
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
for the quarterly period ended March 31, 2024

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
for the transition period from _____ to _____
Commission file number: 001-36153

Criteo S.A.

(Exact name of registrant as specified in its charter)

France

(State or other jurisdiction of incorporation or organization)

Not Applicable

(I.R.S. Employer Identification Number)

32 Rue Blanche

Paris

France

75009

(Address of principal executive offices)

(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 Depository Shares, each representing one Ordinary Share,
nominal value €0.025 per share

CRTO

Nasdaq Global Select Market

Ordinary Shares, nominal value €0.025 per share

*

Nasdaq Global Select Market

*

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

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

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

Accelerated Filer

Non-accelerated Filer

Smaller reporting company

Emerging growth company

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

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

As of April 30, 2024, the registrant had 56,687,497 ordinary shares, nominal value €0.025 per share, outstanding.

TABLE OF CONTENTS

<u>PART I</u>	<u>FINANCIAL INFORMATION</u>	<u>2</u>
<u>Item 1</u>	<u>Unaudited Financial Statements as of March 31, 2024</u>	<u>2</u>
	<u>Condensed Consolidated Statements of Financial Position (Unaudited)</u>	<u>3</u>
	<u>Condensed Consolidated Statements of Income (Unaudited)</u>	<u>4</u>
	<u>Condensed Consolidated Statements of Comprehensive Income (Unaudited)</u>	<u>5</u>
	<u>Condensed Consolidated Statements of Shareholder's Equity (Unaudited)</u>	<u>6</u>
	<u>Condensed Consolidated Statements of Cash Flows (Unaudited)</u>	<u>7</u>
	<u>Notes to Condensed Consolidated Financial Statements (Unaudited)</u>	<u>8</u>
<u>Item 2</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>29</u>
<u>Item 3</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>44</u>
<u>Item 4</u>	<u>Controls and Procedures</u>	<u>45</u>
<u>PART II</u>	<u>OTHER INFORMATION</u>	<u>46</u>
<u>Item 1</u>	<u>Legal Proceedings</u>	<u>46</u>
<u>Item 1A</u>	<u>Risk Factors</u>	<u>46</u>
<u>Item 2</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>58</u>
<u>Item 5</u>	<u>Other Information</u>	<u>58</u>
<u>Item 6</u>	<u>Exhibits</u>	<u>48</u>
	<u>Signatures</u>	<u>50</u>

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 "USS" are to United States dollars. Our unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America, or "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," "project," "seek," "should," "will," "would," or the negative of these and similar expressions identify forward-looking statements.

You should refer to Item 1A "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2023, 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 statements.

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.

PART I

Item 1. Financial Statements

CRITEO S.A.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

	Notes	March 31, 2024	December 31, 2023		
		(in thousands)			
Assets					
Current assets:					
Cash and cash equivalents	3	\$ 266,862	\$ 336,341		
Trade receivables, net of allowances of \$43.1 million and \$43.3 million at March 31, 2024 and December 31, 2023, respectively.	4	610,676	775,589		
Income taxes	12	1,912	2,065		
Other taxes		142,630	109,306		
Other current assets	5	50,131	48,291		
Restricted cash - current	3	75,000	75,000		
Marketable securities - current portion	3	11,226	5,970		
Total current assets		1,158,437	1,352,562		
Property, plant and equipment, net		116,798	126,494		
Intangible assets, net		175,259	180,888		
Goodwill		521,198	524,197		
Right of use assets - operating lease	7	106,765	112,487		
Marketable securities - non-current portion	3	10,811	16,575		
Non-current financial assets		5,372	5,294		
Other non-current assets	5	60,221	60,742		
Deferred tax assets		51,389	52,680		
Total non-current assets		1,047,813	1,079,357		
Total assets		\$ 2,206,250	\$ 2,431,919		
Liabilities and shareholders' equity					
Current liabilities:					
Trade payables		\$ 629,634	\$ 838,522		
Contingencies - current portion	14	1,387	1,467		
Income taxes	12	14,693	17,213		
Financial liabilities - current portion	3	4,946	3,389		
Lease liability - operating - current portion	7	31,848	35,398		
Other taxes		92,768	66,659		
Employee - related payables		123,293	113,287		
Other current liabilities	6	96,410	104,552		
Total current liabilities		994,979	1,180,487		
Deferred tax liabilities		3,167	1,083		
Defined benefit plans	8	4,357	4,123		
Financial liabilities - non-current portion	3	76	77		
Lease liability - operating - non-current portion	7	80,059	83,051		
Contingencies - non-current portion	14	32,625	32,625		
Other non-current liabilities	6	18,388	19,082		
Total non-current liabilities		138,672	140,041		
Total liabilities		1,133,651	1,320,528		
Commitments and contingencies					
Shareholders' equity:					
Common shares, €0.025 par value, 61,181,001 and 61,165,663 shares authorized, issued and outstanding at March 31, 2024 and December 31, 2023, respectively.		2,024	2,023		
Treasury stock, 6,617,119 and 5,400,572 shares at cost as of March 31, 2024 and December 31, 2023, respectively.		(204,363)	(161,788)		
Additional paid-in capital		797,492	769,240		
Accumulated other comprehensive loss		(96,763)	(85,326)		
Retained earnings		543,092	555,456		
Equity-attributable to shareholders of Criteo S.A.		1,041,482	1,079,605		
Non-controlling interests		31,117	31,786		
Total equity		1,072,599	1,111,391		
Total equity and liabilities		\$ 2,206,250	\$ 2,431,919		

