions.(4) Â Â Â Â Total clients is less than the sum of the Marketing Services and SaaS, since clients that purchase both Marketing Services and SaaS products are counted in each category, but only counted once in the Total.Marketing Services clients decreased by 84 thousand, or 25%, as of SeptemberÂ 30, 2024 as compared to SeptemberÂ 30, 2023.Â The decrease in Marketing Services clients was related to the secular decline in the print media industry, significant competition in the digital media space, and from focusing on offering our SaaS solutions to our current Marketing Services clients. SaaS clients increased by 30 thousand, or 45%, as of SeptemberÂ 30, 2024 as compared to SeptemberÂ 30, 2023. The increase in SaaS clients was primarily driven by the Companyâ€™s strategic decision during the fourth quarter of 2023 to accelerate the conversion of clients from its digital Marketing Services solutions to its SaaS solutions, as well as continuing to focus on new SaaS client acquisition through improved identification of prospects, improved selling methods, introduction of new product features, and a small but growing international footprint.Total clients decreased by 69 thousand, or 19%, as of SeptemberÂ 30, 2024 as compared to SeptemberÂ 30, 2023.Â The primary driver of the decrease in total clients was the secular decline in the print media business combined with increasing competition in the digital media space, partially offset by an increase in SaaS clients.Monthly ARPUWe define monthly average revenue per unit (â€œARPUâ€) as our total client billings for a particular month divided by the number of clients that have one or more revenue-generating solutions in that same month. For each reporting period, the weighted-average monthly ARPU from all the months in the period are reported. ARPU varies based on product mix, product volumes, and the amounts we charge for our services. We believe that ARPU is an indicator of client spend and growth in ARPU is an indicator of client satisfaction with our services.28Three Months Ended September 30,Nine Months Ended September 30,2024202320242023ARPU (Monthly) Marketing Services$126Â $155Â $137Â $161Â SaaS307Â 365Â 333Â 373Â Monthly ARPU for Marketing Services decreased by $29, or 19%, for the three months ended September 30, 2024 compared to the three months ended September 30, 2023, and decreased by $24, or 15%, for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023. The decrease in ARPU for these periods was related to reduced spend by clients on our print media offerings due to the secular decline of the industry, caused by the continuing shift of advertising spend to larger digital media audiences. This decrease in ARPU was further driven by an ongoing reduction of our resale of high-spend, low margin third-party local search and display services that were not hosted on our owned and operated platforms.Monthly ARPU for SaaS decreased by $58, or 16%, during the three months ended September 30, 2024 compared to the three months ended September 30, 2023, and decreased by $40, or 11%, for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023. The decrease in SaaS ARPU during the three months ended September 30, 2024 resulted from our strategic decision to accelerate the conversion of clients from digital Marketing Services solutions to SaaS solutions at a price lower than some of our SaaS products. The sale of our newer Marketing Center product to our SaaS clients offset a portion of the SaaS decline.Key Components of Our Results of OperationsRevenue We generate revenue from our two business segments: Thryv Marketing Services and Thryv SaaS. Our primary sources of revenue in our Thryv Marketing Services segment are Print and Digital services. Our primary source of revenue in our Thryv SaaS segment are our SaaS solutions.Cost of Services Cost of services consists of expenses related to delivering our solutions, such as publishing, printing, and distribution of our Print directories and fulfillment of our Digital and SaaS offerings, including traffic acquisition, managed hosting, and other third-party service providers. Additionally, Cost of services includes personnel-related expenses such as salaries, benefits, and stock-based compensation for our operations team, information technology expenses, non-capitalizable software and hardware purchases, and allocated overhead costs, which includes depreciation of fixed assets, and amortization associated with capitalized software and intangible assets.Operating ExpensesSales and MarketingSales and marketing expense consists primarily of base salaries, stock-based compensation, sales commissions paid to our inside and outside sales force and other expenses incurred by personnel within the sales, marketing, sales training, and client care departments. Additionally, Sales and marketing expense includes advertising costs such as media, promotional material, branding, online advertising, information technology expenses and allocated overhead costs which includes depreciation of fixed assets, and amortization associated with capitalized software and intangible assets.General and AdministrativeGeneral and administrative expense primarily consists of salaries, benefits and stock-based compensation incurred by corporate management and administrative functions such asÂ information technology, finance and accounting, legal, internal audit, human resources, billing and receivables, and management personnel. In addition, General and administrative expense includes bad debt expense, non-recurring charges, and other corporate expenses such as professional fees, operating taxes, and insurance. General and administrative expense also includes allocated overhead costs which includes depreciation of fixed assets, and amortization associated with capitalized software and intangible assets. 29Other Income (Expense)Other income (expense) consists of interest expense, other components of net periodic pension cost, and other expense, which includes loss on early extinguishment of debt, and foreign currency-related income and expense. 30Results of OperationsConsolidated Results of OperationsThe following table sets forth certain consolidated financial data for each of the periods indicated:Three Months Ended September 30,20242023(unaudited)(in thousands of $)Amount% of RevenueAmount% of RevenueRevenue$179,852Â 100Â %$183,822Â 100Â %Cost of services67,871Â 37.7Â %80,178Â 43.6Â %Gross profit111,981Â 62.3Â %103,644Â 56.4Â %Â Operating expenses:Sales and marketing66,484Â 37.0Â %74,755Â 40.7Â %General and administrative50,972Â 28.3Â %48,267Â 26.3Â %Impairment charges83,094Â 46.2Â %â€”Â â€”Â %Total operating expenses200,550Â 111.5Â %123,022Â 66.9Â %Operating loss(88,569)49.2Â %(19,378)10.5Â %Other income (expense):Interest expense(11,514)6.4Â %(15,131)8.2Â %Other components of net periodic pension cost(1,581)0.9Â %(1,902)1.0Â %Other income (expense)218Â 0.1Â %(876)0.5Â %(Loss) before income tax benefit(101,446)56.4Â %(37,287)20.3Â %Income tax benefit5,375Â 3.0Â %10,241Â 5.6Â %Net (loss)$(96,071)53.4Â %$(27,046)14.7Â %Other financial data: Adjusted EBITDA(1)$19,623Â 10.9Â %$7,331Â 4.0Â %Adjusted Gross Profit(2)$116,839Â $110,604Â Adjusted Gross Margin(3)65.0Â %60.2Â %(1)Â Â Â Â See â€œNon-GAAP Financial Measuresâ€ for a definition of Adjusted EBITDA and a reconciliation to Net income (loss), the most directly comparable measure presented in accordance with GAAP.