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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 10-Q**

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(Mark One)

- ☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**  
for the quarterly period ended **September 30, 2023**  
or  
☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**  
for the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number: **001-36153**

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**Criteo S.A.**

(Exact name of registrant as specified in its charter)

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**France**  
(State or other jurisdiction of incorporation or organization)

**Not Applicable**  
(I.R.S. Employer Identification Number)

**32 Rue Blanche**  
(Address of principal executive offices)

**Paris France**

**75009**  
(Zip Code)

**+33 1 75 85 09 39**  
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
American Depositary Shares, each representing one Ordinary Share, nominal value €0.025 per share	<b>CRTO</b>	<b>Nasdaq Global Select Market</b>
Ordinary Shares, nominal value €0.025 per share	*	<b>Nasdaq Global Select Market</b> *

\* Not for trading, but only in connection with the registration of the American Depositary Shares.

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

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

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

Large Accelerated Filer	<input checked="" type="checkbox"/>	Accelerated Filer
Non-accelerated Filer	<input type="checkbox"/>	Smaller reporting company
Emerging growth company	<input type="checkbox"/>	

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

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

As of October 31, 2023, the registrant had 56,420,382 ordinary shares, nominal value €0.025 per share, outstanding.

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## General

Except where the context otherwise requires, all references in this Quarterly Report on Form 10-Q ("Form 10-Q") to the "Company," "Criteo," "we," "us," "our" or similar words or phrases are to Criteo S.A. and its subsidiaries, taken together. In this Form 10-Q, references to "\$" and "US\$" are to United States dollars. Our unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, or "U.S. GAAP."

## Trademarks

"Criteo," the Criteo logo and other trademarks or service marks of Criteo appearing in this Form 10-Q are the property of Criteo. Trade names, trademarks and service marks of other companies appearing in this Form 10-Q are the property of their respective holders.

## Special Note Regarding Forward-Looking Statements

This Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that are based on our management's beliefs and assumptions and on information currently available to our management. All statements other than present and historical facts and conditions contained in this Form 10-Q, including statements regarding our future results of operations and financial position, business strategy, plans and objectives for future operations, are forward-looking statements. When used in this Form 10-Q, the words "anticipate," "believe," "can," "could," "estimate," "expect," "intend," "is designed to," "may," "might," "objective," "plan," "potential," "predict," "seek," "should," or the negative of these and similar expressions identify forward-looking statements. Forward-looking statements include, but are not limited to, statements about:

- the ongoing effect of inflation and rising interest rates in the U.S., including the macroeconomic effects, on our business, operations, cash flow and financial results;
  - the ability of the Criteo Artificial Intelligence (AI) Engine to accurately predict engagement by a user;
  - our ability to predict and adapt to changes in widely adopted industry platforms and other new technologies, including without limitation the proposed changes to and enhancements of the Chrome browser announced by Google;
  - our ability to continue to collect and utilize data about user behavior and interaction with advertisers and publishers;
  - our ability to acquire an adequate supply of advertising inventory from publishers on terms that are favorable to us;
  - our ability to meet the challenges of a growing and international company in a rapidly developing and changing industry, including our ability to forecast accurately;
  - our ability to maintain an adequate rate of revenue growth and sustain profitability;
  - our ability to manage our international operations and expansion and the integration of our acquisitions;
  - the effects of increased competition in our market;
  - our ability to adapt to regulatory, legislative or self-regulatory developments regarding internet privacy matters;
  - our ability to protect users' information and adequately address privacy concerns;
  - our ability to enhance our brand;
  - our ability to enter new marketing channels and new geographies;
  - our ability to effectively scale our technology platform;
  - our ability to attract and retain qualified employees and key personnel;
  - our ability to maintain, protect and enhance our brand and intellectual property; and
  - failures in our systems or infrastructure.
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You should also refer to Item 1A “Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2022, and to our subsequent quarterly reports on Form 10-Q for a discussion of important factors that may cause our actual results to differ materially from those expressed or implied by our forward-looking statements. As a result of these factors, we cannot assure you that the forward-looking statements in this Form 10-Q will prove to be accurate. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame or at all. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

You should read this Form 10-Q and the documents that we reference in this Form 10-Q and have filed as exhibits to this Form 10-Q completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary factors.

This Form 10-Q may contain market data and industry forecasts that were obtained from industry publications. These data and forecasts involve a number of assumptions and limitations, and you are cautioned not to give undue weight to such information. We have not independently verified any third-party information. While we believe the market position, market opportunity and market size information included in this Form 10-Q is generally reliable, such information is inherently imprecise.

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**PART I**

**Item 1. Financial Statements**

**CRITEO S.A. CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)**

		September 30, 2023	December 31, 2022
		(in thousands)	
Assets			
Current assets:			
Cash and cash equivalents	5	\$ 194,857	\$ 348,200
Trade receivables, net of allowances of \$ 49.4 million and \$ 47.8 million at September 30, 2023 and December 31, 2022, respectively	6	624,562	708,949
Income taxes	14	29,916	23,609
Other taxes		87,465	78,274
Other current assets	7	42,052	51,866
Restricted cash - current	5	75,000	25,000
Marketable securities - current portion	5	21,091	25,098
<b>Total current assets</b>		<b>1,074,943</b>	<b>1,260,996</b>
Property, plant and equipment, net		134,241	131,207
Intangible assets, net		174,029	175,983
Goodwill	2	518,655	515,140
Right of use assets - operating lease	9	112,178	102,176
Restricted cash - non-current	5	—	75,000
Marketable securities - non-current portion	5	15,891	—
Non-current financial assets		4,977	5,928
Other non-current assets		49,719	50,818
Deferred tax assets		56,010	31,646
<b>Total non-current assets</b>		<b>1,065,700</b>	<b>1,087,898</b>
<b>Total assets</b>		<b>\$ 2,140,643</b>	<b>\$ 2,348,894</b>
Liabilities and shareholders' equity			
Current liabilities:			
Trade payables		\$ 668,550	\$ 742,918
Contingencies - current portion	16	1,608	65,759
Income taxes	14	1,633	13,037
Financial liabilities - current portion	5	672	219
Lease liability - operating - current portion	9	35,296	31,003
Other taxes		59,584	58,031
Employee - related payables		100,483	85,569
Other current liabilities	8	93,115	83,457
<b>Total current liabilities</b>		<b>960,941</b>	<b>1,079,993</b>
Deferred tax liabilities		3,427	3,463
Defined benefit plans	10	4,034	3,708
Financial liabilities - non-current portion	5	74	74
Lease liability - operating - non-current portion	9	83,004	77,536
Contingencies - non-current portion	16	32,625	33,788
Other non-current liabilities	8	21,688	69,226
<b>Total non-current liabilities</b>		<b>144,852</b>	<b>187,795</b>
<b>Total liabilities</b>		<b>1,105,793</b>	<b>1,267,788</b>
Commitments and contingencies			
Shareholders' equity:			
Common shares, €0.025 par value, 63,350,663 and 63,248,728 shares authorized, issued and outstanding at September 30, 2023 and December 31, 2022, respectively.		2,082	2,079
Treasury stock, 7,094,574 and 5,985,104 shares at cost as of September 30, 2023 and December 31, 2022, respectively.		(212,094)	(174,293)
Additional paid-in capital		811,381	734,492
Accumulated other comprehensive loss		(100,482)	(91,890)
Retained earnings		504,346	577,653
<b>Equity-attributable to shareholders of Criteo S.A.</b>		<b>1,005,233</b>	<b>1,048,041</b>
Non-controlling interests		29,617	33,065
<b>Total equity</b>		<b>1,034,850</b>	<b>1,081,106</b>
<b>Total equity and liabilities</b>		<b>\$ 2,140,643</b>	<b>\$ 2,348,894</b>

The accompanying notes form an integral part of these unaudited condensed consolidated financial statements.



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**CRITEO S.A.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)**

	Notes	Three Months Ended		Nine Months Ended	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
		(in thousands, except share per data)			
Revenue	11	\$ 469,193	\$ 446,921	\$ 1,383,143	\$ 1,452,578
Cost of revenue:					
Traffic acquisition costs		(223,798)	(233,543)	(676,913)	(807,758)
Other cost of revenue		(40,268)	(33,771)	(119,812)	(96,214)
Gross profit		205,127	179,607	586,418	548,606
Operating expenses:					
Research and development expenses		(62,522)	(42,725)	(193,887)	(118,248)
Sales and operations expenses		(94,572)	(90,051)	(308,325)	(278,363)
General and administrative expenses		(36,599)	(42,353)	(95,306)	(176,361)
Total operating expenses		(193,693)	(175,129)	(597,518)	(572,972)
Income (loss) from operations		11,434	4,478	(11,100)	(24,366)
Financial and Other income (expense)	13	(2,967)	3,485	2,008	23,927
Income (loss) before taxes		8,467	7,963	(9,092)	(439)
Provision for income tax (expense) benefit	14	(1,832)	(1,442)	1,685	(4,735)
Net Income (loss)		\$ 6,635	\$ 6,521	\$ (7,407)	\$ (5,174)
Net income (loss) available to shareholders of Criteo S.A.					
		\$ 6,927	\$ 6,579	\$ (7,758)	\$ (6,448)
Net income (loss) available to non-controlling interests		\$ (292)	\$ (58)	\$ 351	\$ 1,274
Weighted average shares outstanding used in computing per share amounts:					
Basic	15	56,297,666	60,318,114	56,173,218	60,431,597
Diluted	15	60,172,953	63,235,811	56,173,218	60,431,597
Net income (loss) allocated to shareholders per share:					
Basic	15	\$ 0.12	\$ 0.11	\$ (0.14)	\$ (0.11)
Diluted	15	\$ 0.12	\$ 0.10	\$ (0.14)	\$ (0.11)

*The accompanying notes form an integral part of these unaudited condensed consolidated financial statements.*

## CRITEO S.A.

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE OPERATIONS (UNAUDITED)

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
(in thousands)				
<b>Net income (loss)</b>	<b>\$ 6,635</b>	<b>\$ 6,521</b>	<b>\$ (7,407)</b>	<b>\$ (5,174)</b>
Foreign currency translation differences, net of taxes	(10,458)	(30,896)	(12,593)	(101,624)
Actuarial gains (losses) on employee benefits, net of taxes	426	409	283	2,944
<b>Other comprehensive loss</b>	<b>\$ (10,032)</b>	<b>\$ (30,487)</b>	<b>\$ (12,310)</b>	<b>\$ (98,680)</b>
<b>Total comprehensive loss</b>	<b>\$ (3,397)</b>	<b>\$ (23,966)</b>	<b>\$ (19,717)</b>	<b>\$ (103,854)</b>
Attributable to shareholders of Criteo S.A.	\$ (2,198)	\$ (22,142)	\$ (16,295)	\$ (97,806)
Attributable to non-controlling interests	\$ (1,199)	\$ (1,824)	\$ (3,422)	\$ (6,048)

*The accompanying notes form an integral part of these unaudited condensed consolidated financial statements.*

**CRITEO S.A.**  
**CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (UNAUDITED)**

	Share capital		Treasury Stock		Additional paid-in capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Equity - attributable to shareholders of Criteo S.A.	Non controlling interest	Total equity
	Common shares		Shares							
	(in thousands, except share amounts )									
<b>Balance at December 31, 2021</b>	65,883,347	2,149	(5,207,873)	(131,560)	731,248	(40,294)	601,588	1,163,131	35,189	1,198,320
Net income (loss)	—	—	—	—	—	—	20,587	20,587	691	21,278
Other comprehensive income (loss)	—	—	—	—	—	(16,207)	—	(16,207)	(1,925)	(18,132)
Issuance of ordinary shares	22,047	1	—	—	319	—	—	320	—	320
Change in treasury stocks <sup>(1)</sup>	—	—	(119,771)	(5,770)	—	—	(2,534)	(8,304)	—	(8,304)
Share-Based Compensation	—	—	—	—	8,948	—	—	8,948	93	9,041
Other changes in equity	—	—	—	—	—	—	—	—	—	—
<b>Balance at March 31, 2022</b>	65,905,394	2,150	(5,327,644)	(137,330)	740,515	(56,501)	619,641	1,168,475	34,048	1,202,523
Net income (loss)	—	—	—	—	—	—	(33,613)	(33,613)	641	(32,972)
Other comprehensive income (loss)	—	—	—	—	—	(46,430)	—	(46,430)	(3,631)	(50,061)
Issuance of ordinary shares	(111,362)	—	—	—	110	—	—	110	—	110
Change in treasury stocks <sup>(1)</sup>	—	(3)	62,251	(11,179)	(1,342)	—	(8,509)	(21,033)	—	(21,033)
Share-Based Compensation	—	—	—	—	11,452	—	—	11,452	97	11,549
Other changes in equity	—	—	—	—	39	—	33	72	—	72
<b>Balance at June 30, 2022</b>	65,794,032	2,147	(5,265,393)	(148,509)	750,774	(102,931)	577,552	1,079,033	31,155	1,110,188
Net income (loss)	—	—	—	—	—	—	6,579	6,579	(58)	6,521
Other comprehensive income (loss)	—	—	—	—	—	(28,720)	—	(28,720)	(1,767)	(30,487)
Issuance of ordinary shares	(808,644)	1	—	—	—	—	—	1	—	1
Change in treasury stocks <sup>(1)</sup>	—	(23)	215,984	(4,380)	(10,530)	—	(14,913)	(29,846)	—	(29,846)
Share-Based Compensation	—	—	—	—	20,422	—	—	20,422	101	20,523
Other changes in equity	—	—	—	—	—	—	—	—	—	—
<b>Balance at September 30, 2022</b>	64,985,388	2,125	(5,049,409)	(152,889)	760,666	(131,651)	569,218	1,047,469	29,431	1,076,900

<sup>(1)</sup> On February 3, 2022, Criteo's board of directors authorized an extension of the share repurchase program to up to \$280.0 million of the Company's outstanding American Depositary Shares. The change in treasury stocks is comprised of 2,195,411 shares repurchased at an average price of \$26.7 offset by 1,401,489 treasury shares used for RSUs vesting.