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

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

	Notes	Three Months Ended	
		March 31, 2024	March 31, 2023
(in thousands, except share per data)			
Revenue	9	\$ 450,055	\$ 445,016
Cost of revenue:			
Traffic acquisition costs		(196,167)	(224,398)
Other cost of revenue		(36,665)	(39,109)
Gross profit		217,223	181,509
Operating expenses:			
Research and development expenses		(66,858)	(63,590)
Sales and operations expenses		(92,842)	(101,242)
General and administrative expenses		(47,169)	(40,170)
Total operating expenses		(206,869)	(205,002)
Income (loss) from operations		10,354	(23,493)
Financial and Other income	11	1,181	6,827
Income (loss) before taxes		11,535	(16,666)
Provision for income tax (expense) benefit	12	(2,969)	4,595
Net Income (loss)		\$ 8,566	\$ (12,071)
Net income (loss) available to shareholders of Criteo S.A.		\$ 7,244	\$ (11,809)
Net income (loss) available to non-controlling interests		\$ 1,322	\$ (262)
Weighted average shares outstanding used in computing per share amounts:			
Basic	13	55,149,622	56,256,082
Diluted	13	59,332,882	56,256,082
Net income (loss) allocated to shareholders per share:			
Basic	13	\$ 0.13	\$ (0.21)
Diluted	13	\$ 0.12	\$ (0.21)

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	
	March 31, 2024	March 31, 2023
	(in thousands)	
Net income (loss)	\$ 8,566	\$ (12,071)
Foreign currency translation adjustments, net of taxes	(13,211)	6,315
Actuarial gains (losses) on employee benefits, net of taxes	(272)	(136)
Other comprehensive income (loss)	\$ (13,483)	\$ 6,179
Total comprehensive loss	\$ (4,917)	\$ (5,892)
Attributable to shareholders of Criteo S.A.	\$ (4,193)	\$ (5,334)
Attributable to non-controlling interests	\$ (724)	\$ (558)

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)								
Balance at December 31, 2022								
Net income (loss)	—	—	—	—	—	(11,809)	(11,809)	(262)
Other comprehensive income (loss)	—	—	—	—	6,475	—	6,475	(296)
Issuance of ordinary shares	67,968	2	—	—	1,295	—	1,297	—
Change in treasury stocks ^(*)	—	—	(1,338,049)	(37,107)	—	(13,922)	(51,029)	(51,029)
Share-Based Compensation	—	—	—	—	24,610	—	24,610	97
Other changes in equity	—	—	—	—	—	—	—	—
Balance at March 31, 2023	63,316,696	\$2,081	(7,323,153)	(\$211,400)	\$760,397	(\$85,415)	\$551,922	\$1,017,585
								\$32,604
								\$1,050,189

^(*) On February 5, 2022, Criteo's board of directors authorized an extension of the share repurchase program to up to \$480.0 million of the Company's outstanding American Depository Shares. The change in treasury stocks is comprised of 1,731,634 shares repurchased at an average price of \$29.9 offset by 393,585 treasury shares used for RSUs vesting and by 1,006,482 treasury shares used for LUSs 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)								
Balance at December 31, 2023								
Net income (loss)	—	—	—	—	7,244	7,244	1,322	8,566
Other comprehensive income (loss)	—	—	—	(11,437)	—	(11,437)	(2,046)	(13,483)
Issuance of ordinary shares	15,338	1	—	394	—	395	—	395
Change in treasury stocks ^(*)	—	—	(1,216,547)	(42,575)	—	(19,568)	(62,143)	(62,143)
Share-Based Compensation	—	—	—	27,858	—	27,858	55	27,913
Other changes in equity	—	—	—	—	—	(40)	(40)	(40)
Balance at March 31, 2024	61,181,001	\$2,024	(6,617,119)	(\$204,363)	\$797,492	(\$96,763)	\$543,092	\$1,041,482
								\$31,117
								\$1,072,599

^(*) On February 1, 2024, Criteo's board of directors authorized an extension of the share repurchase program to up to \$30.0 million of the Company's outstanding American Depository Shares. The change in treasury stocks is comprised of 1,996,797 shares repurchased at an average price of \$29.7 offset by 405,250 treasury shares used for RSUs vesting and by 375,000 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)

	Three Months Ended	
	March 31, 2024	March 31, 2023
	(in thousands)	(in thousands)
Net income (loss)	\$ 8,566	\$ (12,071)
Non-cash and non-operating items		
- Amortization and provisions	60,161	31,947
- Equity awards compensation expense ⁽¹⁾	25,235	27,311
- Net (gain) or loss on disposal of non-current assets	27,292	25,168
- Change in uncertain tax position	—	(8,790)
- Net change in fair value of Earn-out	882	(60)
- Change in deferred taxes	3,237	86
- Change in income taxes	3,174	(12,297)
- Change in other	(2,255)	(137)
- Other	2,596	666
Changes in working capital related to operating activities	(54,710)	22,088
- (Increase) / Decrease in trade receivables	158,056	164,120
- Increase / (Decrease) in trade payables	(201,921)	(145,011)
- (Increase) / Decrease in other current assets	(36,857)	(13,594)
- Increase/ (Decrease) in other current liabilities	26,734	16,666
- Change in operating lease liabilities and right of use assets	(722)	(93)
Cash from operating activities	14,017	41,964
Acquisition of intangible assets, property, plant and equipment	(13,293)	(37,195)
Change in accounts payable related to intangible assets, property, plant and equipment	69	3,976
Payment for business, net of cash acquired	(527)	(6,500)
Proceeds from disposition of investments	—	9,625
Change in other non-current financial assets	(148)	(6,008)
Cash (used for) from investing activities	(13,899)	(36,102)
Proceeds from exercise of stock options	395	1,266
Repurchase of treasury stocks	(62,143)	(51,030)
Cash payment for contingent consideration	—	(22,025)
Change in other financing activities	(432)	(428)
Cash used for financing activities	(62,180)	(72,217)
Effect of exchange rates changes on cash and cash equivalents	(7,333)	(1,182)
Net decrease in cash and cash equivalents and restricted cash	(69,395)	(67,537)
Net cash and cash equivalents and restricted cash at beginning of period	411,257	448,200
Net cash and cash equivalents and restricted cash at end of period	\$ 341,862	\$ 380,663
Supplemental disclosures of cash flow information		
Cash paid for taxes, net of refunds	(1,168)	(7,900)
Cash paid for interest	(327)	(616)