(2)Â Â Â Â See â€œNon-GAAP Financial Measuresâ€ for a definition of Adjusted Gross Profit and a reconciliation to Gross profit, the most directly comparable measure presented in accordance with GAAP.(3)Â Â Â Â See â€œNon-GAAP Financial Measuresâ€ for a definition of Adjusted Gross Margin.31Comparison of the Three Months Ended September 30, 2024 to the Three Months Ended September 30, 2023RevenueThe following table summarizes Revenue by business segment for the periods indicated:Three Months Ended September 30,Change20242023Amount%(in thousands of $)(unaudited)Thryv Marketing Services$92,797Â $116,462Â $(23,665)(20.3)%Thryv SaaS87,055Â 67,360Â 19,695Â 29.2Â %Revenue$179,852Â $183,822Â $(3,970)(2.2)%Revenue decreased by $4.0Â million, or 2.2%, for the three months ended September 30, 2024 compared to the three months ended September 30, 2023. The decrease was driven by a decrease in Thryv Marketing Services revenue of $23.7 million, partially offset by an increase in Thryv SaaS revenue of $19.7 million.Thryv Marketing Services RevenueThryv Marketing Services revenue decreased by $23.7Â million, or 20.3%, for the three months ended September

30, 2024 compared to the three months ended September 30, 2023. Print revenue increased by $22.0Â million, or 98.8%, for the three months ended September 30, 2024 compared to the three months ended September 30, 2023. This increase in Print revenue was primarily driven by the impact of publication timing differences of our U.S directories, as a result of our Print agreements having greater than 12 month terms. This increase was partially offset by the continued secular decline in U.S. and international industry demand for Print services. Print revenue is recognized upon delivery of the published directories. Individual published directories have different publication cycles, with a typical lifecycle of 18 months for U.S. directories. As a result of recognizing revenue upon delivery, we typically record revenue for each published U.S. directory only once every 18 months, depending on the publication cycle of the individual published directory, which does not make comparing quarterly revenue year-over-year fully representative of actual demand trends due to timing of publication cycles. The Company recognized revenue for more published directories during the three months ended September 30, 2024 compared to the three months ended September 30, 2023. This increase in published directories was partially offset by the secular decline in industry demand for Print services, resulting in an overall 24% decline in revenue for the quarter when comparing on a publication-by-publication basis.Digital revenue decreased by $45.6Â million, or 48.4%, for the three months ended September 30, 2024 compared to the three months ended September 30, 2023. The decrease was primarily driven by the Companyâ€™s strategic decision during the fourth quarter of 2023 to accelerate the upgrade of clients from its digital Marketing Services solutions to its SaaS solutions. Digital revenue further decreased due to a continued trending decline in the Companyâ€™s Marketing Services client base and significant competition in the consumer search and display space, particularly from large, well-capitalized businesses such as Google, Yelp and Facebook. Thryv SaaS revenue increased by $19.7Â million, or 29.2%, for the three months ended September 30, 2024 compared to the three months ended September 30, 2023. The increase was primarily driven by the Companyâ€™s strategic decision during the fourth quarter of 2023 to accelerate the conversion of clients from its digital Marketing Services solutions to its SaaS solutions. SaaS revenue also increased as a result of increased demand for our Thryv SaaS solutions as SMBs accelerate their move away from manual processes and towards cloud platforms to more efficiently manage and grow their businesses, and by our success in re-focusing our go-to-market and onboarding strategy to target higher value clients. Cost of Services Cost of services decreased by $12.3Â million, or 15.3%, for the three months ended September 30, 2024 compared to the three months ended September 30, 2023. This decrease was primarily driven by the corresponding decline in revenue and strategic cost saving initiatives. Specifically, we reduced printing, distribution, digital and fulfillment costs by $3.6 million, contract services by $2.5 million, employee-related expenses by $2.3 million, and software expense by $1.3 million. 32Additionally, depreciation and amortization expense decreased by $2.1 million due to the accelerated amortization method used by the Company.Gross Profit Gross profit increased by $8.3Â million, or 8.0%, for the three months ended September 30, 2024 compared to the three months ended September 30, 2023. Our gross margin also increased by 590 basis points to 62.3% for the three months ended September 30, 2024 compared to 56.4% for the three months ended September 30, 2023. This increase was primarily due to an increase in sales of our higher margin SaaS solutions and the reduction of our resale of high-spend, low margin third-party local search and display services that were not hosted on our owned and operated platforms. Additionally, the increase was due to a decrease in cost of services as a result of the decline in revenue and strategic cost saving initiatives.Operating ExpensesSales and MarketingSales and marketing expense decreased by $8.3Â million, or 11.1%, for the three months ended September 30, 2024 compared to the three months ended September 30, 2023. The decrease was primarily attributable to a decrease in employee-related costs of $1.8Â million and a decrease in contract services expense of $1.8Â million due to strategic cost-saving initiatives, a decrease in advertising expenses of $1.7Â million, a decrease in stock-based compensation expense of $0.8 million, and a decrease in sales commissions of $0.7Â million due to new sales commissions plans and revised targets. Additionally, depreciation and amortization expense decreased $1.2Â million due to the accelerated amortization method used by the Company.General and AdministrativeGeneral and administrative expense increased by $2.7Â million, or 5.6%, for the three months ended September 30, 2024 compared to the three months ended September 30, 2023. The increase was primarily attributable to a $1.7Â million increase in transaction costs related to the Keap acquisition and an increase in stock-based compensation expense of $1.3 million.Impairment ChargesImpairment charges increased by $83.1 million for the three months ended September 30, 2024 compared to the three months ended September 30, 2023. Impairment charges of $83.1 million were recognized as a result of a goodwill impairment in our Thryv Marketing Services reporting unit during the three months ended September 30, 2024, while no impairment charges were recognized in our Thryv Marketing Services reporting