	Share capital		Treasury Stock		Additional paid-in capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Equity - attributable to shareholders of Criteo S.A.	Non controlling interest	Total equity
	Common shares		Shares							
(in thousands, except share amounts )										
<b>Balance at December 31, 2022</b>	63,248,728	\$2,079	(5,985,104)	\$(174,293)	\$734,492	\$(91,890)	\$577,653	\$1,048,041	\$33,065	\$1,081,106
Net income (loss)	—	—	—	—	—	—	(11,809)	(11,809)	(262)	(12,071)
Other comprehensive income (loss)	—	—	—	—	—	6,475	—	6,475	(296)	6,179
Issuance of ordinary shares	67,968	2	—	—	1,295	—	—	1,297	—	1,297
Change in treasury stocks <sup>(1)</sup>	—	—	(1,338,049)	(37,107)	—	—	(13,922)	(51,029)	—	(51,029)
Share-Based Compensation	—	—	—	—	24,610	—	—	24,610	97	24,707
Other changes in equity	—	—	—	—	—	—	—	—	—	—
<b>Balance at March 31, 2023</b>	63,316,696	\$2,081	(7,323,153)	\$(211,400)	\$760,397	\$(85,415)	\$551,922	\$1,017,585	\$32,604	\$1,050,189
Net income (loss)	—	—	—	—	—	—	(2,876)	(2,876)	905	(1,971)
Other comprehensive income (loss)	—	—	—	—	—	(5,887)	—	(5,887)	(2,570)	(8,457)
Issuance of ordinary shares	20,757	—	—	—	399	—	—	399	—	399
Change in treasury stocks <sup>(1)</sup>	—	—	(89,425)	(2,646)	—	—	(21,189)	(23,835)	—	(23,835)
Share-Based Compensation	—	—	—	—	26,878	—	—	26,878	(165)	26,713
Other changes in equity	—	—	—	—	—	(26)	—	(26)	—	(26)
<b>Balance at June 30, 2023</b>	63,337,453	\$2,081	(7,412,578)	\$(214,046)	\$787,674	\$(91,328)	\$527,857	\$1,012,238	\$30,774	\$1,043,012
Net income (loss)	—	—	—	—	—	—	6,927	6,927	(292)	6,635
Other comprehensive income (loss)	—	—	—	—	—	(9,125)	—	(9,125)	(907)	(10,032)
Issuance of ordinary shares	—	1	—	—	251	—	—	252	—	252
Change in treasury stocks <sup>(1)</sup>	13,210	—	318,004	1,952	—	—	(30,440)	(28,488)	—	(28,488)
Share-Based Compensation	—	—	—	—	23,461	—	—	23,461	44	23,505
Other changes in equity	—	—	—	—	(5)	(29)	—	(34)	—	(34)
<b>Balance at September 30, 2023</b>	63,350,663	\$2,082	(7,094,574)	\$(212,094)	\$811,381	\$(100,482)	\$504,344	\$1,005,231	\$29,619	\$1,034,850

<sup>(1)</sup> On December 7, 2022, Criteo's board of directors authorized an extension of the share repurchase program to up to \$180.0 million of the Company's outstanding American Depositary Shares. The change in treasury stocks is comprised of 3,404,891 shares repurchased at an average price of \$31.2 offset by 1,288,939 treasury shares used for RSUs vesting and by 1,006,482 treasury shares used for LUSs vesting.

The accompanying notes form an integral part of these unaudited condensed consolidated financial statements.

## CRITEO S.A.

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Nine Months Ended	
	September 30, 2023	September 30, 2022
	(in thousands)	
<b>Net Loss</b>	<b>\$ (7,407)</b>	<b>\$ (5,174)</b>
Non-cash and non-operating items	42,706	122,043
- Amortization and provisions	56,288	134,650
- Payment for contingent liability on regulatory matters	(43,334)	—
- Net (gain) or loss on disposal of non-current assets	(8,903)	(361)
- Equity awards compensation expense <sup>(1)</sup>	76,353	42,594
- Interest accrued and non-cash financial income and expenses	—	(2,244)
- Change in deferred taxes	(24,742)	(16,051)
- Change in income taxes	(18,007)	(12,899)
- Other <sup>(2)</sup>	5,051	(23,646)
Changes in working capital related to operating activities	27,607	13,661
- (Increase) / Decrease in trade receivables	78,890	75,399
- Increase / (Decrease) in trade payables	(71,190)	(19,526)
- (Increase) / Decrease in other current assets	1,968	(23,224)
- Increase/ (Decrease) in other current liabilities	17,926	(20,178)
- Change in operating lease liabilities and right of use assets	13	1,190
<b>Cash from operating activities</b>	<b>62,906</b>	<b>130,530</b>
Acquisition of intangible assets, property, plant and equipment	(77,838)	(48,955)
Change in accounts payable related to intangible assets, property, plant and equipment	(16,749)	7,632
Payment for business, net of cash acquired	(6,957)	(135,453)
Proceeds from disposition of investments	9,625	—
Change in other non-current financial assets	(12,280)	43,052
<b>Cash (used for) from investing activities</b>	<b>(104,199)</b>	<b>(133,724)</b>
Proceeds from borrowings under line-of-credit agreement	—	78,513
Repayment of borrowings	—	(78,513)
Proceeds from exercise of stock options	1,948	617
Repurchase of treasury stocks	(103,354)	(59,162)
Change in other financial liabilities	—	107
Cash payment for contingent consideration	(22,025)	—
Other <sup>(2)</sup>	(1,427)	22,242
<b>Cash used for financing activities</b>	<b>(124,858)</b>	<b>(36,196)</b>
Effect of exchange rates changes on cash and cash equivalents	(12,192)	(68,813)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(178,343)</b>	<b>(108,203)</b>
Net cash and cash equivalents at beginning of period	448,200	515,526
<b>Net cash and cash equivalents and restricted cash at end of period</b>	<b>\$ 269,857</b>	<b>\$ 407,323</b>
<b>Supplemental disclosures of cash flow information</b>		
Cash paid for taxes, net of refunds	(41,377)	(33,685)
Cash paid for interest	(1,055)	(959)

<sup>(1)</sup> Of which \$74.9 million and \$41.1 million of equity awards compensation expense consisted of share-based compensation expense according to ASC 718 *Compensation - stock compensation* for the nine months ended September 30, 2023 and 2022, respectively.

<sup>(2)</sup> Primarily consists of realized gains in FX hedges for the nine months ended September 30, 2022.

*The accompanying notes form an integral part of these unaudited condensed consolidated financial statements.*

**CRITEO S.A.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

Criteo S.A. was initially incorporated as a société par actions simplifiée, or S.A.S., under the laws of the French Republic on November 3, 2005, for a period of 99 years and subsequently converted to a société anonyme, or S.A.

We are a global technology company that enables marketers and media owners to drive better commerce outcomes through the world's leading Commerce Media Platform. We bring richer experiences to every consumer by supporting a fair and open internet that enables discovery, innovation, and choice — powered by trusted and impactful advertising from the world's marketers and media owners.

We are leading the way of commerce media — a new approach to advertising that combines commerce data and machine learning to target consumers throughout their shopping journey and help marketers and media owners drive commerce outcomes (sales, leads, advertising revenue).

Our strategy is to help marketers and media owners activate 1st-party, privacy-safe data and drive better commerce outcomes through our Commerce Media Platform, a suite of products:

- that offer marketers (brands, retailers, and agencies) the ability to easily reach consumers anywhere throughout their shopping journey and measure their advertising campaigns
- that offer media owners (publishers and retailers) the ability to monetize their advertising and promotions inventory for commerce anywhere where consumers spend their time
- sitting on top of a dataset and technology that power our entire offering.

In these notes, Criteo S.A. is referred to as the "Parent" company and together with its subsidiaries, collectively, as "Criteo," the "Company," the "Group," or "we".

## **Note 1. Summary of Significant Accounting Policies**

### **Basis of Presentation**

The unaudited condensed consolidated financial statements included herein (the "Unaudited Condensed Consolidated Financial Statements") have been prepared by Criteo pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") have been condensed or omitted pursuant to such rules and regulations. However, the Company believes that the disclosures are adequate to make the information presented not misleading. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on February 24, 2023. The unaudited condensed consolidated financial statements included herein reflect all adjustments (consisting of normal, recurring adjustments) which are, in the opinion of management, necessary to state fairly the results for the interim periods presented. The results of operations for the interim periods presented are not necessarily indicative of the operating results to be expected for any subsequent interim period or for the fiscal year.

Conformity with U.S. GAAP requires the use of estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses in the condensed consolidated financial statements and accompanying notes. We base our estimates and judgments on historical information and on various other assumptions that we believe are reasonable under the circumstances. Our actual results may differ from these estimates. U.S. GAAP requires us to make estimates and judgments in several areas, including, but not limited to: (1) gross vs net assessment in revenue recognition (2) allowances for credit losses, (3) income taxes, (4) assumptions used in valuing acquired assets and assumed liabilities in business combinations, (5) assumptions used in the valuation of goodwill, intangible assets and leases, (6) assumptions used in the valuation model to determine the fair value of share-based compensation plan, and (7) assumptions surrounding the recognition and valuation of contingent liabilities and losses.

There have been no changes to our significant accounting policies described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

### **Accounting Pronouncements Adopted in 2023**

No standards were adopted in 2023 which had a material impact on the Company's financial statements.

### **Recent Accounting Pronouncements**

Accounting standards that have been issued or proposed by the FASB or other standards-setting bodies that do not require adoption until a future date are not expected to have a material impact on the Company's Consolidated Financial Statements upon adoption.



## **Note 2. Business acquisitions**

### ***Iponweb***

On August 1, 2022 (the "Acquisition Date"), the Company, Iponweb Holding Limited, Exezars Limited (a subsidiary of Iponweb Holding Limited and collectively with Iponweb Holding Limited, the "Sellers"), Mr. Ljubisa Bogunovic, in his capacity as trustee of the "IW General Management Trust" and Mr. Boris Mouzykantskii, founder and Chief Executive Officer of Iponweb Holding Limited (the "Founder") entered into an amended and restated Framework Purchase Agreement (the "FPA"), amending and restating the previously disclosed framework purchase agreement, dated December 22, 2021, which provided for the acquisition of the business of Iponweb Holding Limited (the "Iponweb business"), a market-leading AdTech company with world-class media trading capabilities, by the Company (the "Iponweb Acquisition").

This business combination is composed of an asset purchase of Iponweb intellectual property and other intangible rights and a share purchase of 100% of the share capital and voting rights of nine Iponweb operational legal entities.

The purchase price, as per ASC 805, was \$ 290.2 million for the Iponweb business, out of which \$61.2 million represents the fair value of the contingent consideration. This contingent consideration is payable in cash to the Sellers in an amount up to \$100 million, conditioned upon the achievement of certain net revenue targets by the Iponweb business for the 2022 and 2023 fiscal years.

The Company transferred Treasury shares with a fair value of \$ 70.2 million to Iponweb's Sellers, subject to lock-up conditions. As these shares are subject to a lock-up period that expires in three installments on each of the first three anniversaries of the Iponweb Acquisition, unless the Founder's employment agreement is terminated under certain circumstances during the pendency of such lock-up period, the \$70.2 million fair value was not included in the purchase price consideration above and will be accounted for separately from the business combination as a stock compensation expense. See Note 12 for further discussion.