⁽¹⁾ Of which \$26.8 million and \$24.7 million of equity awards compensation expense consisted of share-based compensation expense according to ASC 718 *Compensation - stock compensation* for the three months ended March 31, 2024 and 2023, respectively.

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, which includes 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 accompanying unaudited condensed consolidated financial statements (the "Unaudited Condensed Consolidated Financial Statements") have been prepared by Criteo in accordance with generally accepted accounting principles in the United States of America ("GAAP") and pursuant to the applicable rules and regulations of the Securities and Exchange Commission ("SEC"), including regarding interim financial reporting. Certain information and disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. As such, 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, 2023, filed with the SEC on February 23, 2024.

The unaudited condensed consolidated financial statements included herein reflect all normal recurring adjustments that 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 ending December 31, 2024.

Use of Estimates

The preparation of our Consolidated Financial Statements requires the use of estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenue and expenses during the period. We base our estimates and assumptions on historical experience and other factors that we believe to be reasonable under the circumstances. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates. Estimates in our financial statements include, but are not limited to, (1) gross versus net assessment in revenue recognition (2) income taxes, (3) assumptions used in the valuation of long-lived assets including intangible assets, and goodwill, (4) assumptions surrounding the recognition and valuation of contingent liabilities and losses.

Significant Accounting Policies

Reportable Segments

Beginning with the first quarter of 2024, the Company has changed its segment reporting structure to two reportable segments: Retail Media and Performance Media, which combines our former Marketing Solutions and Iponweb segments, to align with a change in how the Chief Operating Decision Maker (CODM), our Chief Executive Officer (CEO), allocates resources and assesses performance.

As such, prior period segment results and related disclosures have been conformed to reflect the Company's current reportable segments. This change in accounting policy did not impact our results of operations, financial position, or cash flows. Refer to Note 2 for further discussion.

Goodwill Interim Impairment Evaluation

The Company's goodwill balance was \$521.2 million and \$524.2 million at March 31, 2024 and December 31, 2023, respectively. We assess goodwill for impairment at least annually during the fourth quarter and whenever events or changes in circumstances indicate that the carrying value may not be recoverable. As noted above, during the first quarter 2024, the Company made a change to its operating and reportable segments from three to two segments: Retail Media and Performance Media. As a result of this change, we reassessed our reporting units for the evaluation of goodwill. Prior to this change, consistent with the determination that we had three operating/reportable segment, we determined that we had three reporting units for goodwill assessment purposes. Our reassessment during the first quarter of 2024 determined that, consistent with the determination that we had two operating/reportable segments, we also have two reporting units for goodwill assessment purposes: Retail Media and Performance Media.

As a result of this change in reporting units, effective January 1, 2024, we estimated the fair value of our new reporting units and, based on an assessment of the relative fair values of our new reporting units after the change, we determined that the goodwill held by the Iponweb reportable unit was now allocated to the Performance Media reporting unit. This determination was largely based on the fact that the operations of the previous Iponweb operating segment/reporting unit are significantly integrated with the Performance Media operating segment / reportable unit. The change in reporting units was also considered a triggering event indicating a test for goodwill impairment was required as of January 1, 2024 before and after the change in reporting units. The Company performed those impairment tests, which did not result in the identification of an impairment loss as of January 1, 2024.

Goodwill allocated to the two reportable segments and the changes in the carrying amount for the quarter-ended March 31, 2024 were as follows:

	Retail Media	Performance Media	Total
	(in thousands)		
Balance at January 1, 2024	149,680	374,517	524,197
Acquisitions	—	—	—
Disposals	—	—	—
Currency translation adjustment	(759)	(2,240)	(2,999)
Impairments	—	—	—
Balance at March 31, 2024	148,921	372,277	521,198

There have been no other significant changes to our accounting policies described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Recently Issued Accounting Pronouncements

There have been no recently issued accounting standards adopted during the period which had a material impact on the Company's financial statements.

There are no recently issued accounting standards that are expected to have a material impact on our results of operations, financial condition, or cash flows.

Note 2. Segment information

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. Beginning with the first quarter of 2024, the Company changed its segment reporting structure and reports its results of operations through the following two segments: Retail Media and Performance Media.

- Retail Media: This segment encompasses revenue generated from brands, agencies and retailers for the purchase and sale of retail media digital advertising inventory and audiences, and services.
- Performance Media: This segment encompasses commerce activation, monetization, and services.

The Company's CODM allocates resources to and assesses the performance of each segment using information about Contribution excluding Traffic Acquisition Costs (Contribution ex-TAC), which is our segment profitability measure and reflects our gross profit plus other costs of revenue. The Company's CODM does not review any other financial information for our two segments.