unit during the three months ended September 30, 2023. Other Income (Expense)Interest ExpenseInterest expense decreased by $3.6Â million, or 23.9%, for the three months ended September 30, 2024 compared to the three months ended September 30, 2023, driven primarily by lower outstanding debt balances as well as lower interest rates.Other Components of Net Periodic Pension CostOther components of net periodic pension cost decreased by $0.3Â million for the three months ended September 30, 2024. This decrease was primarily due a decrease of $0.3Â million in interest cost, due to lower interest rates. No settlement gain or remeasurement gain was recorded during the three months ended September 30, 2024.Other Income (Expense)Other income (expense) increased by $1.1 million for the three months ended September 30, 2024. This increase was primarily due to an increase in foreign-currency related gain of $0.2 million during the three months ended September 30, 2024 compared to a foreign-currency related loss of $0.9 million during the three months ended September 30, 2023.33Income Tax BenefitThe Company's effective tax rate (â€œETRâ€) was 5.3% and 27.5% for the three months ended September 30, 2024 and 2023, respectively. The Company's ETR differs from the U.S. Federal statutory rate of 21% primarily due to permanent differences including state taxes, non-deductible executive compensation, non-U.S. taxing jurisdictions, tax credits, change in valuation allowance due to expiring net operating losses, and the discrete impact of interest accrual on uncertain tax positions, goodwill impairment as further discussed in Note 5, Goodwill and Intangible Assets, and the debt refinancing discussed in Note 8, Debt Obligations.Adjusted EBITDAAdjusted EBITDA increased by $12.3Â million, or 167.7%, for the three months ended September 30, 2024 compared to the three months ended September 30, 2023. The increase in Adjusted EBITDA was primarily driven by the increase in sales of our higher margin SaaS solutions. The increase was partially offset by the secular decline in our Thryv Marketing Services segment. See â€œNon-GAAP Financial Measuresâ€ for a definition of Adjusted EBITDA and a reconciliation to Net income (loss), the most directly comparable measure presented in accordance with GAAP.34Results of OperationsConsolidated Results of OperationsThe following table sets forth certain consolidated financial data for each of the periods indicated:Nine Months Ended September 30,2024 (1)2023 (1)(unaudited)(in thousands of $)Amount% of RevenueAmount% of RevenueRevenue$637,560Â 100Â %$680,798Â 100Â %Cost of services223,350Â 35.0Â %$262,261Â 38.5Â %Gross profit414,210Â 65.0Â %418,537Â 61.5Â %Â Operating expenses:Sales and marketing201,984Â 31.7Â %226,781Â 33.3Â %General and administrative155,229Â 24.3Â %149,642Â 22.0Â %Impairment charges83,094Â 13.0Â %â€”Â â€”Â %Total operating expenses440,307Â 69.1Â %376,423Â 55.3Â %Operating (loss) income(26,097)4.1Â %42,114Â 6.2Â %Other income (expense):Interest expense(37,048)5.8Â %(47,911)7.0Â %Other components of net periodic pension cost(4,743)0.7Â %(3,888)0.6Â %Other expense(7,571)0.1Â %(1,242)0.2Â %(Loss) before income tax (expense) benefit(75,459)11.8Â %(10,927)1.6Â %Income tax (expense) benefit (6,640)1.0Â %9,173Â 1.3Â %Net (loss)$(82,099)12.9Â %$(1,754)0.3Â %Other financial data: Adjusted EBITDA(2)$133,051Â 20.9Â %$135,239Â 19.9Â %Adjusted Gross Profit(3)$431,057Â $440,426Â Adjusted Gross Margin(4)67.6Â %64.7Â %(1)Â Â Â Â Consolidated results of operations includes Yellow's results of operations subsequent to the April 3, 2023 acquisition date.(2)Â Â Â Â See â€œNon-GAAP Financial Measuresâ€ for a definition of Adjusted EBITDA and a reconciliation to Net income (loss), the most directly comparable measure presented in accordance with GAAP.(3)Â Â Â Â See â€œNon-GAAP Financial Measuresâ€ for a definition of Adjusted Gross Profit and a reconciliation to Gross profit, the most directly comparable measure presented in accordance with GAAP.(4)Â Â Â Â See â€œNon-GAAP Financial Measuresâ€ for a definition of Adjusted Gross Margin.35Comparison of the Nine Months Ended September 30, 2024 to the Nine Months Ended September 30, 2023RevenueThe following table summarizes Revenue by business segment for the periods indicated:Nine Months Ended September 30,Change20242023Amount%(in thousands of $)(unaudited)Thryv Marketing Services$398,389Â $491,051Â $(92,662)(18.9)%Thryv SaaS239,171Â 189,747Â 49,424Â 26.0Â %Revenue$637,560Â $680,798Â $(43,238)(6.4)% Revenue decreased by $43.2Â million, or 6.4%, for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023. The decrease was driven by a decrease in Thryv Marketing Services revenue of $92.7Â million partially offset by an increase in Thryv U.S. SaaS revenue of $49.4Â million.Thryv Marketing Services RevenueThryv Marketing Services revenue decreased by $92.7Â million, or 18.9%, for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023. Print revenue increased by $25.4Â million, or 13.6%, for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023. This increase in Print revenue was primarily driven by the impact of publication timing differences, as a result of our Print agreements having greater than 12 month terms. This increase was partially offset by the continued secular decline in U.S. and international industry demand for Print services. Print revenue is recognized upon delivery of the published directories. Individual published directories have different publication cycles, with a typical lifecycle of 18 months for U.S. directories. As a result of recognizing revenue upon delivery, we typically record revenue for each published U.S. directory only once every 18 months, depending on the publication cycle of the individual published directory, which does not make comparing revenue year-over-year fully representative of actual demand trends due to timing of publication cycles. The Company recognized revenue for more published directories during the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023. This increase in published directories was partially offset the secular decline in industry demand for Print services, resulting in an overall 30% decline in revenue for the nine months ended September 30, 2024 when comparing on a publication-by-publication basis.Digital revenue decreased by $118.0Â million, or 38.7%, for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023. The decrease was primarily driven by the Companyâ€™s strategic decision during the fourth quarter of 2023 to accelerate the upgrade of clients from its digital Marketing Services solutions to its SaaS solutions. Digital revenue further decreased due to a continued trending decline in the Companyâ€™s Marketing Services client base and significant competition in the consumer search and display space, particularly from large, well-capitalized businesses such as Google, Yelp and Facebook. Thryv SaaS Revenue Thryv SaaS revenue increased by $49.4Â million, or 26.0%, for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023. The increase was primarily driven by the Companyâ€™s strategic decision during the fourth quarter of 2023 to accelerate the conversion of clients