The transaction was accounted for as a business acquisition. The purchase price allocation has been completed and resulted in recognition of \$ 187.6 million of goodwill.

Acquisition related costs of \$12.6 million were recorded within general and administrative expenses on the consolidated statements of comprehensive income for the twelve months ended December 31, 2022. In the period ending September 30, 2023, we did not record any acquisition related costs.

The Company's consolidated statements of operations for the nine months ended September 30, 2023 include Iponweb's revenues of \$ 87.8 million and pretax income (loss) of \$9.1 million.

### ***Brandcrush***

On February 28, 2023, we completed the acquisition of all of the outstanding shares of Brandcrush Inc. ("Brandcrush"). The purchase price for the acquisition of shares was \$7.1 million. The acquisition was financed by available cash resources. The transaction has been accounted for as a business combination under the acquisition method of accounting. A preliminary valuation of the fair value of Brandcrush's assets acquired was performed as of February 28, 2023, resulting in the identification of technology of \$3.5 million. Provisional goodwill amounted to \$5.0 million, subject to post-closing purchase price adjustments. Once this valuation analysis is finalized, the estimate of the fair value of the assets acquired and liabilities assumed may be adjusted. The Company will finalize these amounts no later than one year from the acquisition date. In addition, acquisition costs amounting to \$0.7 million were fully expensed as incurred.

### Note 3. Restructuring

As part of our ongoing transformation, the Company incurred restructuring costs of \$ 2.0 million and \$21.9 million for the three and nine months ended September 30, 2023, respectively. The following table summarizes restructuring activities as of September 30, 2023 included in other current liabilities on the balance sheet:

	Salaries and other benefits	
Restructuring liability as of January 1, 2023	\$	—
Restructuring charge		21,934
Amounts paid		(11,826)
<b>Restructuring liability as of September 30, 2023</b>	<b>\$</b>	<b>10,108</b>

For the three and nine months ended September 30, 2023, \$ 0.1 million, and \$3.5 million, respectively, was included in Research and Development expenses, \$2.1 million and \$4.8 million, respectively, was included in General and Administrative expenses and \$( 0.2) million and \$13.6 million, respectively, was included in Sales and Operations expenses.

### Note 4. Segment information

#### Reportable segments

Criteo is a global technology company driving superior commerce outcomes for marketers and media owners through the world's leading Commerce Media Platform.

The Company reports segment information based on the "management" approach. The management approach designates the internal reporting used by management for making decisions and assessing performance as the source of the Company's reportable segments. The Company reports its results of operations through the following three segments: Marketing Solutions, Retail Media and Iponweb.

- Marketing Solutions: This segment allows commerce companies to address multiple marketing goals by engaging their consumers with personalized ads across the web, mobile and offline store environments.
- Retail Media: This segment allows retailers to generate advertising revenues from consumer brands, and/or to drive sales for themselves, by monetizing their data and audiences through personalized ads, either on their own digital property or on the open Internet, that address multiple marketing goals.
- Iponweb: This segment specializes in building real-time advertising technology and trading infrastructure, delivering advanced media buying, selling, and packaging capabilities for media owners, agencies, performance advertisers, and 3rd-party ad tech platforms.

Segment operating results, Contribution ex-TAC, is Criteo's segment profitability measure and reflects our gross profit plus other costs of revenue. The Company's chief operating decision maker, or CODM, does not review any other financial information for our three segments, other than Contribution ex-TAC, at the reportable segment level.

The following table shows revenue by reportable segment:

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
(in thousands)				
Marketing Solutions	\$ 385,762	\$ 387,288	\$ 1,162,943	\$ 1,295,143
Retail Media	49,813	41,170	132,424	140,813
Iponweb	33,618	18,463	87,776	18,463
<b>Total Revenue</b>	<b>\$ 469,193</b>	<b>\$ 446,921</b>	<b>\$ 1,383,143</b>	<b>\$ 1,454,419</b>

The following table shows Contribution ex-TAC by reportable segment and its reconciliation to the Company's Consolidated Statements of Operation:

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
(in thousands)				
<u>Contribution ex-TAC</u>				
Marketing Solutions	\$ 163,341	\$ 158,022	\$ 489,148	\$ 522,079
Retail Media	48,436	36,893	129,306	104,278
Iponweb	33,618	18,463	87,776	18,463
	<u>\$ 245,395</u>	<u>\$ 213,378</u>	<u>\$ 706,230</u>	<u>\$ 644,820</u>
Other costs of sales	(40,268)	(33,771)	(119,812)	(96,214)
<b>Gross profit</b>	<b>\$ 205,127</b>	<b>\$ 179,607</b>	<b>\$ 586,418</b>	<b>\$ 548,606</b>
<u>Operating expenses</u>				
Research and development expenses	(62,522)	(42,725)	(193,887)	(118,248)
Sales and operations expenses	(94,572)	(90,051)	(308,325)	(278,363)
General and administrative expenses	(36,599)	(42,353)	(95,306)	(176,361)
<b>Total Operating expenses</b>	<b>(193,693)</b>	<b>(175,129)</b>	<b>(597,518)</b>	<b>(572,972)</b>
<b>Income (loss) from operations</b>	<b>\$ 11,434</b>	<b>\$ 4,478</b>	<b>\$ (11,100)</b>	<b>\$ (24,366)</b>
Financial and Other Income (Expense)	(2,967)	3,485	2,008	23,927
<b>Income (loss) before tax</b>	<b>\$ 8,467</b>	<b>\$ 7,963</b>	<b>\$ (9,092)</b>	<b>\$ (439)</b>

## Note 5. Cash, Cash Equivalents, Marketable Securities and Restricted Cash

### Fair Value Measurements

	September 30, 2023		December 31, 2022	
	Cash and Cash Equivalent	Marketable Securities	Cash and Cash Equivalent	Marketable Securities
(in thousands)				
Cash	194,857	\$ —	282,293	\$ —
Level 2				
Term deposits and notes	—	36,982	65,907	25,098
<b>Total</b>	<b>\$ 194,857</b>	<b>\$ 36,982</b>	<b>\$ 348,200</b>	<b>\$ 25,098</b>

Interest-bearing bank deposits are considered level 2 financial instruments as they are measured using valuation techniques based on observable market data.

The fair value of term deposits approximates their carrying amount given the nature of the investments, its maturities and expected future cash flows.

### Marketable Securities

The following table presents for each reporting period, the breakdown of the fair value of marketable securities:

	September 30, 2023		December 31, 2022	
	(in thousands)			
<b>Securities Held-to-maturity</b>				
Term Deposits	\$	36,982	\$	25,098
<b>Total</b>	<b>\$</b>	<b>36,982</b>	<b>\$</b>	<b>25,098</b>

The gross unrealized gains on our marketable securities were not material as of September 30, 2023.

Term deposits are considered a level 2 financial instrument as they are measured using valuation techniques based on observable market data.

The following table classifies our marketable securities by contractual maturities:

	Held-to-maturity		Available-for-sale	
	September 30, 2023			
	(in thousands)			
Due in one year	\$	21,091	\$	—
Due in one to five years	\$	15,891	\$	—
<b>Total</b>	<b>\$</b>	<b>36,982</b>	<b>\$</b>	<b>—</b>

## Restricted Cash

As part of the Iponweb Acquisition in August 2022, we had deposited \$ 100.0 million of cash into an escrow account containing withdrawal conditions. The cash secures the Company's potential payment of Iponweb Acquisition contingent consideration to the Sellers, which is conditioned upon the achievement of certain revenue targets by the Iponweb business for the 2022 and 2023 fiscal years. We have paid the contingent consideration of \$22.0 million for the 2022 fiscal year in the quarter ended March 31, 2023.

	September 30, 2023	December 31, 2022
	(in thousands)	
Restricted cash – current	\$ 75,000	\$ 25,000
Restricted cash – non-current	\$ —	\$ 75,000
<b>Total</b>	<b>\$ 75,000</b>	<b>\$ 100,000</b>

## Note 6. Trade Receivables

The following table shows the breakdown in trade receivables net book value for the presented periods:

	September 30, 2023	December 31, 2022
	(in thousands)	
Trade accounts receivables	\$ 673,977	\$ 756,741
(Less) Allowance for credit losses	(49,415)	(47,792)
<b>Net book value at end of period</b>	<b>\$ 624,562</b>	<b>\$ 708,949</b>

At September 30, 2023 our largest receivable balance from an individual customer was 10% of our gross accounts receivable. No other customers individually exceeded 10% of our gross accounts receivables.

## Note 7. Other Current Assets

The following table shows the breakdown in other current assets net book value for the presented periods:

	September 30, 2023	December 31, 2022
	(in thousands)	
Prepayments to suppliers	\$ 5,109	\$ 12,421
Other debtors	5,860	6,768
Prepaid expenses	29,929	24,549
Other current assets	656	8,128
Derivative instruments	498	—
<b>Net book value at end of period</b>	<b>\$ 42,052</b>	<b>\$ 51,866</b>

Prepaid expenses mainly consist of amounts related to SaaS arrangements.

## Note 8. Other Current and Non-Current Liabilities

Other current liabilities are presented in the following table:

	September 30, 2023	December 31, 2022
	(in thousands)	
Customer prepayments	\$ 15,584	\$ 16,334
Rebates	18,004	17,671
Accounts payable relating to capital expenditures	7,976	25,414
Other creditors	4,374	2,398
Earn out liability – current	47,177	21,640
<b>Total current liabilities</b>	<b>\$ 93,115</b>	<b>\$ 83,457</b>

Other non-current liabilities are presented in the following table:

	September 30, 2023	December 31, 2022
	(in thousands)	
Earn out liability – non-current	\$ —	\$ 44,696
Uncertain tax positions	18,131	17,980
Other	3,557	6,550
<b>Total non-current liabilities</b>	<b>\$ 21,688</b>	<b>\$ 69,226</b>

### Earn out liability

As part of the Iponweb Acquisition, the Sellers are entitled to contingent consideration of a maximum of \$ 100.0 million, which is conditioned upon the achievement of certain revenue targets by the Iponweb business for the 2022 and 2023 fiscal years. The related earn out liability is valued and discounted using management's best estimate of the consideration that is expected to be paid in 2024. The contingent consideration for fiscal year 2022 of \$22.0 million has been paid in the quarter ended March 31, 2023.

### Uncertain tax positions

Other non-current liabilities also include \$18.1 million related to uncertain tax positions as of September 30, 2023. These uncertain tax positions are related to the Iponweb Acquisition.

## Note 9. Leases

The components of lease expense are as follows:

Three Months Ended	September 30, 2023			September 30, 2022		
	Offices	Data Centers	Total	Offices	Data Centers	Total
	(in thousands)					
Lease expense	\$ 3,419	\$ 5,644	\$ 9,063	\$ 2,362	\$ 4,806	\$ 7,168
Short term lease expense	200	13	213	149	—	149
Variable lease expense	289	14	303	107	91	198
Sublease income	(277)	—	(277)	(47)	—	(47)
<b>Total operating lease expense</b>	<b>\$ 3,631</b>	<b>\$ 5,671</b>	<b>\$ 9,302</b>	<b>\$ 2,571</b>	<b>\$ 4,897</b>	<b>\$ 7,468</b>

Nine Months Ended	September 30, 2023			September 30, 2022		
	Offices	Data Centers	Total	Offices	Data Centers	Total
	(in thousands)					
Lease expense	\$ 10,548	\$ 16,844	\$ 27,392	\$ 11,114	\$ 15,042	\$ 26,156
Short term lease expense	489	42	531	504	5	509
Variable lease expense	493	75	568	182	182	364
Sublease income	(692)	—	(692)	(482)	—	(482)
<b>Total operating lease expense</b>	<b>\$ 10,838</b>	<b>\$ 16,961</b>	<b>\$ 27,799</b>	<b>\$ 11,318</b>	<b>\$ 15,229</b>	<b>\$ 26,547</b>

As of September 30, 2023, we have additional operating leases, that have not yet commenced which will result in additional operating lease liabilities and right of use assets:

	Offices	Data Centers
	(in thousands)	
Additional operating lease liabilities	\$ —	\$ 6,930
Additional right of use assets	\$ —	\$ 6,930

These operating leases will commence during the fiscal years ending December 31, 2023, 2024 and 2025, respectively.

## Note 10. Employee Benefits

### Defined Benefit Plans

According to the French law and the Syntec Collective Agreement, French employees are entitled to compensation paid on retirement.