The following table shows revenue by reportable segment:

	Three Months Ended	
	March 31, 2024	March 31, 2023
	(in thousands)	
Retail Media	50,872	38,021
Performance Media	399,183	406,995
Total Revenue	\$ 450,055	\$ 445,016

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

	Three Months Ended	
	March 31,	March 31,
	2024	2023
(in thousands)		
Contribution ex-TAC		
Retail Media	\$ 50,169	\$ 37,352
Performance Media	203,719	183,266
	253,888	220,618
Other costs of sales	(36,665)	(39,109)
Gross profit	\$ 217,223	\$ 181,509
Operating expenses		
Research and development expenses	(66,858)	(63,590)
Sales and operations expenses	(92,842)	(101,242)
General and administrative expenses	(47,169)	(40,170)
Total Operating expenses	(206,869)	(205,002)
Income (loss) from operations	\$ 10,354	\$ (23,493)
Financial and Other Income (Expense)	1,181	6,827
Income (loss) before tax	\$ 11,535	\$ (16,666)

Note 3. Financial Instruments

Fair Value Measurements

We classify our cash, cash equivalents and marketable debt securities within Level 1 or Level 2 because we use quoted market prices or pricing models with observable inputs to determine their fair value. Our term deposits are comprised primarily of interest-bearing term deposits and mutual funds. Interest-bearing and term bank deposits are considered Level 2 financial instruments as they are measured using valuation techniques based on observable market data. Term deposits are considered a level 2 financial instrument as they are measured using valuation techniques based on observable market data.

	March 31, 2024		December 31, 2023	
	Cash and Cash Equivalent	Marketable Securities	Cash and Cash Equivalent	Marketable Securities
	(in thousands)			
Level 1				
Cash and cash equivalents	\$ 212,326	\$ —	\$ 285,518	\$ —
Level 2				
Term deposits and notes	\$ 54,536	\$ 22,037	\$ 50,823	\$ 22,545
Total	\$ 266,862	\$ 22,037	\$ 336,341	\$ 22,545

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:

	March 31, 2024		December 31, 2023		
	(in thousands)				
Securities Held-to-maturity					
Term Deposits	\$ 22,037	\$ 22,037	\$ 22,037	\$ 22,545	
Total	\$ 22,037	\$ 22,037	\$ 22,037	\$ 22,545	

The gross unrealized gains on our marketable securities were not material as of March 31, 2024.

The following table classifies our marketable debt securities by contractual maturities:

	Held-to-maturity	
	March 31, 2024	
	(in thousands)	
	\$ 11,226	
	\$ 10,811	
	\$ 22,037	

Restricted Cash

As of March 31, 2024, the Company has restricted cash of \$ 75.0 million in an escrow account containing withdrawal conditions. The cash secures the Company's 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 2023 fiscal year.

Note 4. Trade Receivables

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

	March 31, 2024	December 31, 2023
	(in thousands)	
Trade accounts receivables	\$ 653,738	\$ 818,937
(Less) Allowance for credit losses	(43,062)	(43,348)
Net book value at end of period	\$ 610,676	\$ 775,589

As of March 31, 2024 no customer individually exceeded 10% of our gross accounts receivables.

Note 5. Other Current and Non-Current Assets

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

	March 31, 2024	December 31, 2023
	(in thousands)	
Prepayments to suppliers	\$ 6,098	\$ 7,499
Other debtors	8,210	7,279
Prepaid expenses	35,167	32,858
Other current assets	656	655
Net book value at end of period	\$ 50,131	\$ 48,291

Prepaid expenses mainly consist of amounts related to SaaS arrangements.

Other non-current assets of \$60.2 million are primarily comprised of the indemnification asset of \$ 48.7 million recorded against certain tax liabilities related to the purchase agreement for the Iponweb Acquisition.

Note 6. Other Current and Non-Current Liabilities

Other current liabilities are presented in the following table:

	March 31, 2024	December 31, 2023
	(in thousands)	
Customer prepayments	\$ 9,778	\$ 25,914
Rebates	22,647	23,315
Accounts payable relating to capital expenditures	2,738	3,346
Other creditors	3,377	2,319
Deferred revenue	3,230	10
Earn out liability – current	54,640	49,648
Total current liabilities	\$ 96,410	\$ 104,552

The earn out liability is related to the Iponweb Acquisition, whereas the Sellers are entitled to contingent consideration, which is conditioned upon the achievement of certain revenue targets by the Iponweb business for the 2023 fiscal year. The related earn-out liability is valued and discounted using management's best estimate of the consideration that is expected to be paid during 2024.

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

	March 31, 2024	December 31, 2023
	(in thousands)	
Uncertain tax positions	17,014	16,785
Other	1,374	2,297
Total non-current liabilities	\$ 18,388	\$ 19,082

Other non-current liabilities include \$17.0 million related to uncertain tax positions as of March 31, 2024. These uncertain tax positions are primarily related to the Iponweb Acquisition.

Note 7. Leases

The components of lease expense are as follows:

Three Months Ended	March 31, 2024			March 31, 2023		
	Offices	Data Centers	Total	Offices	Data Centers	Total
	(in thousands)					
Lease expense	\$ 3,617	\$ 6,245	\$ 9,862	\$ 3,704	\$ 5,576	\$ 9,280
Short term lease expense	313	—	313	142	9	151
Variable lease expense	331	28	359	89	4	93
Sublease income	(422)	—	(422)	(229)	—	(229)
Total operating lease expense	\$ 3,839	\$ 6,273	\$ 10,112	\$ 3,706	\$ 5,589	\$ 9,295