from its digital Marketing Services solutions to its SaaS solutions. SaaS revenue also increased as a result of increased demand for our Thryv SaaS solutions as SMBs accelerate their move away from manual processes and towards cloud platforms to more efficiently manage and grow their businesses, and by our success in re-focusing our go-to-market and onboarding strategy to target higher value clients. Cost of Services Cost of services decreased by $38.9Â million, or 14.8%, for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023. This decrease was primarily driven by the corresponding decline in revenue and 36strategic cost saving initiatives. Specifically, we reduced printing, distribution and digital fulfillment support costs by $15.8Â million, contract services by $8.5Â million, employee-related expenses by $4.7Â million and software expense by $3.5Â million. Additionally, depreciation and amortization expense decreased $5.1Â million due to the accelerated amortization method used by the Company.Gross Profit Gross profit decreased by $4.3Â million, or 1.0%, for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023. The decrease in Gross profit was primarily due to a decrease in Marketing Services revenue, partially offset by an increase in SaaS revenue and a decrease in cost of services as a result of decline in revenue and strategic cost saving initiatives. Our gross margin increased by 350 basis points to 65.0% for the nine months ended September 30, 2024 compared to 61.5% for the nine months ended September 30, 2023. This increase was primarily due to an increase in sales of our higher margin SaaS solutions and the reduction of our resale of high-spend, low margin third-party local search and display services that were not hosted on our owned and operated platforms.Operating ExpensesSales and MarketingSales and marketing expense decreased by $24.8Â million, or 10.9%, for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023. The decrease was primarily attributable to a decrease in employee-related costs and contract services expense of $11.7Â million due to strategic cost-saving initiatives, a decrease in sales commissions of $5.3Â million due to new sales commissions plans and revised targets, a decrease in stock based compensation expense of $3.0Â million, and a decrease in advertising expenses of $2.7Â million. Additionally, depreciation and amortization expense decreased $1.9Â million due to the accelerated amortization method used by the Company.General and AdministrativeGeneral and administrative expense increased by $5.6Â million, or 3.7%, for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023. The increase was primarily attributable to an increase in stock-based compensation expense of $4.0Â million, an increase in employee-related costs of $3.0Â million, an increase in severance expense of $3.5Â million, an increase in third-party fees associated with our debt refinancing of $2.0Â million, an increase in bad debt expense of $1.9Â million, an increase in transaction costs of $1.3Â million related to the Keap acquisition, and an increase in contract services expense of $0.9 million. The increase was partially offset by the absence of a $10.7Â million loss on settlement of indemnification asset that was recorded during the nine months ended September 30, 2023.Impairment ChargesImpairment charges increased by $83.1 million for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023. Impairment charges of $83.1 million were recognized as a result of a goodwill impairment in our Thryv Marketing Services reporting unit during the nine months ended September 30, 2024, while no impairment charges were recognized in our Thryv Marketing Services reporting unit during the nine months ended September 30, 2023. Other Income (Expense)Interest ExpenseInterest expense decreased by $10.9Â million, or 22.7%, for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023, driven primarily by lower outstanding debt balances, as well as lower interest rates.Other Components of Net Periodic Pension CostOther components of net periodic pension cost increased by $0.9Â million for the nine months ended September 30, 2024. This increase was primarily due to the absence of a settlement gain of $0.4Â million and a remeasurement gain of $1.4Â million that was recorded during the nine months ended September 30, 2023. No settlement gain or remeasurement gain was recorded during the nine months ended September 30, 2024. Additionally, the increase was due to a lower return on plan assets of $0.7Â million. These increases were partially offset by lower interest cost of $1.6Â million, due to lower interest rates.37Other ExpenseOther expense increased by $6.3Â million for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023. The increase was primarily due to a loss on extinguishment of debt of $6.6Â million recorded during the nine months ended September 30, 2024. This increase was partially offset by a decrease in foreign-currency related loss of $0.3Â million during the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023.Income Tax (Expense) Benefit The Company's effective tax rate (â€œETRâ€) was (8.8%) and 83.9% for the nine months ended September 30, 2024 and 2023, respectively. The Company's ETR differs from the U.S. Federal statutory rate of 21% primarily due to permanent differences including state taxes, non-deductible executive compensation, non-U.S. taxing jurisdictions, tax credits, change in valuation allowance due to expiring net operating losses, and the discrete impact of interest accrual on uncertain tax positions, goodwill impairment as further discussed in Note 5, Goodwill and Intangible Assets, and the debt refinancing discussed in Note 8, Debt Obligations.Adjusted EBITDAAdjusted EBITDA decreased by $2.2Â million, or 1.6%, for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023. The decrease in Adjusted EBITDA was primarily driven by the secular decline in our Thryv Marketing Services segment. The decrease was partially offset by the growth in our Thryv SaaS segment. See â€œNon-GAAP Financial Measuresâ€ for a definition of Adjusted EBITDA and a reconciliation to Net income (loss), the most directly comparable measure presented in accordance with GAAP.38Non-GAAP Financial MeasuresWe prepare our consolidated financial statements in accordance with accounting principles generally accepted in the United States. We also present Adjusted EBITDA, Adjusted Gross Profit, and Adjusted Gross Margin, as defined below, as non-GAAP financial measures in this Quarterly Report.We have included Adjusted EBITDA, Adjusted Gross Profit, and Adjusted Gross Margin in this report because management believes they provide useful information to investors in gaining an overall understanding of our current financial performance and provide consistency and comparability with past financial performance. Specifically, we believe Adjusted EBITDA provides useful information to management and investors by excluding certain non-operating items that we believe are not indicative of our core operating results. In addition, Adjusted EBITDA, Adjusted Gross Profit, and Adjusted Gross Margin are used by management