The following table summarizes the changes in the projected benefit obligation:

	Projected benefit obligation	
	(in thousands)	
<b>Projected benefit obligation present value at January 1, 2022</b>	<b>\$</b>	<b>5,531</b>
Service cost		1,756
Interest cost		73
Actuarial losses (gains)		(3,311)
Currency translation adjustment		(341)
<b>Projected benefit obligation present value at December 31, 2022</b>	<b>\$</b>	<b>3,708</b>
Service cost		532
Interest cost		120
Actuarial losses (gains)		(283)
Currency translation adjustment		(43)
<b>Projected benefit obligation present value at September 30, 2023</b>	<b>\$</b>	<b>4,034</b>

The Company does not hold any plan assets for any of the periods presented.

The main assumptions used for the purposes of the actuarial valuations are listed below:

	Nine Months Ended	Year Ended
	September 30, 2023	December 31, 2022
Discount rate (Corp AA)	4.55%	4.25%
Expected rate of salary increase	5%	5%
Expected rate of social charges	48%	48%
Expected staff turnover	0% - 17.8%	0% - 17.8%
Estimated retirement age	Progressive table	Progressive table
Life table	TH-TF 2000-2002 shifted	TH-TF 2000-2002 shifted



### Defined Contribution Plans

The total expense represents contributions payable to these plans by us at specified rates.

In some countries, the Group's employees are eligible for pension payments and similar financial benefits. The Group provides these benefits via defined contribution plans. Under defined contribution plans, the Group has no obligation other than to pay the agreed contributions, with the corresponding expense charged to income for the year. The main contributions relate to France, the United States (for 401k plans), and the United Kingdom.

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	(in thousands)			
Defined contributions plans included in personnel expenses	\$ (4,694)	\$ (3,590)	\$ (14,308)	\$ (13,726)

## Note 11. Revenue

### Disaggregation of revenue

The following table presents our disaggregated revenues by segment:

For the Three Months Ended	Marketing Solutions		Retail Media		Iponweb		Total
	(in thousands)						
September 30, 2023	\$	385,762	\$	49,813	\$	33,618	\$ 469,193
September 30, 2022	\$	387,288	\$	41,170	\$	18,463	\$ 446,921

  

For the Nine Months Ended	Marketing Solutions		Retail Media		Iponweb		Total
	(in thousands)						
September 30, 2023	\$	1,162,943	\$	132,424	\$	87,776	\$ 1,383,143
September 30, 2022	\$	1,291,599	\$	142,516	\$	18,463	\$ 1,452,578

## Note 12. Share-Based Compensation

### Equity awards Compensation Expense

Equity awards compensation expense recorded in the consolidated statements of operations was as follows :

	Nine Months Ended	
	2023	2022
	(in thousands)	
Research and Development	(44,438)	(21,166)
Sales and Operations	(15,240)	(9,695)
General and Administrative	(16,675)	(11,733)
<b>Total equity awards compensation expense</b>	<b>(76,353)</b>	<b>(42,594)</b>
Tax benefit from equity awards compensation expense	6,084	4,409

The breakdown of the equity award compensation expense by instrument type was as follows:

	Nine Months Ended	
	2023	2022
	(in thousands)	
Share options	(80)	(47)
Lock-up shares	(28,326)	(7,088)
Restricted stock units / Performance stock units	(46,519)	(33,976)
Non-employee warrants	(1,428)	(1,483)
<b>Total equity awards compensation expense</b>	<b>(76,353)</b>	<b>(42,594)</b>
Tax benefit from equity awards compensation expense	6,084	4,409

A detailed description of each instrument type is provided below.

### Share Options

Stock options granted under the Company's stock incentive plans generally vest over four years, subject to the holder's continued service through the vesting date and expire no later than 10 years from the date of grant.

In the following tables, exercise prices, grant date share fair values and fair value per equity instruments are provided in euros, as the Company is incorporated in France and the euro is the currency used for the grants.

	Options Outstanding			
	Number of Shares Underlying Outstanding Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding as of December 31, 2022	372,329			
Options granted	—			
Options exercised	(41,417)			
Options forfeited	(3,973)			
Options canceled	—			
Options expired	(1,861)			
<b>Outstanding as of September 30, 2023</b>	<b>325,078</b>	<b>€ 20.88</b>	<b>4.37</b>	<b>€ 11.46</b>
Vested and exercisable as of September 30, 2023	301,611			

The aggregate intrinsic value represents the difference between the exercise price of the options and the fair market value of common stock on the date of exercise. No new stock options were granted in the period ending September 30, 2023. As of September 30, 2023, unrecognized stock-based compensation \$0.01 million related to unvested stock options will be fully recognized as of December 31, 2023.

#### Lock up shares

On August 1, 2022, 2,960,243 Treasury shares were transferred to the Founder (referred to as Lock Up Shares or "LUS", see Note 2), as partial consideration for the Iponweb Acquisition. As these shares are subject to a lock-up period that expires in three installments on each of the first three anniversaries of the Iponweb Acquisition, unless the Founder's employment agreement is terminated under certain circumstances during the pendency of such lock-up period, they are considered as equity settled share-based payments under ASC 718 and are accounted over the three-year vesting period. The share based compensation expense is included in Research and Development expenses on the Consolidated Statement of Income. The shares were valued based on the volume weighted average price of one ADS traded on Nasdaq during the twenty (20) trading days immediately preceding July 28, 2022.

	Shares	Weighted-Ave Grant date Fair Value Share
Outstanding as of December 31, 2022	2,960,243	
Granted	—	
Vested	(1,006,482)	
Forfeited	—	
<b>Outstanding as of September 30, 2023</b>	<b>1,953,761</b>	<b>€</b>

At September 30, 2023, the Company had unrecognized stock-based compensation relating to restricted stock of approximately \$ 22.4 million, which is expected to be recognized over a period from October 2023 to August 1, 2025.

#### Restricted Stock Units / Performance Stock Units

Restricted stock awards generally vest over four years, subject to the holder's continued service and/or certain performance conditions through the vesting date. In the following tables, exercise prices, grant date share fair values and fair value per equity instruments are in euros, as the Company is incorporated in France and the euro is the currency used for the grants.

	Shares (RSU)	Weighted-Average Grant date Fair Value Per Share
Outstanding as of December 31, 2022	5,349,955	
Granted	1,575,851	
Vested	(1,116,711)	
Forfeited	(340,383)	
<b>Outstanding as of September 30, 2023</b>	<b>5,468,712</b>	<b>€ 26</b>

At September 30, 2023, the Company had unrecognized stock-based compensation relating to restricted stock of approximately \$ 77.1 million, which is expected to be recognized over a weighted-average period of 3.10 years.

	Shares (PSU)	Weighted-Average Grant date Fair Value Per Share
Outstanding as of December 31, 2022	522,467	
Granted	356,402	
Vested	(173,092)	
Forfeited	—	
<b>Outstanding as of September 30, 2023</b>	<b>705,777</b>	<b>€ 27.5</b>

At September 30, 2023, the Company had unrecognized stock-based compensation relating to restricted stock of approximately \$ 11.0 million, which is expected to be recognized over a weighted-average period of 3.12 years.

#### Non-employee warrants

Non-employee warrants generally vest over four years, subject to the holder's continued service through the vesting date.

	Shares	Weighted- Average Grant date Fair Value Per Share	Weighted- Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding as of December 31, 2022	302,775			
Granted	—			
Exercised	(58,318)			
Canceled	—			
Expired	—			
<b>Outstanding as of September 30, 2023</b>	<b>244,457</b>	<b>€ 17.65</b>	<b>4.73</b>	<b>€ 12.1</b>
Vested and exercisable - September 30, 2023	237,852			

The aggregate intrinsic value represents the difference between the exercise price of the non-employee warrants and the fair market value of common stock on the date of exercise.

No new stock non-employee warrants were granted in the period ending September 30, 2023. As of September 30, 2023 there is a small portion of instruments that are set to fully vest in 2023.

### Note 13. Financial and Other Income and Expenses

The condensed consolidated statements of income line item "Financial and Other income (expense)" can be broken down as follows:

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
(in thousands)				
Financial income from cash equivalents	\$ 1,055	\$ 170	\$ 3,190	\$ 543
Interest and fees	(437)	(422)	(1,500)	(1,391)
Foreign exchange gains (losses)	(1,731)	3,795	(4,683)	24,384
Discounting impact	(1,593)	—	(3,692)	—
Other financial income (expense)	(261)	(58)	8,693	391
<b>Total Financial and Other income (expense)</b>	<b>\$ (2,967)</b>	<b>\$ 3,485</b>	<b>\$ 2,008</b>	<b>\$ 23,927</b>

The \$2.0 million in financial and other income for the nine months ended September 30, 2023, were mainly driven by proceeds from disposal of non consolidated investments partially offset by the recognition of a negative impact of foreign exchange and the accretion of earn-out liability related to Iponweb acquisition.

At September 30, 2023, our exposure to foreign currency risk was centralized at Criteo S.A. and hedged using foreign currency swaps or forward purchases or sales of foreign currencies.

### Note 14. Income Taxes

#### Breakdown of Income Taxes

The tax provision for interim periods is determined using an estimate of our annual effective tax rate ("AETR"), adjusted for discrete items arising in the period. To calculate our estimated AETR, we estimate our income before taxes and the related tax expense or benefit for the full fiscal year (total of expected current and deferred tax provisions), excluding the effect of significant unusual or infrequently occurring items or comprehensive income items not recognized in the statement of income. Each quarter, we update our estimate of the annual effective tax rate, and if our estimated annual tax rate does change, we make a cumulative adjustment in that quarter. Our quarterly tax provision, and our quarterly estimate of our annual effective tax rate, are subject to significant volatility due to several factors, including our ability to accurately predict our income (loss) before provision for income taxes in multiple jurisdictions and the changes in foreign exchange rates. Our effective tax rate in the future will depend on the portion of our profits earned within and outside of France.

On October 8, 2021, the Organization for Economic Co-operation and Development (OECD) announced the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting which agreed to a two-pillar solution to address tax challenges arising from digitalization of the economy. On December 20, 2021, the OECD released Pillar Two Model Rules defining the global minimum tax, which calls for the taxation of a minimum rate of 15% for multinational companies with consolidated revenue above €750 million. Various foreign jurisdictions are in the process of enacting legislation to adopt a minimum effective tax rate. The OECD continues to release additional guidance on the two-pillar solution with an implementation anticipated by 2024. We are currently evaluating the potential impact on future periods of the Pillar Two, pending legislative adoption by individual countries.

The following table presents provision for income taxes:

	Nine Months Ended	
	September 30, 2023	September 30, 2022
	(in thousands)	
Provision for income tax (expense) benefit	\$ 1,685	\$ (4,735)

For the nine months ended September 30, 2023 and September 30, 2022, provision for income tax (expense) benefit was \$ 1.7 million and \$(4.7) million, respectively. The \$1.7 million tax benefit was driven by the loss from operations. The nine months ended September 30, 2023 provision for income taxes mainly differs from the nominal standard French rate of 25.0% due to the application of a reduced income tax rate on the majority of the technology royalties income in France, nondeductible equity awards compensation expense and reversal of loss of contingency on regulatory matters.

## Note 15. Earnings Per Share

### Basic Earnings Per Share

We calculate basic earnings per share by dividing the net income or loss for the period attributable to shareholders of the Parent by the weighted average number of shares outstanding.

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Net income (loss) attributable to shareholders of Criteo S.A.	\$ 6,927	\$ 6,579	\$ (7,758)	\$ (6,448)
Weighted average number of shares outstanding	56,297,666	60,318,114	56,173,218	60,431,597
Basic earnings per share	\$ 0.12	\$ 0.11	\$ (0.14)	\$ (0.11)

### Diluted Earnings Per Share

For the nine months ended September 30, 2023 and September 30, 2022, basic net loss is the same as diluted net loss per share as the inclusion of all potential shares of common stock outstanding would have been anti-dilutive.

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Net income (loss) attributable to shareholders of Criteo S.A.	\$ 6,927	\$ 6,579	\$ (7,758)	\$ (6,448)
Basic shares :				
Weighted average number of shares outstanding of Criteo S.A.	56,297,666	60,318,114	56,173,218	60,431,597
Dilutive effect of :				
Restricted share awards ("RSUs")	3,718,688	2,715,552	—	—
Share options and BSPCE	103,221	111,342	—	—
Share warrants	53,378	90,803	—	—
Diluted shares :				
Weighted average number of shares outstanding used to determine diluted earnings per share	60,172,953	63,235,811	56,173,218	60,431,597
Diluted earnings per share	\$ 0.12	\$ 0.10	\$ (0.14)	\$ (0.11)

## Note 16. Commitments and contingencies

### Contingencies

From time to time we may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business. We are not presently a party to any legal proceedings that, if determined adversely to us, would individually or taken together have a material adverse effect on our business, results of operations, financial condition or cash flows. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

The amount of the provisions represents management's latest estimate of the expected impact.