Note 8. Employee Benefits

Defined Benefit Plans

According to 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)
Projected benefit obligation present value at January 1, 2023	\$ 3,708
Service cost	707
Interest cost	161
Curtailment	(306)
Actuarial losses (gains)	(290)
Currency translation adjustment	143
Projected benefit obligation present value at December 31, 2023	\$ 4,123
Service cost	172
Interest cost	40
Actuarial losses (gains)	94
Currency translation adjustment	(72)
Projected benefit obligation present value at March 31, 2024	\$ 4,357

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:

	Three Months Ended	Year Ended
	March 31, 2024	December 31, 2023
Discount rate (Corp AA)	3.8%	3.9%
Expected rate of salary increase	7.0%	7.0%
Expected rate of social charges	48.0%	48.0%
Expected staff turnover	Company age-based table	Company age-based table
Estimated retirement age	65 years old	65 years old
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	
	March 31, 2024	March 31, 2023
	(in thousands)	
Defined contributions plans included in personnel expenses	\$ (4,226)	\$ (4,078)

Note 9. Revenue

The following table presents our disaggregated revenues by segment:

Three Months Ended	Retail Media	Performance Media	Total
	(in thousands)		
March 31, 2024	\$ 50,872	\$ 399,183	\$ 450,055
March 31, 2023	\$ 38,021	\$ 406,995	\$ 445,016

Note 10. Share-Based Compensation

Equity awards Compensation Expense

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

	Three Months Ended	
	2024	2023
	(in thousands)	
Research and Development	(14,595)	(16,172)
Sales and Operations	(5,727)	(4,045)
General and Administrative	(6,970)	(4,951)
Total equity awards compensation expense	(27,292)	(25,168)
Tax benefit from equity awards compensation expense	2,428	1,700
Total equity awards compensation expense, net of tax effect	\$ (24,864)	\$ (23,468)

During the three months ended March 31, 2024, the Company settled \$ 13.1 million of equity instruments granted under share-based arrangements.

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

	Three Months Ended	
	2024	2023
	(in thousands)	
Share options	—	(38)
Lock-up shares	(9,613)	(10,591)
Restricted stock units / Performance stock units	(17,179)	(14,079)
Non-employee warrants	(500)	(460)
Total equity awards compensation expense	(27,292)	(25,168)
Tax benefit from equity awards compensation expense	2,428	1,700
Total equity awards compensation expense, net of tax effect	\$ (24,864)	\$ (23,468)

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	Remaining Contractual Term (Years)	Weighted-Average Intrinsic Value
				Outstanding as of December 31, 2023
Outstanding as of December 31, 2023	319,238			
Options granted	—			
Options exercised	(13,758)			
Options forfeited	(4,430)			
Options canceled	—			
Options expired	(2,720)			
Outstanding as of March 31, 2024	298,330			
Vested and exercisable as of March 31, 2024	298,330	20.38	4.19	13.16

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 March 31, 2024. As of March 31, 2024, there was no remaining unrecognized stock-based compensation related to unvested stock options.

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"), as partial consideration for the Iponweb Acquisition. 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 vesting schedule changes or the Founder's employment agreement is terminated under certain circumstances during the pendency of such lock-up period. These shares are considered as equity settled share-based payments under ASC 718 and are accounted over the three-year lock-up 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-Average Grant date Fair Value Per Share
Outstanding as of December 31, 2023	1,953,761	—
Granted	—	—
Vested	(375,000)	—
Forfeited	—	—
Outstanding as of March 31, 2024	1,578,761	€ 23.94

During the three months ended March 31, 2024, the vesting resulted in the recognition of share-based compensation expense of \$ 5.1 million.

As of March 31, 2024, the Company had unrecognized stock-based compensation relating to restricted stock of approximately \$ 11.3 million, which is expected to be recognized over a period from April 1, 2024 to August 1, 2025.

Restricted Stock Units and Performance Stock Units

On March 1, 2024, the Company granted new equity under our current equity compensation plans, which was comprised of restricted stock units ("RSU"), and performance-based RSU awards consisting of total shareholder return ("TSR") and performance vesting conditions ("PSU") to the Company's senior executives.

Restricted Stock Units

Restricted stock units 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, 2023	5,293,263	—
Granted	382,418	—
Vested	(294,276)	—
Forfeited	(60,033)	—
Outstanding as of March 31, 2024	5,321,372	€ 27.01

The RSUs are subject to a vesting period of four years, over which the expense is recognized on a straight-line basis. A total of 382,418 shares have been granted under this plan, with a grant-date fair value of €29.88.

As of March 31, 2024, the Company had unrecognized stock-based compensation relating to restricted stock of approximately \$ 65.9 million, which is expected to be recognized over a weighted-average period of 3.06 years.

Performance Stock Units

Performance stock units are subject to either a performance condition or a market condition.

Awards that are subject to a performance condition, are earned based on internal financial performance metrics measured by Contribution ex-TAC. A total of 536,452 shares have been granted at target under this plan with a vesting period of three years. The target shares are subject to a range of vesting from 0% to 200% based on the performance of internal financial metrics, for a maximum number of shares of 1,072,906. The grant-date fair value is determined based on the fair-value of the shares at the grant date, which is €29.88 per share for a total fair value of approximately \$ 17.4 million, to be expensed on a straight-line basis over the respective vesting period. The number of shares granted, vesting and outstanding subject to performance conditions is as follows:

	Shares (PSU)	Weighted-Average Grant date Fair Value Per Share
Outstanding as of December 31, 2023	660,395	—
Granted	536,452	—
Performance share adjustment	64,152	—
Vested	(111,278)	—
Forfeited	—	—
Outstanding as of March 31, 2024	1,149,721	€ 29.52

As of March 31, 2024, the Company had unrecognized stock-based compensation related to performance stock units of approximately \$ 23.6 million, which is expected to be recognized over a weighted-average period of 3.56 years.