for budgeting and forecasting as well as measuring the Companyâ€™s performance. We believe Adjusted EBITDA, Adjusted Gross Profit, and Adjusted Gross Margin provide investors with the financial measures that closely align with our internal processes.We define Adjusted EBITDA (â€œAdjusted EBITDAâ€) as Net income (loss) plus Interest expense, Income tax expense, Depreciation and amortization expense, Restructuring and integration expenses, Transaction costs, Stock-based compensation expense, and non-operating expenses, such as, Other components of net periodic pension cost, Loss on early extinguishment of debt, Non-cash loss from remeasurement of indemnification asset, and certain unusual and non-recurring charges that might have been incurred. Adjusted EBITDA should not be considered as an alternative to Net income (loss) as a performance measure. We define Adjusted Gross Profit (â€œAdjusted Gross Profitâ€) and Adjusted Gross Margin (â€œAdjusted Gross Marginâ€) as Gross profit and Gross margin, respectively, adjusted to exclude the impact of Depreciation and amortization expense and Stock-based compensation expense. Non-GAAP financial information has limitations as an analytical tool and is presented for supplemental informational purposes only. Such information should not be considered a substitute for financial information presented in accordance with U.S. GAAP and may be different from similarly-titled non-GAAP measures used by other companies.The following is a reconciliation of Adjusted EBITDA to its most directly comparable GAAP measure, Net (loss):Three Months Ended September 30,Nine Months Ended September 30,(in thousands)2024202320242023Reconciliation of Adjusted EBITDANet (loss)$(96,071)$(27,046)$(82,099)$(1,754)Interest expense11,514Â 15,131Â 37,048Â 47,911Â Depreciation and amortization expense12,519Â 15,842Â 41,144Â 46,940Â Stock-based compensation expense (1)6,011Â 5,462Â 17,653Â 16,653Â Restructuring and integration expenses (2)4,861Â 3,584Â 17,679Â 12,845Â Income tax (benefit) expense(5,375)(10,241)6,640Â (9,173)Transaction costs (3)1,706Â â€”Â 1,706Â 373Â Other components of net periodic pension cost (4)1,581Â 1,902Â 4,743Â 3,888Â Loss on early extinguishment of debt (5)â€”Â â€”Â 6,638Â â€”Â Non-cash loss from remeasurement of indemnification asset (6)â€”Â â€”Â â€”Â 10,734Â Impairment charges 83,094Â â€”Â 83,094Â â€”Â Other (7)(217)2,697Â (1,195)6,822Â Adjusted EBITDA$19,623Â $7,331Â $133,051Â $135,239Â (1)The Company records Stock-based compensation expense related to the amortization of grant date fair value of the Companyâ€™s stock-based compensation awards. See Note 10, Stock-Based Compensation and Stockholders' Equity, to our consolidated financial statements included in Part I, Item 1 in this Quarterly Report for more information.(2)For the three and nine months ended September 30, 2024 and 2023, expenses related to periodic efforts to enhance efficiencies and reduce costs, and include severance benefits, and costs associated with abandoned facilities and system consolidation. 39(3)Expenses related to the Keap Acquisition during the three and nine months ended September 30, 2024 and the Yellow Acquisition during the nine months ended September 30, 2023.(4)Other components of net periodic pension cost is from our non-contributory defined benefit pension plans that are currently frozen and incur no additional service costs. The most significant component of Other components of net periodic pension cost relates to periodic mark-to-market pension remeasurement.(5)In connection with the debt refinancing completed on May 1, 2024, the Company recorded a Loss on early extinguishment of debt related to the write-off of certain unamortized debt issuance costs on the Company's Prior Term Loan and Prior ABL Facility. See Note 8, Debt Obligations, to our consolidated financial statements included in Part I, Item 1 in this Quarterly Report for more information.(6)In connection with the YP Acquisition, the seller indemnified the Company for future potential losses associated with certain federal and state tax positions taken in tax returns filed by the seller prior to the acquisition date. See Note 4, Fair Value Measurements, to our consolidated financial statements included in Part I, Item 1 in this Quarterly Report for more information.(7)Other primarily includes foreign exchange-related expense (income).The following tables set forth reconciliations of Adjusted Gross Profit and Adjusted Gross Margin, to their most directly comparable GAAP measures, Gross profit and Gross Margin:Three Months Ended September 30, 2024(in thousands)Marketing ServicesSaaSTotalReconciliation of Adjusted Gross ProfitGross profit$51,374Â $60,607Â $111,981Â Plus:Depreciation and amortization expense2,508Â 2,189Â 4,697Â Stock-based compensation expense 69Â 92Â 161Â Adjusted Gross Profit$53,951Â $62,888Â $116,839Â Gross Margin55.4Â %69.6Â %62.3Â %Adjusted Gross Margin58.1Â %72.2Â %65.0Â % Three Months Ended September 30, 2023(in thousands)Marketing ServicesSaaSTotalReconciliation of Adjusted Gross ProfitGross profit$60,776Â $42,868Â $103,644Â Plus:Depreciation and amortization expense4,885Â 1,901Â 6,786Â Stock-based compensation expense 103Â 71Â 174Â Adjusted Gross Profit$65,764Â $44,840Â $110,604Â Gross Margin52.2Â %63.6Â %56.4Â %Adjusted Gross Margin56.5Â %66.6Â %60.2Â %40Nine Months Ended September 30, 2024(in thousands)Marketing ServicesSaaSTotalReconciliation of Adjusted Gross ProfitGross profit$252,219Â $161,991Â $414,210Â Plus:Depreciation and amortization expense10,569Â 5,770Â 16,339Â Stock-based compensation expense 280Â 228Â 508Â Adjusted Gross Profit$263,068Â $167,989Â $431,057Â Gross Margin63.3Â %67.7Â %65.0Â %Adjusted Gross Margin66.0Â %70.2Â %67.6Â %Nine Months Ended September 30, 2023(in thousands)Marketing ServicesSaaSTotalReconciliation of Adjusted Gross ProfitGross profit$299,305Â $119,232Â $418,537Â Plus:Depreciation and amortization expense16,790Â 4,603Â 21,393Â Stock-based compensation expense 325Â 171Â 496Â Adjusted Gross Profit$316,420Â $124,006Â $440,426Â Gross Margin61.0Â %62.8Â %61.5Â %Adjusted Gross Margin64.4Â %65.4Â %64.7Â %Liquidity and Capital ResourcesThryv Holdings, Inc. is a holding company that does not conduct any business operations of its own. We derive cash flows from cash transfers and other distributions from our operating subsidiary, Thryv, Inc., who in turn generates cash flow from its own operations and operations of its subsidiaries, and has cash and cash equivalents on hand, funds provided under the New Term Loan and funds available under the New ABL Facility. The agreements governing our debt may restrict the ability of our subsidiaries to make loans or otherwise transfer assets to us. Further, our subsidiaries are permitted under the terms of our senior credit facilities and other indebtedness to incur additional indebtedness that may restrict or prohibit the making of distributions or the making of loans by such subsidiaries to us. Our and our subsidiariesâ€™ ability to meet our debt service requirements is dependent on our ability to generate sufficient cash flows from operations.We believe that expected cash flows from operations, available cash and cash