#### Regulatory matters

Following a complaint from Privacy International against a number of advertising technology companies with certain data protection authorities, including in France, France's Commission Nationale de l'Informatique et des Libertés (the "CNIL") opened a formal investigation in January 2020 against Criteo. After closure of the procedure and a formal hearing, Criteo received notice that the CNIL issued their decision on June 21, 2023, in which the CNIL retained alleged European Union's General Data Protection Regulation ("GDPR") violations but reduced the financial sanction against Criteo from the original proposed amount of €60 million (\$65 million) to €40 million (\$44 million). The decision relates to past matters and does not include any obligation for Criteo to change its current practices. Criteo is currently appealing this decision before the Conseil d'Etat.

The €40 million (\$43.3 million) penalty was applied against the previously accrued liability for loss contingency reflected in our financial statements for the period ended June 30, 2022, which amounted to €60 million (\$65 million). Criteo issued the required sanction payment during the third quarter of 2023.

#### Non income tax risks

We have recorded a \$31.9 million provision related to certain non income tax items accounted for under "ASC 450 Contingencies". These risks were identified and recognized as part of the Iponweb Acquisition. We have recorded an indemnification asset in the full amount of the provision as the Company is indemnified against certain tax liabilities under the FPA. The indemnification asset is recorded as part of "Other non current assets" on the consolidated statement of financial position.

## Note 17. Breakdown of Revenue and Non-Current Assets by Geographical Areas

The Company operates in the following three geographical markets:

- Americas (North and South America);
- EMEA (Europe, Middle-East and Africa); and
- Asia-Pacific.

The following tables disclose our consolidated revenue for each geographical area for each of the reported periods. Revenue by geographical area is based on the location of advertisers' campaigns or of the retailers.

For the Three Months Ended	Americas		EMEA		Asia-Pacific		Total
	(in thousands)						
September 30, 2023	\$	213,607	\$	164,890	\$	90,696	\$ 469,193
September 30, 2022	\$	201,274	\$	150,915	\$	94,732	\$ 446,921

For the Nine Months Ended	Americas		EMEA		Asia-Pacific		Total
	(in thousands)						
September 30, 2023	\$	606,650	\$	483,319	\$	293,174	\$ 1,383,143
September 30, 2022	\$	609,461	\$	521,736	\$	321,381	\$ 1,452,578

Revenue generated in other significant countries where we operate is presented in the following table:

	Three Months Ended		Nine Months Ended					
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022				
(in thousands)								
Americas								
United States	\$	193,210	\$	180,152	\$	547,348	\$	542,034
EMEA								
Germany	\$	56,569	\$	40,808	\$	145,541	\$	144,902
France	\$	23,423	\$	23,212	\$	71,130	\$	83,393
Asia-Pacific								
Japan	\$	49,213	\$	56,999	\$	162,767	\$	196,818

### Other Information

For each reported period, non-current assets (corresponding to the net book value of tangible and intangible assets, excluding right of use assets related to lease agreements) are presented in the table below. The geographical information includes results from the locations of legal entities.

	Americas		EMEA		Asia-Pacific		Total
	(in thousands)						
September 30, 2023	\$	95,602	\$	196,649	\$	16,019	\$ 308,270
December 31, 2022	\$	92,952	\$	193,007	\$	21,231	\$ 307,190



**Note 18. Subsequent Events**

The Company evaluated all subsequent events that occurred after September 30, 2023 through the date of issuance of the unaudited condensed consolidated financial statements and determined there are no significant events that require adjustments or disclosure.

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

*The following discussion should be read in conjunction with the unaudited condensed consolidated financial statements and related notes thereto included elsewhere in this Quarterly Report on Form 10-Q and the audited consolidated financial statements and related notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2022, filed with the Securities and Exchange Commission ("SEC"), on February 24, 2023. In addition to our historical condensed consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates, and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this Quarterly Report on Form 10-Q, particularly in Part II, Item 1A, "Risk Factors."*

*To supplement our condensed consolidated financial statements, which are prepared and presented in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"), we present Contribution ex-TAC, and Adjusted EBITDA, which are non-GAAP financial measures. We define Contribution ex-TAC as a profitability measure akin to gross profit. It is calculated by deducting traffic acquisition costs from revenue and reconciled to gross profit through the exclusion of other costs of revenue. Contribution ex-TAC is presented in the section entitled "Contribution excluding Traffic Acquisition Costs", which includes a reconciliation to its most directly comparable U.S. GAAP financial measure, Gross Profit. We define Adjusted EBITDA as our consolidated earnings before financial income (expense), income taxes, depreciation and amortization, adjusted to eliminate the impact of equity awards compensation expense, pension service costs, certain restructuring, integration and transformation costs, certain acquisition costs and a loss contingency related to a regulatory matter. Adjusted EBITDA is presented in the section entitled "Adjusted EBITDA", which includes a reconciliation to its most directly comparable U.S. GAAP financial measure, Net Income. We also present revenues, traffic acquisition costs and Contribution ex-TAC on a constant currency basis; these measures exclude the impact of foreign currency fluctuations and are computed by applying the average exchange rates for the prior year to the current year figures. A reconciliation is provided in the section entitled "Constant Currency Reconciliation".*

*We believe these non-GAAP financial measures provide investors with useful supplemental information about the financial performance of our business, enable comparison of financial results between periods where certain items may vary independent of business performance, and allow for greater transparency with respect to key metrics used by management in operating our business. As required by the rules of the SEC, we provide reconciliations of the non-GAAP financial measures contained in this document to the most directly comparable measures under GAAP.*

### Overview

We offer the only unified platform that directly connects advertisers with retailers and publishers on the open internet.

With our Commerce Media platform, we maximize returns for advertisers by delivering impactful advertising to the right consumer across the entire shopper journey. We also enable media owners to earn more revenue by enriching and activating their first-party data and inventory to advertisers. This includes powering the retail media ecosystem as we enable brands to reach shoppers with relevant ads near the digital point of sale on retailer and marketplace websites while enabling retailers to monetize their ad inventory and add a new, high margin revenue stream.

Our platform leverages commerce data in a *privacy-by-design* way and artificial intelligence ("AI") and our solutions work seamlessly across digital devices (desktops, laptops, smartphones and tablets), commerce and advertising environments (browsers, apps, connected TV and physical retail stores), advertising channels and formats (display, including social and native, online video, connected TV and ads on retailers' properties).

We leverage pricing models consistent with industry standards that include cost-per click, cost-per-impression and cost-per-install, as well as volume-based fees for brands and large retailers using our Retail Media solutions, and, in certain cases, a set fee for the use of our platform capabilities.

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We report our segment results as Marketing Solutions, Retail Media and Iponweb:

- *Marketing Solutions* allows commerce companies to address multiple marketing goals by engaging their consumers with personalized ads across the web, mobile and offline store environments.
- *Retail Media* allows retailers to generate advertising revenues from consumer brands, and/or to drive sales for themselves, by monetizing their data and audiences through personalized ads, either on their own digital property or on the open Internet, that address multiple marketing goals.
- *Iponweb* specializes in building real-time advertising technology and trading infrastructure, delivering advanced media buying, selling, and packaging capabilities for media owners, agencies, performance advertisers, and 3rd-party ad tech platforms.

### Current quarter financial highlights

For the three months ended September 30, 2023, revenue grew by 5% to \$469.2 million, compared to the same period in the prior year, reflecting the acquisition of Iponweb and growth in Retail Media. At constant currency, revenue increased by 2%.

Gross profit for the three months ended September 30, 2023 increased by 14% to \$205.1 million, compared to the same period in the prior year, primarily due to revenue growth and lower traffic acquisition costs.

Contribution ex-TAC for the three months ended September 30, 2023 increased by 15% to \$245.4 million, compared to the same period in the prior year, driven by growth across all segments. At constant currency, Contribution ex-TAC increased by 13%.

Net income for the three months ended September 30, 2023 increased by 2% to \$6.6 million, compared to the same period in the prior year, primarily due to revenue growth.

Adjusted EBITDA for the three months ended September 30, 2023 increased by 36% to \$68.4 million, compared to the same period in the prior year, primarily due to higher Contribution ex-TAC over the period and planned cost reduction actions, partially offset by incremental costs following the acquisition of Iponweb.

Cash flow from operating activities was \$19.6 million for the three months ended September 30, 2023, compared to \$41.6 million in the same period in the prior year, primarily due to the payment for a contingent liability on regulatory matters.

### Trends, Opportunities and Challenges

We believe our performance and future success depend on several factors that present significant opportunities but also pose risks and challenges, including those referred to in Part I, Item 1A of our risk factor section of our Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

#### ***Develop and Scale our Commerce Media Platform***

Our future growth depends upon our ability to retain and scale our existing clients and increase the usage of our Commerce Media platform as well as adding new customers. We believe that we are in a leading position in the Commerce Media space as we have unique commerce data at scale, deep integrations with retailers, a large client base, differentiated technology and a R&D powerhouse. By unifying the Commerce Media ecosystem with a multi-retailer, multi-channel, multi-format approach and providing full funnel closed loop measurement to our clients, we believe we are well positioned to capture more ad budgets and market share.

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### ***Business and Macroeconomic Conditions***

Global economic and geopolitical conditions have been increasingly volatile due to factors such as the conflicts in Ukraine and the Middle East, inflation, and high interest rates. The economic uncertainty resulting from these factors has negatively impacted advertising demand, consumer behavior, and to some extent our performance.

These factors, among others, including the impact of persistent inflation, make it difficult for Criteo and our clients to accurately forecast and plan future business activities, and could cause the company's clients to reduce or delay their advertising spending or increase their cautiousness, which, in turn, could have an adverse impact on our business, financial condition and results of operations. We are monitoring these macroeconomic conditions closely and may continue to take actions in response to such conditions to the extent they adversely affect our business.

### ***Seasonality***

In the advertising industry, companies commonly experience seasonal fluctuations in revenue, as many marketers allocate the largest portion of their budgets to the third and fourth quarter of the calendar year in order to coincide with increased back-to-school and holiday purchasing. Historically, the fourth quarter has reflected our highest level of advertising activity for the year. We generally expect the subsequent first quarter to reflect lower activity levels, but this trend may be masked due to the growth of our business. In addition, historical seasonality may not be predictive of future results given the potential for changes in advertising buying patterns and consumer activity due to the potential impacts of the evolving macroeconomic and geopolitical conditions discussed above. We expect our revenue to continue to fluctuate based on seasonal factors that affect the advertising industry as a whole.

### ***Privacy Trends and Government Regulations***

We are subject to U.S. and international laws and regulations regarding privacy, data protection, digital advertising and the collection of user data. In addition, large Internet and technology companies such as Google and Apple are making their own decisions as to how to protect consumer privacy with measures resulting in signal loss, which impact the entire digital ecosystem. Google's web browser, Chrome, announced plans to deprecate support for third-party cookies in the second half of 2024, which will follow a one-percent deprecation of third-party cookies for Chrome users globally in the first quarter of 2024. These developments could cause instability in the advertising technology industry. We have developed a multi-pronged addressability strategy to enhance our resilience post third-party identifiers.

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## Results of Operations for the Periods Ended September 30, 2023 and September 30, 2022 (Unaudited)

### Revenue

#### Revenue breakdown by segment

	Three Months Ended			Nine Months Ended		
	September 30, 2023	September 30, 2022	% change	September 30, 2023	September 30, 2022	% change
(in thousands, except percentages)						
Revenue as reported	\$ 469,193	\$ 446,921	5%	\$ 1,383,143	\$ 1,452,578	(5)%
Conversion impact U.S. dollar/other currencies	\$ (13,666)	—		\$ 9,136	—	
Revenue at constant currency	\$ 455,527	\$ 446,921	2%	\$ 1,392,279	\$ 1,452,578	(4)%
<u>Marketing Solutions revenue as reported</u>	385,762	387,288	—%	1,162,943	1,291,599	(10)%
Conversion impact U.S. dollar/other currencies	(12,277)	—		9,838	—	
Marketing Solutions revenue at constant currency	373,485	387,288	(4)%	1,172,781	1,291,599	(9)%
<u>Retail Media revenue as reported</u>	49,813	41,170	21%	132,424	142,516	(7)%
Conversion impact U.S. dollar/other currencies	(845)	—		(158)	—	
Retail Media revenue at constant currency	48,968	41,170	19%	132,266	142,516	(7)%
<u>Iponweb revenue as reported</u>	33,618	18,463	82%	87,776	18,463	NM
Conversion impact U.S. dollar/other currencies	(544)	—		(544)	—	
Iponweb revenue at constant currency	33,074	18,463	79%	87,232	18,463	NM

Revenue for the three months ended September 30, 2023 increased 5%, or 2% on a constant currency basis, to \$455.5 million compared to the three months ended September 30, 2022, reflecting the acquisition of Iponweb and growth in Retail Media.