Awards that are subject to a market condition are earned based on the Company's total shareholder return relative to the Nasdaq Composite Index, and certain other vesting conditions. A total of 268,226 shares have been granted at target under this plan, to be earned in two equal tranches over a term of two and three years, respectively. The target shares are subject to a range of vesting from 0% to 200% for each tranche based on the TSR, for a maximum number of shares of 536,452. The grant-date fair value is approximately \$ 13.7 million, to be expensed on a straight-line basis over the respective vesting period.

The grant-date fair value was determined based on a Monte-Carlo valuation model using the following key assumptions:

Expected volatility of the Company	42.73 %
Expected volatility of the benchmark	71.18 %
Risk-free rate	4.27 %
Expected dividend yield	— %

The number of shares granted, vested and outstanding subject to market conditions is as follows:

	Shares (PSU)	Weighted-Average Grant date Fair Value Per Share
Outstanding as of December 31, 2023	660,395	—
Granted	536,452	—
Performance share adjustment	64,152	—
Vested	(111,278)	—
Forfeited	—	—
Outstanding as of March 31, 2024	1,149,721	€ 29.52

	Shares (TSR)	Weighted-Average Grant date Fair Value Per Share
Outstanding as of December 31, 2023	—	—
Granted	268,226	—
Vested	—	—
Forfeited	—	—
Outstanding as of March 31, 2024	268,226	€ 51.28

As of March 31, 2024, a total of \$0.5 million expense has been recognized and the Company had unrecognized stock-based compensation related to performance stock units based of market conditions of \$13.3 million, which is expected to be recognized over a period from April 1, 2024 to March 1, 2027.

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, 2023	244,457	—	—	—
Granted	—	—	—	—
Exercised	—	—	—	—
Canceled	—	—	—	—
Expired	—	—	—	—
Outstanding as of March 31, 2024	244,457	€ 17.65	4.23	€ 16.31
Vested and exercisable - March 31, 2024	244,457	—	—	—

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 March 31, 2024. As of March 31, 2024 all instruments have fully vested.

Note 11. Financial and Other Income and Expenses

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

	Three Months Ended	
	March 31, 2024	March 31, 2023
	(in thousands)	
Financial income from cash equivalents	\$ 2,189	\$ 1,063
Interest and fees	(423)	(486)
Foreign exchange gains (losses)	879	(1,949)
Discounting impact	(1,778)	(680)
Other financial income	314	8,879
Total Financial and Other income	\$ 1,181	\$ 6,827

The \$1.2 million in financial and other income for the three months ended March 31, 2024, were mainly driven by financial income from cash equivalents and a positive impact of foreign exchange, partially offset by the change in the accretion of the earn-out liability related to the Iponweb Acquisition.

As of March 31, 2024, 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 12. 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. Our effective tax rate in the future will depend on the portion of our profits earned within and outside of France.

In December 2021, the Organization for Economic Cooperation and Development (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. Numerous jurisdictions have enacted or are in the process of enacting legislation to adopt a minimum effective tax rate. While the adoption of Pillar Two did not have a material impact on the first quarter of 2024, the Company will continue to assess the ongoing impact as additional guidance becomes available.

The following table presents provision for income taxes:

	Three Months Ended	
	March 31, 2024	March 31, 2023
	(in thousands)	
Provision for income tax (expense) benefit	\$ (2,969)	\$ 4,595

For the three months ended March 31, 2024 and March 31, 2023, provision for income tax (expense) benefit was \$(3.0) million and \$4.6 million, respectively. The \$(3.0) million expense was driven by profits from operations.

The three months ended March 31, 2024 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 nondeductible equity awards compensation expense.

Note 13. 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	
	March 31, 2024	March 31, 2023
Net income (loss) attributable to shareholders of Criteo S.A.	\$ 7,244	\$ (11,809)
Weighted average number of shares outstanding	55,149,622	56,256,082
Basic earnings per share	\$ 0.13	\$ (0.21)

Diluted Earnings Per Share

We calculate diluted earnings per share by dividing the net income or loss attributable to shareholders of the Parent by the weighted average number of shares outstanding plus any potentially dilutive shares not yet issued from share-based compensation plans (refer to Note 10). For the three months ended March 31, 2023, the Company reported a net loss hence basic net loss per share was the same as diluted net loss per share, as the inclusion of all potential shares of common stock outstanding would have been anti-dilutive.

For each period presented, a contract to issue a certain number of shares (i.e., share option, non-employee warrant, employee warrant ("BSPCE")) is assessed as potentially dilutive if it is "in the money" (i.e., the exercise or settlement price is lower than the average market price).

	Three Months Ended	
	March 31, 2024	March 31, 2023
Net income (loss) attributable to shareholders of Criteo S.A.	\$ 7,244	\$ (11,809)
Basic shares :		
Weighted average number of shares outstanding of Criteo S.A.	55,149,622	56,256,082
Dilutive effect of :		
Restricted share awards ("RSUs")	2,994,079	—
Lock-up shares ("LUUs")	1,041,412	—
Share options and BSPCE	96,763	—
Share warrants	51,006	—
Diluted shares :		
Weighted average number of shares outstanding used to determine diluted earnings per share	59,332,882	56,256,082
Diluted earnings per share	\$ 0.12	\$ (0.21)

The weighted average number of securities that were anti-dilutive for diluted EPS for the periods presented but which could potentially dilute EPS in the future are as follows:

	Three Months Ended	
	March 31, 2024	March 31, 2023
Restricted share awards	641,556	497,821
Share options and BSPCE	—	—
Weighted average number of anti-dilutive securities excluded from diluted earnings per share	641,556	497,821

Note 14. Commitments and 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.