equivalents, and funds available under our New ABL Facility will be sufficient to meet our liquidity requirements, such as working capital requirements for our operations, business development and investment activities, and debt payment obligations, for the following 12 months. Any projections of future earnings and cash flows are subject to substantial uncertainty. Our future success and capital adequacy will depend on, among other things, our ability to achieve anticipated levels of revenues and cash flows from operations and our ability to address our annual cash obligations and reduce our outstanding debt, all of which are subject to general economic, financial, competitive, and other factors beyond our control. We continue to monitor our capital requirements to ensure our needs are in line with available capital resources.In addition, our Board of Directors authorizes us to undertake share repurchases from time to time. The amount and timing of any share repurchases that we make will depend on a variety of factors, including available liquidity, cash flows, our capacity to make repurchases under our debt agreements and market conditions.For a discussion on contingent obligations, see Note 13, Contingent Liabilities, to our consolidated financial statements included in Part I, Item 1 in this Quarterly Report. 41Sources and Uses of CashThe following table sets forth a summary of our cash flows from operating, investing and financing activities for the periods indicated: Nine Months Ended September 30,$20242023Change(in thousands)(unaudited)Cash flows provided by (used in):Operating activities$63,640Â $103,648Â $(40,008)Investing activities(24,730)(32,032)7,302Â Financing activities(45,446)(72,138)26,692Â Effect of exchange rate changes on cash, cash equivalents and restricted cash(120)(707)587Â (Decrease) in cash, cash equivalents and restricted cash$(6,656)$(1,229)$(5,427)Cash Flows from Operating ActivitiesNet cash provided by operating activities decreased by $40.0Â million, or 38.6%, for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023. The decrease was primarily due to changes in working capital, particularly accounts receivable, which was primarily impacted by the timing of payments and an overall decline in our sales. Additionally, the Company made income tax payments of $15.0Â million for the nine months ended September 30, 2024 compared to income taxes paid of $7.6Â million for the nine months ended September 30, 2023. This was offset by lower interest payments of $8.7 million compared to the nine months ended September 30, 2023.Cash Flows from Investing ActivitiesNet cash used in investing activities decreased by $7.3Â million, or 22.8%, for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023. The decrease was primarily due to $8.9Â million of cash paid related to the Yellow Acquisition during the nine months ended September 30, 2023. This was partially offset by a $1.8Â million increase in capital expenditures related to the development of our SaaS solutions.Cash Flows from Financing ActivitiesNet cash used in financing activities decreased by $26.7Â million, or 37.0%, for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023. This decrease was primarily due to $18.2Â million of net payments on the Company's Prior Term Loan and New Term Loan agreements during the nine months ended September 30, 2024, compared to $95.0Â million of net payments on the Company's Prior Term Loan during the nine months ended September 30, 2023. The decrease in payments on the Term Loan was partially offset by $26.9Â million of net payments on the Company's Prior ABL Facility and New ABL Facility during the nine months ended September 30, 2024, compared to $2.8Â million of net proceeds on the Company's Prior ABL Facility during the nine months ended September 30, 2023. Additionally, the decrease in payments on the Term Loan was partially offset by $15.9 million of cash received as a result of the exercise of stock warrants during the nine months ended September 30, 2023. The Company also paid $5.5Â million of debt issuance costs during the nine months ended September 30, 2024 related to the New Term Loan.Debt Term LoanOn May 1, 2024, the Company entered into a new Term Loan Credit Agreement (the â€œNew Term Loanâ€), the proceeds of which were used to refinance and pay off in full the Companyâ€™s previous term loan facility (the â€œPrior Term Loanâ€) and to pay fees and expenses related to the refinancing.The New Term Loan established a senior secured term loan facility (the â€œNew Term Loan Facilityâ€) in an aggregate principal amount equal to $350.0Â million, of which 31.8% was held by a related party who was an equity holder of the Company as of May 1, 2024. The Company defines a related party as any shareholder owning more than 5% of the 42Company's voting securities. As of SeptemberÂ 30, 2024, 31.8% of the New Term Loan was held by a related party who was an equity holder of the Company as of that date.The New Term Loan Facility matures on May 1, 2029 and borrowings under the New Term Loan Facility bear interest at a fluctuating rate per annum equal to, at the Companyâ€™s option, SOFR or base rate, in each case, plus an applicable margin per annum equal to (i) 6.75% (for SOFR loans) and (ii) 5.75% (for base rate loans). The New Term Loan Facility requires mandatory amortization payments, paid quarterly commencing June 30, 2024, equal to (i) $52.5Â million per year for the first two years following the closing date of the New Term Loan, and (ii) $35.0Â million per year thereafter.ABL FacilityOn May 1, 2024, the Company entered into a new Credit Agreement (the â€œABL Credit Agreementâ€), which established a new $85.0 million asset-based revolving loan facility (the â€œNew ABL Facilityâ€). The New ABL Facility refinanced the Companyâ€™s previous asset-based revolving loan facility (the â€œPrior ABL Facilityâ€). Proceeds of the New ABL Facility may be used by the Company for ongoing general corporate purposes and working capital. The New ABL Facility matures on May 1, 2028 and borrowings under the New ABL Facility bear interest at a fluctuating rate per annum equal to, at the Companyâ€™s option, SOFR or base rate, in each case, plus an applicable margin per annum, depending on the average excess availability under the New ABL Facility, equal to (i) 2.50% to 2.75% (for SOFR loans) and (ii) 1.50% to 1.75% (for base rate loans). The fee for undrawn commitments under the New ABL Facility is equal to 0.375% per annum. As of SeptemberÂ 30, 2024, the Company had borrowing base availability of $60.9Â million. As a result of certain restrictions in the Company's debt agreements, as of SeptemberÂ 30, 2024, approximately $50.3Â million was available to be drawn upon under the New ABL Facility.We maintain debt levels that we consider appropriate after evaluating a number of factors, including cash requirements for ongoing operations, investment and financing plans (including acquisitions and share repurchase activities), and overall cost of capital. Per the terms of the New Term Loan Facility, payments of the New Term Loan balance are determined by the Company's Excess Cash Flow (as defined in the