In the quarter, 92% of revenue came from existing clients while 8% came from new client additions. Our number of clients was down 3% year-over-year, predominantly small business clients.

Marketing Solutions revenue was flat, or decreased (4)% on a constant currency basis, to \$373.5 million for the three months ended September 30, 2023, driven by soft retail trends, partially offset by continued strength in travel.

Retail Media revenue increased 21%, or 19% on a constant currency basis, to \$49.0 million for the three months ended September 30, 2023, reflecting continued strength in Retail Media onsite, in particular in the U.S. market, and growing network effects of onboarding brands and retailers to the platform. This was partially offset by the impact of recognizing revenue on a net basis for clients transitioning to the Company's platform. As a result of this transition to a full platform business, the growth of Retail Media revenue has been temporarily impacted. Reflecting the underlying economic performance, Retail Media's Contribution ex-TAC increased 31%, or 29% on a constant currency basis, for the three months ended September 30, 2023.

Iponweb revenue increased 82%, or 79% on constant currency basis, to \$33.1 million for the three months ended September 30, 2023 following the closing of the acquisition on August 1, 2022.

Additionally, our \$469.2 million of revenue for the three months ended September 30, 2023 was positively impacted by \$13.7 million of currency fluctuations, particularly as a result of the depreciation of the Euro, Japanese Yen, British Pound, Turkish Lira, and the Brazilian Real compared to the U.S. dollar.

Revenue for the nine months ended September 30, 2023 decreased (5)%, or (4)% on a constant currency basis, to \$1,392.3 million compared to the nine months ended September 30, 2022 reflecting the impact of recognizing revenue on a net basis for clients transitioning to the Company's platform in Retail Media.

In the nine months ended September 30, 2023, 91% of revenue came from existing clients while 9% came from new client additions.

Marketing Solutions revenue decreased (10)%, or (9)% on a constant currency basis, to \$1,172.8 million for the nine months ended September 30, 2023, driven by anticipated signal loss impacts, the suspension of the Company's operations in Russia and soft retail trends, partially offset by continued strength in travel.

Retail Media revenue decreased (7)%, or (7)% on a constant currency basis, to \$132.3 million for the nine months ended September 30, 2023, reflecting the impact of recognizing revenue on a net basis for clients transitioning to the Company's platform. As a result of this transition to a full platform business, the growth rate of Retail Media revenue has been temporarily impacted. Reflecting the underlying performance, Retail Media's Contribution ex-TAC increased 24%, or 24% on a constant currency basis, for the nine months ended September 30, 2023, driven by continued strength in Retail Media onsite, in particular in the U.S. market, and growing network effects of onboarding brands and retailers to the platform.

Iponweb revenue increased to \$87.2 million on a constant currency basis for the nine months ended September 30, 2023 following the closing of the acquisition on August 1, 2022.

Additionally, our \$1,383.1 million of revenue for the nine months ended September 30, 2023 was negatively impacted by \$9.1 million of currency fluctuations, particularly as a result of the depreciation of the Euro, Japanese Yen, British Pound, Turkish Lira, and the Brazilian Real compared to the U.S. dollar.

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## Revenue breakdown by region

	Three Months Ended			Nine Months Ended		
	September 30, 2023	September 30, 2022	% change	September 30, 2023	September 30, 2022	% change
	(in thousands, except percentages)					
Revenue as reported	\$ 469,193	\$ 446,921	5%	\$ 1,383,143	\$ 1,452,578	(5)%
Conversion impact U.S. dollar / other currencies	\$ (13,665)	\$ —		\$ 9,136	\$ —	
Revenue at constant currency	\$ 455,528	\$ 446,921	2%	\$ 1,392,279	\$ 1,452,578	(4)%
<u>Americas</u>						
Revenue as reported	213,607	201,274	6%	606,650	609,461	0%
Conversion impact U.S. dollar / other currencies	(6,757)	—		(8,315)	—	
Revenue at constant currency	206,850	201,274	3%	598,335	609,461	(2)%
<u>EMEA</u>						
Revenue as reported	164,890	150,915	9%	483,319	521,736	(7)%
Conversion impact U.S. dollar / other currencies	(9,226)	—		(25)	—	
Revenue at constant currency	155,664	150,915	3%	483,294	521,736	(7)%
<u>Asia-Pacific</u>						
Revenue as reported	90,696	94,732	(4)%	293,174	321,381	(9)%
Conversion impact U.S. dollar / other currencies	2,318	—		17,476	—	
Revenue at constant currency	93,014	94,732	(2)%	310,650	321,381	(3)%

Our revenue in the Americas region increased 6%, or 3% on a constant currency basis, to \$206.9 million for the three months ended September 30, 2023 compared to the three months ended September 30, 2022. This primarily reflects continued strong performance of Retail Media as the platform continues to scale with large retailers and consumer brands and continued strength in travel.

Our revenue in EMEA increased 9%, or 3% on a constant currency basis, to \$155.7 million for the three months ended September 30, 2023 compared to the three months ended September 30, 2022. This primarily reflects continued traction in Retail Media.

Our revenue in the Asia-Pacific region decreased (4)%, or (2)% on a constant currency basis, to \$93.0 million for the three months ended September 30, 2023 compared to the three months ended September 30, 2022, reflecting soft retail and Classified trends in the region.

Our revenue in the Americas region was flat, or decreased (2)% on a constant currency basis, to \$598.3 million for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022. This primarily reflects the impact of recognizing revenue on a net basis for Retail Media clients transitioning to the Company's platform, partially offset by continued strong performance of Retail Media as the platform continues to scale with large retailers and consumer brands and continued strength in travel.

Our revenue in EMEA decreased (7)%, or (7)% on a constant currency basis, to \$483.3 million for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022, reflecting soft retail trends across our markets. This also reflects the impact of recognizing revenue on a net basis for Retail Media clients transitioning to the Company's platform, partially offset by continued traction in Retail Media.

Our revenue in the Asia-Pacific region decreased (9)%, or (3)% on a constant currency basis, to \$310.7 million for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022, reflecting soft retail and Classified trends in the region.

## Cost of Revenue

	Three Months Ended			Nine Months Ended		
	September 30, 2023	September 30, 2022	% change	September 30, 2023	September 30, 2022	% change
(in thousands, except percentages)						
Traffic acquisition costs	\$ (223,798)	\$ (233,543)	(4)%	\$ (676,913)	\$ (807,758)	(16)%
Other cost of revenue	\$ (40,268)	\$ (33,771)	19%	\$ (119,812)	\$ (96,214)	25%
<b>Total cost of revenue</b>	<b>\$ (264,066)</b>	<b>\$ (267,314)</b>	<b>(1)%</b>	<b>\$ (796,725)</b>	<b>\$ (903,972)</b>	<b>(12)%</b>
% of revenue	(56)%	(60)%		(58)%	(62)%	
Gross profit %	44 %	40 %		42 %	38 %	

	Three Months Ended				Nine Months Ended			
	September 30, 2023	September 30, 2022	% change	% change at Constant Currency	September 30, 2023	September 30, 2022	% change	% change at Constant Currency
(in thousands, except percentages)								
Marketing Solutions	\$ (222,421)	\$ (229,266)	(3)%	(7)%	\$ (673,795)	\$ (769,520)	(12)%	(12)%
Retail Media	\$ (1,377)	\$ (4,277)	(68)%	(70)%	\$ (3,118)	\$ (38,238)	(92)%	(92)%
Iponweb	\$ —	\$ —	—%	—%	\$ —	\$ —	—%	—%
<b>Traffic Acquisition Costs</b>	<b>\$ (223,798)</b>	<b>\$ (233,543)</b>	<b>(4)%</b>	<b>(8)%</b>	<b>\$ (676,913)</b>	<b>\$ (807,758)</b>	<b>(16)%</b>	<b>(16)%</b>

Cost of revenue for the three months ended September 30, 2023 decreased \$(3.2) million, or (1)%, compared to the three months ended September 30, 2022. This decrease was primarily the result of a decrease of \$(9.7) million, or (4)% (or (8)% on a constant currency basis) in traffic acquisition costs driven by a lower average price partially offset by an increase in volume, and an increase of \$6.5 million, or 19% in other cost of revenue.

Traffic acquisition costs in Marketing Solutions decreased by (3)% (or (7)% at constant currency). This was driven by a (7)% decrease (or (10)% at constant currency) in the average cost per thousand impressions ("CPM") for inventory purchased, including lower CPMs for signal-limited environments where Criteo continues to perform, partially offset by a 4% increase in the number of impressions we purchased.

Traffic acquisition costs in Retail Media decreased by (68)% (or (70)% at constant currency), reflecting the technical and transitory impact related to the client migration to our platform because we recognize revenue on a net basis in all arrangements running on the platform.

As Iponweb reports revenues on a net basis, it has no traffic acquisition costs.

The increase in other cost of revenue included an increase in hosting costs of \$4.5 million and other costs of sales of \$2.3 million.



Cost of revenue for the nine months ended September 30, 2023 decreased \$(107.2) million, or (12)%, compared to the nine months ended September 30, 2022. This decrease was primarily the result of a decrease of \$(130.8) million, or (16)% (or (16)% on a constant currency basis) in traffic acquisition costs driven by a lower average price partially offset by an increase in volume, and an increase of \$23.6 million, or 25% in other cost of revenue.

Traffic acquisition costs in Marketing Solutions decreased by (12)% (or (12)% at constant currency). This was driven by a (16)% decrease (or (16)% at constant currency) in the average cost per thousand impressions ("CPM") for inventory purchased, including lower CPMs for signal-limited environments where Criteo continues to perform, and a 4% increase in the number of impressions we purchased, reflecting our expanding relationships with existing and new publisher partners, in particular through direct connections, to support client demand for advertising campaigns.

Traffic acquisition costs in Retail Media decreased by (92)% (or (92)% at constant currency), reflecting the technical and transitory impact related to the client migration to our platform because we recognize revenue on a net basis in all arrangements running on the platform.

As Iponweb reports revenues on a net basis, it has no traffic acquisition costs.

The increase in other cost of revenue included an increase in hosting costs of \$23.3 million and other cost of sales of \$0.3 million.

### **Contribution excluding Traffic Acquisition Costs**

We define Contribution excluding Traffic Acquisition Costs, "Contribution ex-TAC", as a profitability measure akin to gross profit. It is calculated by deducting traffic acquisition costs from revenue and reconciled to gross profit through the exclusion of other costs of revenue. Contribution ex-TAC is not a measure calculated in accordance with U.S. GAAP. We have included Contribution ex-TAC because it is a key measure used by our management and board of directors to evaluate operating performance, generate future operating plans and make strategic decisions. In particular, we believe that this measure can provide useful measures for period-to-period comparisons of our business. Accordingly, we believe that Contribution ex-TAC provides useful information to investors and others in understanding and evaluating our results of operations in the same manner as our management and board of directors. Our use of Contribution ex-TAC has limitations as an analytical tool, and you should not consider them in isolation or as a substitute for analysis of our financial results as reported under U.S. GAAP. Some of these limitations are: (a) other companies, including companies in our industry which have similar business arrangements, may address the impact of TAC differently; (b) other companies may report Contribution ex-TAC or similarly titled measures but calculate them differently, which reduces their usefulness as a comparative measure. Because of these and other limitations, you should consider Contribution ex-TAC alongside our other U.S. GAAP financial measures.

The below table provides a reconciliation of Contribution ex-TAC to gross profit:

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	(in thousands)			
Gross Profit	\$ 205,127	\$ 179,607	\$ 586,418	\$ 548,606
Other Cost of Revenue	\$ 40,268	\$ 33,771	119,812	96,214
<b>Contribution ex-TAC</b>	<b>\$ 245,395</b>	<b>\$ 213,378</b>	<b>\$ 706,230</b>	<b>\$ 644,820</b>

We consider Contribution ex-TAC as a key measure of our business activity. Our strategy focuses on maximizing our Contribution ex-TAC on an absolute basis over maximizing our near-term gross margin. We believe this focus builds sustainable long-term value for our business by fortifying a number of our competitive strengths, including access to advertising inventory, breadth and depth of data and continuous improvement of our Criteo AI Engine's performance, allowing it to deliver more relevant advertisements at scale. As part of this focus, we continue to invest in building preferred relationships with direct publishers and pursue access to leading advertising exchanges.