Legal and 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. In June 2023, the CNIL issued its decision, which retained alleged European Union's General Data Protection Regulation ("GDPR") violations but reduced the financial sanction against Criteo from the original amount of €60 million (\$65.0 million) to €40 million (\$43.3 million). Criteo issued the required sanction payment during the third quarter of 2023. The decision relates to past matters and does not include any obligation for Criteo to change its current practices. Criteo has appealed this decision before the French Council of State (*Conseil d'Etat*).

We are party to a claim (Doe v. GoodRx Holdings, Inc. et al. in the U.S. District Court for the Northern District of California), alleging violations of various state and federal laws. We intend to vigorously defend our position, but we are unable to predict the potential outcome.

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 Framework Purchase Agreement (FPA). The indemnification asset is recorded as part of "Other non current assets" on the consolidated statement of financial position.

Note 15. 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)			
March 31, 2024	\$ 198,365	\$ 162,842	\$ 88,848	\$ 450,055
March 31, 2023	\$ 188,288	\$ 160,214	\$ 96,514	\$ 445,016

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

	Three Months Ended	
	March 31, 2024	March 31, 2023
	(in thousands)	
Americas		
United States	\$ 177,277	\$ 169,591
EMEA		
Germany	\$ 49,877	\$ 45,782
France	\$ 21,473	\$ 23,298
Asia-Pacific		
Japan	\$ 53,144	\$ 59,692

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)			
March 31, 2024	\$ 86,664	\$ 191,642	\$ 13,751	\$ 292,057
December 31, 2023	\$ 89,355	\$ 202,969	\$ 15,058	\$ 307,382

Note 16. Subsequent Events

The Company evaluated all subsequent events that occurred after March 31, 2024 through the date of issuance of the unaudited condensed consolidated financial statements and determined there are no significant events that require adjustments or disclosure.

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

The following discussion and analysis of our financial condition and results of operations 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, 2023, filed with the Securities and Exchange Commission ("SEC"), on February 23, 2024. 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 ("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 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 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 are a global technology company driving superior commerce outcomes for marketers and media owners through the world's leading Commerce Media Platform. We operate in commerce media, the future of digital advertising, leveraging commerce data and artificial intelligence ("AI") to connect ecommerce, digital marketing and media monetization to reach consumers throughout their shopping journey. Our vision is to 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. We have accelerated and deeply transformed the Company from a single-product to a multi-solution platform provider, fast diversifying our business into new solutions..

We report our segment results as Retail and Performance Media:

- *Retail Media* encompasses revenue generated from brands, agencies and retailers for the purchase and sale of retail media digital advertising inventory and audiences, and services.
- *Performance Media* segment encompasses commerce activation, monetization, and services.

Current quarter financial highlights

For the three months ended March 31, 2024, revenue grew by 1% to \$450.1 million, compared to the same period in the prior year, reflecting growth in Retail Media. At constant currency, revenue increased by 3%.

Gross profit for the three months ended March 31, 2024 increased by 20% to \$217.2 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 March 31, 2024 increased by 15% to \$253.9 million, compared to the same period in the prior year, driven by growth across both segments. At constant currency, Contribution ex-TAC increased by 17%.

Net income for the three months ended March 31, 2024 increased by 171% to \$8.6 million, compared to the same period in the prior year, primarily due to revenue growth.

Adjusted EBITDA for the three months ended March 31, 2024 increased by 83% to \$70.7 million, compared to the same period in the prior year, primarily due to higher Contribution ex-TAC over the period and disciplined cost management.

Cash flow from operating activities was \$14.0 million for the three months ended March 31, 2024, compared to \$42.0 million in the same period in the prior year, reflecting TAC payments in line with seasonality.

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, 2023.

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.

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 2025, which will follow a one-percent deprecation of third-party cookies for Chrome users globally that was implemented 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.

Results of Operations for the Periods Ended March 31, 2024 and March 31, 2023 (Unaudited)

Revenue

Revenue breakdown by segment

	Three Months Ended		
	March 31, 2024	March 31, 2023	% change
	(in thousands, except percentages)		
Revenue as reported	\$ 450,055	\$ 445,016	1%
Conversion impact U.S. dollar/other currencies	6,231	—	
Revenue at constant currency	456,286	445,016	3%
<i>Retail Media revenue as reported</i>	50,872	38,021	34%
Conversion impact U.S. dollar/other currencies	(223)	—	
<i>Retail Media revenue at constant currency</i>	50,649	38,021	33%
<i>Performance Media revenue as reported</i>	399,183	406,995	(2)%
Conversion impact U.S. dollar/other currencies	6,454	—	
<i>Performance Media revenue at constant currency</i>	405,637	406,995	—%

Revenue for the three months ended March 31, 2024 increased 1%, or 3% on a constant currency basis, to \$456.3 million compared to the three months ended March 31, 2023 reflecting growth in Retail Media.

In the three months ended March 31, 2024, 89% of revenue came from existing clients while 11% came from new client additions.

Retail Media revenue increased 34%, or 33% on a constant currency basis, to \$50.6 million for the three months ended March 31, 2024, 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.

Performance Media revenue decreased (2)%, or 0% on a constant currency basis, to \$405.6 million for the three months ended March 31, 2024, with improving trends across all verticals.

Additionally, our \$450.1 million of revenue for the three months ended March 31, 2024 was negatively impacted by \$6.2 million of currency fluctuations, particularly as a result of the depreciation of the Euro, Japanese Yen, and the Brazilian Real compared to the U.S. dollar.