New Term Loan Facility). We are in compliance with all covenants under the New Term Loan and New ABL Facility as of SeptemberÂ 30, 2024. We had total recorded debt outstanding of $307.8 million (net of $11.6 million of unamortized original issue discount (â€œOIDâ€) and debt issuance cost) at SeptemberÂ 30, 2024, which was comprised of amounts outstanding under the New Term Loan of $297.5Â million and New ABL Facility of $21.9Â million.Share Repurchase ProgramOn April 30, 2024, the Board authorized a new share repurchase program (the â€œShare Repurchase Programâ€), under which the Company may repurchase up to $40 million in shares of common stock through AprilÂ 30, 2029. The repurchase program will be subject to market conditions, the periodic capital needs of the Companyâ€™s operating activities, and the continued satisfaction of all covenants under the Companyâ€™s New Term Loan and ABL Credit Agreement. The Share Repurchase Program does not obligate the Company to repurchase shares and may be suspended, terminated, or modified at any time. On JuneÂ 20, 2024, the Company repurchased approximately 26,495 shares of its outstanding common stock. The total purchase price of this transaction was approximately $0.5 million. The shares acquired were recorded as Treasury stock upon repurchase.Critical Accounting Policies and EstimatesOur critical accounting policies and estimates have not changed from those described in our 2023 Form 10-K, under â€œManagement's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies and Estimates.â€43Item 3.Â Â Â Â Quantitative and Qualitative Disclosures About Market RiskInterest Rate RiskAs of SeptemberÂ 30, 2024, we had total recorded debt outstanding of $307.8Â million (net of $11.6Â million of unamortized OID and debt issuance costs), which was comprised of amounts outstanding under our New Term Loan of $297.5Â million and New ABL Facility of $21.9Â million. Substantially all this debt bears interest at floating rates. Changes in interest rates affect the interest expense we pay on our floating rate debt. A hypothetical 100 basis point increase in interest rates would increase our interest expense by approximately $3.2Â million annually, based on the debt outstanding at SeptemberÂ 30, 2024.Foreign Exchange Currency RiskWe have foreign currency risks related to our revenue and operating expenses denominated in currencies other than the U.S. dollar, primarily the Australian dollar and New Zealand dollar. Since we translate foreign currencies into U.S. dollars for financial reporting purposes, currency fluctuations can have an impact on our financial results.We have experienced and will continue to experience fluctuations in our Net income as a result of transaction gains or losses related to revaluing certain current asset and current liability balances that are denominated in currencies other than the functional currency of the entities in which they are recorded. We recognized immaterial amounts of foreign currency gains and losses in each of the periods presented. We have not hedged our foreign currency transactions to date. We are evaluating the costs and benefits of initiating a hedging program and may in the future hedge selected significant transactions denominated in currencies other than the U.S. dollar as we expand our international operations and our risk grows.ItemÂ 4.Â Â Â Â Controls and Procedures Disclosure Controls and ProceduresOur management, with the participation of our principal executive officer and principal financial officer, evaluated, as of the end of the period covered by this Quarterly Report on Form 10-Q, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the â€œExchange Actâ€). Based on that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of SeptemberÂ 30, 2024.Changes in Internal Control over Financial ReportingThere were no changes in our internal control over financial reporting identified in managementâ€™s evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the quarter ended SeptemberÂ 30, 2024 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.PART II. Â Â Â Â OTHER INFORMATIONItem 1.Â Â Â Â Legal ProceedingsInformation in response to this item is provided in â€œPart I - Item 1. Note 13, Contingent Liabilitiesâ€ and is incorporated by reference into Part II of this Quarterly Report on Form 10-Q.Item 1A.Â Â Â Â Risk FactorsExcept as set forth below, there have been no material changes to the risk factors set forth in our Annual Report on Form 10-K for the year ended DecemberÂ 31, 2023, as supplemented by the disclosure in Part II, Item 1A. in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2024.Litigation and regulatory investigations, including the Subpoena, aimed at us or resulting from our actions or the actions of our predecessors may result in significant financial losses and harm to our reputation. 44We face risk of litigation, regulatory investigations and similar actions in the ordinary course of our business, including the risk of lawsuits and other legal actions relating to breaches of contractual obligations or tortious claims from clients or other third parties, fines, penalties, interest, or other damages as a result of erroneous transactions, breach of data privacy laws, or lawsuits and legal actions related to us or our predecessors. Any such action may include claims for substantial or unspecified compensatory damages, as well as civil, regulatory, or criminal proceedings against our directors, officers, or employees, and the probability and amount of liability, if any, may remain unknown for significant periods of time. We may be also subject to various regulatory investigations and inquiries, such as information requests and book and records examinations, from regulators and other authorities in the geographical markets in which we operate. Recently, we received a subpoena from the Division of Enforcement of the SEC requesting documents and information related to the Companyâ€™s previously publicly announced strategic conversion of its clients from its digital marketing services solutions platform to its SaaS solutions platform (the â€œSubpoenaâ€). A substantial liability arising from regulatory investigation, including the Subpoena, a lawsuit judgment or settlement or a significant regulatory action against us or a disruption in our business arising from adverse adjudications in proceedings against our directors, officers, or employees could have a material adverse effect on our business, financial condition and results or operations. Moreover, even if we ultimately prevail in or settle any regulatory investigation, including the Subpoena, litigation, or regulatory action, we could suffer significant harm to our reputation, which could materially affect our ability to attract new clients, to retain current clients and to recruit and to retain employees, which could have a material adverse effect on our business, financial condition and results of operations. Various lawsuits and other claims typical for a business of our size and nature are pending against us, including disputes with taxing jurisdictions. See our most recent Annual Report on Form 10-K for further detail.We are also exposed to potential future claims and litigation relating to our business, as well as methods of collection, processing and use of personal data. Our clients and users of client data collected and processed by us could also file claims against us if our data were found to be inaccurate, or if personal data stored by us were improperly accessed and disseminated by unauthorized persons. These potential future claims could have a material adverse effect on our consolidated statements of operations and comprehensive (loss) income, consolidated balance sheets or consolidated statements of cash flows.Item 2.