The following table sets forth our revenue and Contribution ex-TAC by segment:

	Three Months Ended				Nine Months Ended			
	September 30, 2023	September 30, 2022	% change	% change at Constant Currency	September 30, 2023	September 30, 2022	% change	% change at Constant Currency
(amounts in thousands, except percentages)								
<b>Revenue</b>								
Marketing Solutions	\$ 385,762	\$ 387,288	—%	(4)%	\$ 1,162,943	\$ 1,291,599	(10)%	(9)%
Retail Media	49,813	41,170	21%	19%	132,424	142,516	(7)%	(7)%
Iponweb	33,618	18,463	82%	79%	87,776	18,463	375%	372%
<b>Total</b>	<b>469,193</b>	<b>446,921</b>	<b>5%</b>	<b>2%</b>	<b>1,383,143</b>	<b>1,452,578</b>	<b>(5)%</b>	<b>(4)%</b>
<b>Contribution ex-TAC</b>								
Marketing Solutions	163,341	158,022	3%	1%	489,148	522,079	(6)%	(5)%
Retail Media	48,436	36,893	31%	29%	129,306	104,278	24%	24%
Iponweb	33,618	18,463	82%	79%	87,776	18,463	375%	372%
<b>Total</b>	<b>245,395</b>	<b>213,378</b>	<b>15%</b>	<b>13%</b>	<b>706,230</b>	<b>644,820</b>	<b>10%</b>	<b>11%</b>

Contribution ex-TAC increased \$32.0 million, or 15% for the three months ended September 30, 2023 compared to the three months ended September 30, 2022. The increase in Contribution ex-TAC was primarily due to the growth in Retail Media and the contribution from Iponweb.

Contribution ex-TAC increased \$61.4 million, or 10% for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022. The increase in Contribution ex-TAC was primarily due to the growth in Retail Media and the contribution from Iponweb. This was partially offset by a decline in Marketing Solutions.

### Constant Currency Reconciliation

Information in this Form 10-Q with respect to results presented on a constant currency basis was calculated by applying prior period average exchange rates to current period results. Management reviews and analyzes business results excluding the effect of foreign currency translation because they believe this better represents our underlying business trends. Below is a table which reconciles the actual results presented in this section with the results presented on a constant currency basis:

	Three Months Ended			Nine Months Ended		
	September 30, 2023	September 30, 2022	% change	September 30, 2023	September 30, 2022	% change
(amounts in thousands, except percentages)						
Gross Profit as reported	\$ 205,127	\$ 179,607	14%	\$ 586,418	\$ 548,606	7%
Other cost of revenue as reported	(40,268)	(33,771)	19%	(119,812)	(96,214)	25%
Contribution ex-TAC as reported	245,395	213,378	15%	706,230	644,820	10%
Conversion impact U.S. dollar/other currencies	(4,858)	—		7,286	—	
Contribution ex-TAC at constant currency	240,537	213,378	13%	713,516	644,820	11%
Contribution ex-TAC/Revenue as reported	52 %	48 %		51 %	44 %	
Traffic acquisition costs as reported	(223,798)	(233,543)	(4)%	(676,913)	(807,758)	(16)%
Conversion impact U.S. dollar/other currencies	8,808	—		(1,850)	—	
Traffic Acquisition Costs at constant currency	(214,990)	(233,543)	(8)%	(678,763)	(807,758)	(16)%
Revenue as reported	469,193	446,921	5%	1,383,143	1,452,578	(5)%
Conversion impact U.S. dollar/other currencies	(13,665)	—		9,136	—	
Revenue at constant currency	\$ 455,528	\$ 446,921	2%	\$ 1,392,279	\$ 1,452,578	(4)%

### Research and Development Expenses

	Three Months Ended			Nine Months Ended		
	September 30, 2023	September 30, 2022	% change	September 30, 2023	September 30, 2022	% change
(in thousands, except percentages)						
Research and development expenses	\$ (62,522)	\$ (42,725)	46%	\$ (193,887)	\$ (118,248)	64%
% of revenue	(13)%	(10)%		(14)%	(8)%	

Research and development expenses for the three months ended September 30, 2023, increased \$19.8 million or 46% compared to the three months ended September 30, 2022. This increase mainly related to an increase in headcount-related expenses, and the amortization of Iponweb acquisition-related intangible assets.

Research and development expenses for the nine months ended September 30, 2023, increased \$75.6 million or 64% compared to the nine months ended September 30, 2022. This increase mainly related to higher headcount-related costs, increase in share-based compensation expense and depreciation and amortization costs.

## Sales and Operations Expenses

	Three Months Ended			Nine Months Ended		
	September 30, 2023	September 30, 2022	% change	September 30, 2023	September 30, 2022	% change
(in thousands, except percentages)						
Sales and operations expenses	\$ (94,572)	\$ (90,051)	5%	\$ (308,325)	\$ (278,363)	11%
% of revenue	(20)%	(20)%		(22)%	(19)%	

Sales and operations expenses for the three months ended September 30, 2023 increased \$4.5 million or 5% compared to the three months ended September 30, 2022. This increase mainly related to an increase in headcount-related costs and share-based compensation expense partially offset by a decrease in marketing expense.

Sales and operations expenses for the nine months ended September 30, 2023 increased \$30.0 million or 11% compared to the nine months ended September 30, 2022. This increase mainly related to an increase in headcount-related costs and share based compensation expense partially offset by a decrease in marketing expenses and depreciation and amortization expense.

## General and Administrative Expenses

	Three Months Ended			Nine Months Ended		
	September 30, 2023	September 30, 2022	% change	September 30, 2023	September 30, 2022	% change
(in thousands, except percentages)						
General and administrative expenses	\$ (36,599)	\$ (42,353)	(14)%	\$ (95,306)	\$ (176,361)	(46)%
% of revenue	(8)%	(9)%		(7)%	(12)%	

General and administrative expenses for the three months ended September 30, 2023, decreased \$(5.8) million or (14)%, compared to the three months ended September 30, 2022. The decrease mainly relates to a decrease in headcount-related costs and third-party services partially offset by an increase in share based compensation expense.

General and administrative expenses for the nine months ended September 30, 2023, decreased \$(81.1) million or (46)%, compared to the nine months ended September 30, 2022. The decrease mainly relates to the partial release of the one time loss contingency on regulatory matters accounted for during the nine months ended September 30, 2022 (see Note 16), partially offset by an increase in people-related costs.

### Financial and Other Income / (Expense)

	Three Months Ended			Nine Months Ended		
	September 30, 2023	September 30, 2022	% change	September 30, 2023	September 30, 2022	% change
(in thousands, except percentages)						
Financial and Other Income / (Expense)	\$ (2,967)	\$ 3,485	(185)%	\$ 2,008	\$ 23,927	(92)%
% of revenue	(1) %	1 %		— %	2 %	

Financial and Other income (expense) for the three months ended September 30, 2023, decreased by \$(6.5) million or (185)% compared to 2022. The decrease is related to the one time foreign exchange gain in 2022 and the accretion of earn out liability related to the Iponweb acquisition, partially offset by income from cash equivalents.

Financial and Other income for the nine months ended September 30, 2023, decreased by \$(21.9) million or (92)% compared to 2022. The decrease is related to the one time foreign exchange gain in 2022 and the accretion of earn out liability related to the Iponweb acquisition, partially offset by other income from the disposal of non consolidated investments and income from cash equivalents.

At September 30, 2023, our exposure to foreign currency risk was centralized at Criteo S.A. and hedged using foreign currency swaps or forward purchases or sales of foreign currencies.

### Provision for Income Taxes

	Three Months Ended			Nine Months Ended		
	September 30, 2023	September 30, 2022	% change	September 30, 2023	September 30, 2022	% change
(in thousands, except percentages)						
Provision for income tax (expense) benefit	\$ (1,832)	\$ (1,442)	27%	\$ 1,685	\$ (4,735)	(136)%

For the three months ended September 30, 2023, expense for income taxes was \$(1.8) million. For the three months ended September 30, 2022, income tax expense was \$(1.4) million. The three months ended September 30, 2023 provision for income taxes mainly differs from the nominal standard French rate of 25.0% due to the application of a reduced income tax rate on the majority of the technology royalties income in France and loss from operations, nondeductible equity awards compensation expense and reversal of loss of contingency on regulatory matters.

For the nine months ended September 30, 2023 benefit for income taxes was \$1.7 million. For the nine months ended September 30, 2022, income tax expense was \$(4.7) million. The \$1.7 million benefit was driven by the loss from operations. The nine months ended September 30, 2023 provision for income taxes mainly differs from the nominal standard French rate of 25.0% due to the application of a reduced income tax rate on the majority of the technology royalties income in France and loss from operations, nondeductible equity awards compensation expense and reversal of loss of contingency on regulatory matters.

## Adjusted EBITDA

We define Adjusted EBITDA as our consolidated earnings before financial income (expense), income taxes, depreciation and amortization, adjusted to eliminate the impact of equity awards compensation expense, pension service costs, certain restructuring, integration and transformation costs, certain acquisition costs and a loss contingency related to a regulatory matter. Adjusted EBITDA is not a measure calculated in accordance with U.S. GAAP. We have included Adjusted EBITDA because it is a key measure used by our management and board of directors to understand and evaluate our core operating performance and trends, to prepare and approve our annual budget and to develop short-term and long-term operational plans. In particular, we believe that the elimination of equity awards compensation expense, pension service costs, certain restructuring, integration and transformation costs, certain acquisition costs and a loss contingency related to a regulatory matter in calculating Adjusted EBITDA can provide a useful measure for period-to-period comparisons of our business. Accordingly, we believe that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our results of operations in the same manner as our management and board of directors. Our use of Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our financial results as reported under U.S. GAAP. Some of these limitations are: (a) although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements; (b) Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs; (c) Adjusted EBITDA does not reflect the potentially dilutive impact of equity-based compensation; (d) Adjusted EBITDA does not reflect tax payments that may represent a reduction in cash available to us; and (e) other companies, including companies in our industry, may calculate Adjusted EBITDA or similarly titled measures differently, which reduces their usefulness as a comparative measure. Because of these and other limitations, you should consider Adjusted EBITDA alongside our U.S. GAAP financial results, including net income.

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
(in thousands, except percentages)				
<b>Net Income (loss)</b>	<b>\$ 6,635</b>	<b>\$ 6,521</b>	<b>\$ (7,407)</b>	<b>\$ (5,174)</b>
Adjustments:				
Financial (Income) expense	2,958	(3,526)	(1,692)	(23,480)
Provision for income taxes (benefit)	1,832	1,442	(1,685)	4,735
Equity awards compensation expense	24,323	21,084	78,219	42,594
Pension service costs	179	247	532	786
Depreciation and amortization expense	24,648	19,283	76,574	61,568
Acquisition-related costs	87	6,970	1,281	11,491
Net loss contingency on regulatory matters	(51)	(1,764)	(21,667)	63,920
Restructuring, integration and transformation costs	7,833	(81)	38,998	6,554
Total net adjustments	61,809	43,655	170,560	168,168
<b>Adjusted EBITDA</b>	<b>\$ 68,444</b>	<b>\$ 50,176</b>	<b>\$ 163,153</b>	<b>\$ 162,994</b>

The following table presents our Adjusted EBITDA on a comparative basis:

	Three Months Ended			Nine Months Ended		
	September 30, 2023	September 30, 2022	% change	September 30, 2023	September 30, 2022	% change
(in thousands, except percentages)						
Adjusted EBITDA	\$ 68,444	\$ 50,176	36%	\$ 163,153	\$ 162,994	0%

Adjusted EBITDA increased \$18.3 million, or 36% for the three months ended September 30, 2023 compared to the three months ended September 30, 2022, primarily due to higher Contribution ex-TAC over the period and planned cost reduction actions, partially offset by incremental costs following the acquisition of Iponweb.

Adjusted EBITDA increased \$0.2 million, or 0.1% for the nine months ended September 30, 2023 compared to the three months ended September 30, 2022, primarily due to higher Contribution ex-TAC over the period and planned cost reduction actions, offset by incremental costs following the acquisition of Iponweb.

## **Liquidity and Capital Resources**

Our cash and cash equivalents and restricted cash at September 30, 2023 were held for working capital and general corporate purposes, which could include acquisitions, and amounted to \$269.9 million as of September 30, 2023. The \$(178.3) million decrease in cash and cash equivalents, and restricted cash compared with December 31, 2022 primarily resulted from a decrease of \$(104.2) million in cash used for investing activities and by \$(124.9) million in cash used for financing activities over the period, partially offset by an increase of \$62.9 million in cash from operating activities. Our policy is to invest any cash in excess of our immediate requirements in investments designed to preserve the principal balance and provide liquidity. Accordingly, our cash and cash equivalents are invested primarily in demand deposit accounts that are currently providing only a minimal return.

As disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, on September 27, 2022, the Company entered into a new five year Revolving Credit Facility (the "RCF") that allows immediate access to an additional €407.0 million (\$431.2 million) of liquidity, which, combined with our cash position, marketable securities and treasury shares as of September 30, 2023, provides total liquidity above \$747 million. Overall, we believe that our current financial liquidity, combined with our expected cash-flow generation in 2023, enables financial flexibility.

### ***Share buy-back programs***

In December 2021, we completed a \$100 million share repurchase program. In 2022, we completed an additional \$136 million share repurchase. For the nine months ended September 30, 2023, we have acquired \$103.4 million of shares through our on-going share repurchase program.

All above programs have been implemented under our multi-year authorization granted by Board of Directors. On December 7, 2022, this authorization was extended to a total amount of \$480 million. Other than these repurchase programs, we intend to retain all available funds and any future earnings to fund our growth.

### ***Off-Balance Sheet Arrangements***

We do not have any relationships with unconsolidated entities or financial partnerships, including entities sometimes referred to as structured finance or special purpose entities that were established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. In addition, we do not engage in trading activities involving non-exchange traded contracts. We therefore believe that we are not materially exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in these relationships.

### ***Operating and Capital Expenditure Requirements***

For the nine months ended September 30, 2023 and 2022, our capital expenditures were \$94.6 million and \$41.3 million, respectively. During the nine months ended September 30, 2023, these capital expenditures were mainly comprised of acquisition of data center and server equipment, and software development costs. We expect our capital expenditures to remain at around 5% of revenue for 2023, as we plan to continue to build, reshape and maintain additional data center equipment capacity in all regions and we increase our investments to further develop our Commerce Media Platform.

We believe our existing cash balances will be sufficient to meet our anticipated cash requirements through at least the next 12 months.

Our future working capital requirements will depend on many factors, including the rate of our revenue growth, the amount and timing of our investments in personnel and capital equipment, and the timing and extent of our introduction of new products and product enhancements.

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If our cash and cash equivalents balances and cash flows from operating activities are insufficient to satisfy our liquidity requirements, we may need to raise additional funds through equity, equity-linked or debt financings to support our operations, and such financings may not be available to us on acceptable terms, or at all.

We may also need to raise additional funds in the event we determine in the future to effect one or more acquisitions of businesses, technologies, assets or products.

If we are unable to raise additional funds when needed, our operations and ability to execute our business strategy could be adversely affected. If we raise additional funds through the incurrence of indebtedness, such indebtedness would have rights that are senior to holders of our equity securities and could contain covenants that restrict our operations. Any additional equity financing will be dilutive to our shareholders.

### **Historical Cash Flows**

The following table sets forth our cash flows for the three month period ended September 30, 2023 and September 30, 2022:

	Nine Months Ended			
	September 30, 2023		September 30, 2022	
	(in thousands)			
Cash (used for) from operating activities	\$	62,906	\$	130,530
Cash (used for) from investing activities	\$	(104,199)	\$	(133,724)
Cash (used for) from financing activities	\$	(124,858)	\$	(36,196)

### **Operating Activities**

Cash from operating activities is primarily impacted by the increase in the number of clients using our solutions and by the amount of cash we invest in personnel to support the anticipated growth of our business. Cash from operating activities has typically been generated from changes in our operating assets and liabilities, particularly in the areas of accounts receivable, accounts payable and accrued expenses, adjusted for certain non-cash and non-operating items such as depreciation, amortization and share-based compensation, deferred tax assets and income taxes.

For the nine months ended September 30, 2023, net cash provided by operating activities mostly consisted of net income adjusted for certain non-cash and non-operating items, such as amortization and provision expense of \$56.3 million, and equity awards compensation expense of \$76.4 million, partially offset by \$(43.3) million payment of a contingent liability for regulatory matters, and \$27.6 million of changes in working capital. The decrease in cash flows from operating activities during the nine months ended September 30, 2023, compared to the same period in 2022, was primarily due to the payment of a contingent liability on regulatory matters.

### **Investing Activities**

Our investing activities to date have consisted primarily of the consideration paid to acquire the Iponweb business and purchases of servers and other data-center equipment. For the nine months ended September 30, 2023, net cash used for investing activities was \$(104.2) million and primarily consisted of a \$(94.6) million change in capital expenditures mainly comprised of purchases of servers and other data-center equipment and capitalized software development costs, a \$(12.3) million change from the maturity of investments in Marketable Securities and a \$(6.9) million payment for business acquisition, partially offset by \$9.6 million proceeds from the sale of a non consolidated investment.

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The decrease in cash used in investing activities during the nine months ended September 30, 2023, compared to the same period in 2022, was mostly due to the proceeds from the sale of a non consolidated investment and new investments in marketable securities.

### ***Financing Activities***

For the nine months ended September 30, 2023, net cash used for financing activities was \$(124.9) million, resulting mainly from a \$(103.4) million payment for our share repurchase program, a \$(22.0) million payout of the current portion of the earn-out liability resulting from the Iponweb Acquisition, partially offset by \$1.9 million of proceeds from capital increase following the exercises of stock options. The increase in cash used for financing activities during the nine months ended September 30, 2023, compared to the same period in 2022, was mostly due to our share repurchase program and the payout of the current portion of the earn-out liability resulting from the Iponweb Acquisition.

### **Critical Accounting Policies and Estimates**

There have been no material changes to our critical accounting policies and estimates from the information provided in Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations," included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

### **Recently Issued Pronouncements**

See "Recently Issued Accounting Standards" under Note 1, "Summary of Significant Accounting Policies," of the Notes to Unaudited Condensed Consolidated Financial Statements for a discussion of certain accounting standards that have been issued during 2023.

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### Item 3. Quantitative and Qualitative Disclosures About Market Risk

#### Market Risk

We are mainly exposed to foreign currency exchange rate fluctuations. There have been no material changes to our exposure to market risk during the nine months ended September 30, 2023.

For a description of our foreign exchange risk, please see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - B. Liquidity and Capital Resources" in our Annual Report on Form 10-K for the year ended December 31, 2022.

A hypothetical 10% increase or decrease of the Pound Sterling, the Euro, the Japanese yen or the Brazilian real against the U.S. dollar would have impacted the Condensed Consolidated Statements of Income as follows:

		Nine Months Ended			
		September 30, 2023		September 30, 2022	
		(in thousands)			
GBP/USD		+10%	-10%	+10%	-10%
Net income (loss) impact	\$	(244)	\$ 244	\$ (331)	\$ 331

		Nine Months Ended			
		September 30, 2023		September 30, 2022	
		(in thousands)			
BRL/USD		+10%	-10%	+10%	-10%
Net income (loss) impact	\$	126	\$ (126)	\$ 37	\$ (37)

	Nine Months Ended			
	September 30, 2023		September 30, 2022	
	(in thousands)			
JPY/USD	+10%	-10%	+10%	-10%
Net income (loss) impact	\$ 832	\$ (832)	\$ 1,649	\$ (1,649)

		Nine Months Ended			
		September 30, 2023		September 30, 2022	
		(in thousands)			
EUR/USD		+10%	-10%	+10%	-10%
Net income (loss) impact	\$	(3,636)	\$ 3,636	\$ (1,968)	\$ 1,968

#### Credit Risk and Trade receivables

For a description of our trade receivables, please see "Note 6. Trade Receivables" in the Notes to the Consolidated Financial Statements.

## **Item 4. Controls and Procedures**

### **Disclosure Controls and Procedures**

Based on their evaluation as of September 30, 2023, our management, including our Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) were effective to provide reasonable assurance that (i) the information required to be disclosed in our reports filed or submitted under the Exchange Act are recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (ii) such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

### **Changes in Internal Control Over Financial Reporting**

There were no changes in our internal control over financial reporting identified in management's evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the period covered by this Quarterly Report on Form 10-Q that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

### **Limitation on Effectiveness of Controls and Procedures**

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within Criteo have been detected. These inherent limitations include the realities that judgments in decision making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies and procedures. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected.

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## **PART II**

### **Item 1. Legal Proceedings.**

For a discussion of our legal proceedings, refer to Note 16. Commitments and contingencies.

### **Item 1A. Risk Factors.**

You should carefully consider the risks described under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022 and in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2023. These risks and uncertainties are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, also may become important factors that affect us. If any such risks materialize, our business, financial condition and results of operations could be materially harmed and the trading price of our American Depositary Shares could decline. These risks are not exclusive and additional risks and uncertainties that we are unaware of, or that we currently believe are not material, also may become important factors that affect us. There have been no material changes to the Risk Factors described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 and in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2023.

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## Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities.

### Purchases of Equity Securities by the issuer and Affiliated Purchasers

The following table provides certain information with respect to our purchases of our ADSs during the third fiscal quarter of 2023:

Period	Total Number of Shares Purchased <sup>(1)</sup>	Average Price Paid per Share <sup>(2)</sup>	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs <sup>(1)</sup>	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs <sup>(1)</sup>
July 1 to 31, 2023	238,432	\$ 33.59	238,432	\$ 161,410,380
August 1 to 31, 2023	288,108	\$ 28.43	288,108	152,765,607
September 1 to 30, 2023	408,774	\$ 28.88	408,774	140,934,404
<b>Total</b>	<b>935,314</b>		<b>935,314</b>	<b>—</b>

<sup>(1)</sup> In October 2021, the board of directors approved an extension of the long-term share repurchase program of up to \$175 million of the Company's outstanding American Depositary Shares, and in December 2022, the board of directors further extended this long-term share repurchase program to a total of \$480 million.

<sup>(2)</sup> Average price paid per share excludes any broker commissions paid.

## Item 5. Other Information

### Trading Plans

During the three months ended September 30, 2023, no directors or Section 16 officers of the Company adopted or terminated any Rule 10b5-1 trading arrangement or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K.

Item 6. Exhibits.

Exhibit Index

Exhibit	Description	Incorporated by Reference			
		Schedule/ Form	File Number	Exhibit	File Date
<a href="#"><u>31.1#</u></a>	<a href="#"><u>Certificate of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, as amended</u></a>				
<a href="#"><u>31.2#</u></a>	<a href="#"><u>Certificate of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, as amended</u></a>				
<a href="#"><u>32.1*</u></a>	<a href="#"><u>Certificate of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, as amended</u></a>				
101.INS	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	XBRL Taxonomy Extension Schema Document				
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document				
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document				
104	Cover Page Interactive Data File, formatted in Inline XBRL and contained in Exhibit 101.				

# Filed herewith.

\* Furnished herewith.

## **SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**CRITEO S.A.**

(Registrant)

By: /s/ Sarah Glickman

Date: November 2, 2023

Name: Sarah Glickman

Title: Chief Financial Officer

(Principal financial officer and duly authorized signatory)



**Certification by the Chief Executive Officer pursuant to  
Securities Exchange Act Rules 13a-14(a) and 15d-14(a)  
as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Megan Clarken, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Criteo S.A.;
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, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls 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 registrant'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 registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Megan Clarken

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Megan Clarken  
Chief Executive Officer  
(Principal Executive Officer)

Date: November 2, 2023

**Certification by the Chief Financial Officer pursuant to  
Securities Exchange Act Rules 13a-14(a) and 15d-14(a)  
as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Sarah Glickman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Criteo S.A.;
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, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls 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 registrant'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 registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Sarah Glickman

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Sarah Glickman

Chief Financial Officer

Date: November 2, 2023

**Certification by the Chief Executive Officer and Chief Financial Officer pursuant to  
18 U.S.C. Section 1350, as adopted pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

**Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350),** Megan Clarken, Chief Executive Officer of Criteo S.A. (the “Company”), and Sarah Glickman, Chief Financial Officer of the Company, each hereby certifies that, to the best of her knowledge:

1. The Company’s Quarterly Report on Form 10-Q for the period ended September 30, 2023, to which this Certification is attached as Exhibit 32.1 (the “Quarterly Report”), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act, and
2. The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 2, 2023

/s/ Megan Clarken

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Megan Clarken

Chief Executive Officer

/s/ Sarah Glickman

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Sarah Glickman

Chief Financial Officer

This certification accompanies the Quarterly Report, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act (whether made before or after the date of the Quarterly Report), irrespective of any general incorporation language contained in such filing.