Â Â Â Â Unregistered Sales of Equity Securities and Use of ProceedsNone.Item 3.Â Â Â Â Defaults Upon Senior SecuritiesNone.Item 4.Â Â Â Â Mine Safety DisclosuresNot Applicable.Item 5.Â Â Â Â Other InformationNone of our officers or directors adopted or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the three months ended September 30, 2024.45Item 6. Â Â Â Â ExhibitsThe following documents are filed as an exhibit to this Quarterly Report on Form 10-Q:Exhibit No.Description3.1Fourth Amended and Restated Certificate of Incorporation of Thryv Holdings, Inc. (incorporated by reference to Exhibit 4.1 to the Companyâ€™s Registration Statement on Form S-8 filed on September 24, 2020)3.2Second Amended and Restated Bylaws of Thryv Holdings, Inc. (incorporated by reference to Exhibit 4.2 to the Companyâ€™s Registration Statement on Form S-8 filed on September 24, 2020)31.1*Certification of Principal Executive Officer pursuant to Exchange Act Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 200231.2*Certification of Principal Financial Officer pursuant to Exchange Act Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 200232.1**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 200232.2**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 2002101.INS*Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.101.SCH*Inline XBRL Taxonomy Extension Schema Document.101.CAL*Inline XBRL Taxonomy Extension Calculation Linkbase Document.101.LAB*Inline XBRL Taxonomy Extension Label Linkbase Document.101.PRE*Inline XBRL Taxonomy Extension Presentation Linkbase Document.101.DEF*Inline XBRL Taxonomy Extension Definition Linkbase Document104The cover page from the Companyâ€™s Quarterly Report on Form 10-Q for the quarter ended SeptemberÂ 30, 2024, formatted in Inline XBRL (included in Exhibits 101).*Filed herewith**Â Â Â Â Furnished herewith46SIGNATURES 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. THRYV HOLDINGS, INC.November 7, 2024By:/s/ Joseph A. WalshJoseph A. WalshChairman of the Board and Chief Executive Officer(Principal Executive Officer)November 7, 2024By:/s/ Paul D. RousePaul D. RouseChief Financial Officer, Executive Vice President and Treasurer(Principal Financial Officer)47DocumentExhibit 31.1CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICERI, Joseph A. Walsh, certify that:1. I have reviewed this Quarterly Report on Form 10-Q of Thryv Holdings, Inc.;2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;3. Based on my knowledge, the financial statements, and other financial information included in this report, fairlypresent 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 registrantâ€™s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;(c) Evaluated the effectiveness of the registrantâ€™s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and(d) Disclosed in this report any change in the registrantâ€™s internal control over financial reporting that occurred during the registrantâ€™s most recent fiscal quarter (the registrantâ€™s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrantâ€™s internal control over financial reporting; and5. The registrantâ€™s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internalcontrol over financial reporting, to the registrantâ€™s auditors and the audit committee of the registrantâ€™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 registrantâ€™s ability to record, process, summarize and report financial information; and(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrantâ€™s internal control over financial reporting.Date: NovemberÂ 7, 2024By: /s/ Joseph A. Walsh Joseph A. WalshChairman of the Board and Chief Executive Officer(Principal Executive Officer)DocumentExhibit 31.2CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICERI, Paul D. Rouse, certify that:1. I have reviewed this Quarterly Report on Form 10-Q of Thryv Holdings, Inc.;2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;3. Based on my knowledge, the financial statements, and other financial information included in this report, fairlypresent 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 registrantâ€™s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;(c) Evaluated the effectiveness of the registrantâ€™s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and(d) Disclosed in this report any change in the registrantâ€™s internal control over financial reporting that occurred during the registrantâ€™s most recent fiscal quarter (the registrantâ€™s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrantâ€™s internal control over financial reporting; and5. The registrantâ€™s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internalcontrol over financial reporting, to the registrantâ€™s auditors and the audit committee of the registrantâ€™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 registrantâ€™s ability to record, process, summarize and report financial information; and(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrantâ€™s internal control over financial reporting.Date: NovemberÂ 7, 2024By: /s/ Paul D. Rouse Paul D. RouseChief Financial Officer(Principal Financial Officer)DocumentExhibit 32.1CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICERPURSUANT TO18 U.S.C. SECTION 1350,AS ADOPTED PURSUANT TOSECTION 906 OF THE SARBANES-OXLEY ACT OF 2002In connection with the Quarterly Report on Form 10-Q of Thryv Holdings, Inc. (the â€œCompanyâ€) for the period ended SeptemberÂ 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the â€œReportâ€), I, Joseph A. Walsh, Chairman of the Board and Chief Executive Officer of the Company, 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 Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, 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 the Company.Date: NovemberÂ 7, 2024By: /s/ Joseph A. Walsh Joseph A. WalshChairman of the Board and Chief Executive Officer(Principal Executive Officer)DocumentExhibit 32.2CERTIFICATION OF PRINCIPAL FINANCIAL OFFICERPURSUANT TO18 U.S.C. SECTION 1350,AS ADOPTED PURSUANT TOSECTION 906 OF THE SARBANES-OXLEY ACT OF 2002In connection with the Quarterly Report on Form 10-Q of Thryv Holdings, Inc. (the â€œCompanyâ€) for the period ended SeptemberÂ 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the â€œReportâ€), I, Paul D. Rouse, Chief Financial Officer of the Company, 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 Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, 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 the Company.Date: NovemberÂ 7, 2024By: /s/ Paul D. Rouse Paul D. RouseChief Financial Officer(Principal Financial Officer)