Revenue breakdown by region

	Three Months Ended		
	March 31, 2024	March 31, 2023	% change
	(in thousands, except percentages)		
Revenue as reported	\$ 450,055	\$ 445,016	1%
Conversion impact U.S. dollar / other currencies	6,231	—	
Revenue at constant currency	456,286	445,016	3%
<u>Americas</u>			
Revenue as reported	198,365	188,288	5%
Conversion impact U.S. dollar / other currencies	(631)	—	
Revenue at constant currency	197,734	188,288	5%
<u>EMEA</u>			
Revenue as reported	162,842	160,214	2%
Conversion impact U.S. dollar / other currencies	(315)	—	
Revenue at constant currency	162,527	160,214	1%
<u>Asia-Pacific</u>			
Revenue as reported	88,848	96,514	(8)%
Conversion impact U.S. dollar / other currencies	7,177	—	
Revenue at constant currency	96,025	96,514	(1)%

Our revenue in the Americas region increased 5%, or 5% on a constant currency basis, to \$197.7 million for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. This primarily reflects continued strong performance of Retail Media as the platform continues to scale with large retailers and consumer brands and strong Classified trends in the region.

Our revenue in EMEA increased 2%, or 1% on a constant currency basis, to \$162.5 million for the three months ended March 31, 2024 compared to the three months ended March 31, 2023, reflecting continued traction in Retail Media and continued strength in Travel.

Our revenue in the Asia-Pacific region decreased (8)%, or (1)% on a constant currency basis, to \$96.0 million for the three months ended March 31, 2024 compared to the three months ended March 31, 2023, reflecting soft Classified trends, partially offset by solid Retail and Travel trends in the region.

Cost of Revenue

	Three Months Ended		
	March 31, 2024	March 31, 2023	% change
	(in thousands, except percentages)		
Traffic acquisition costs	\$ (196,167)	\$ (224,398)	(13)%
Other cost of revenue	(36,665)	(39,109)	(6)%
Total cost of revenue	(232,832)	(263,507)	(12)%
% of revenue	52 %	59 %	
Gross profit %	48 %	41 %	

	Three Months Ended			
	March 31, 2024	March 31, 2023	% change	% change at Constant Currency
	(in thousands, except percentages)			
Retail Media	\$ (703)	\$ (669)	5%	4%
Performance Media	(195,464)	(223,729)	(13)%	(12)%
Traffic Acquisition Costs	(196,167)	(224,398)	(13)%	(11)%

Cost of revenue for the three months ended March 31, 2024 decreased \$(30.7) million, or (12)%, compared to the three months ended March 31, 2023. This decrease was primarily the result of a decrease of \$(28.2) million, or (13)% (or (11)% on a constant currency basis) in traffic acquisition costs driven by a lower average price partially offset by an increase in volume, and a decrease of \$(2.4) million, or (6)% in other cost of revenue.

Traffic acquisition costs in Retail Media increased by 5% (or 4% at constant currency).

Traffic acquisition costs in Performance Media decreased by (13)% (or (12)% at constant currency). This was driven by a (8)% decrease (or (6)% 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 (6)% decrease in the number of impressions we purchased.

The decrease in other cost of revenue included a decrease in depreciation of servers, offset by other hosting costs.

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 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 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 GAAP financial measures.

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

	Three Months Ended	
	March 31, 2024	March 31, 2023
	(in thousands)	
Gross Profit	\$ 217,223	\$ 181,509
Other Cost of Revenue	36,665	39,109
Contribution ex-TAC	\$ 253,888	\$ 220,618

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				
	March 31, 2024	March 31, 2023	% change	% change at Constant Currency	
	(amounts in thousands, except percentages)				
Revenue					
Retail Media	\$ 50,872	\$ 38,021	34%	33%	
Performance Media	399,183	406,995	(2)%	—%	
Total	450,055	445,016	1%	3%	
Contribution ex-TAC					
Retail Media	\$ 50,169	\$ 37,352	34%	34%	
Performance Media	203,719	183,266	11%	13%	
Total	253,888	220,618	15%	17%	

Contribution ex-TAC increased \$33.3 million, or 15% for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. The increase in Contribution ex-TAC was driven by growth in both segments.

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		
	March 31, 2024	March 31, 2023	% change
	(amounts in thousands, except percentages)		
Gross Profit as reported	\$ 217,223	\$ 181,509	20%
Other cost of revenue as reported	(36,665)	(39,109)	(6)%
Contribution ex-TAC as reported	253,888	220,618	15%
Conversion impact U.S. dollar/other currencies	3,722	—	
Contribution ex-TAC at constant currency	257,610	220,618	17%
Contribution ex-TAC/Revenue as reported	56 %	50 %	
Traffic acquisition costs as reported	(196,167)	(224,398)	(13)%
Conversion impact U.S. dollar/other currencies	(2,509)	—	
Traffic Acquisition Costs at constant currency	(198,676)	(224,398)	(11)%
Revenue as reported	450,055	445,016	1%
Conversion impact U.S. dollar/other currencies	6,231	—	
Revenue at constant currency	\$ 456,286	\$ 445,016	3%

Research and Development Expenses

	Three Months Ended		
	March 31, 2024	March 31, 2023	% change
	(in thousands, except percentages)		
Research and development expenses	\$ (66,858)	\$ (63,590)	5%
% of revenue	(15)%	(14)%	

Research and development expenses for the three months ended March 31, 2024, increased \$3.3 million or 5% compared to the three months ended March 31, 2023. This increase mainly related to higher headcount-related costs and depreciation and amortization costs.

Sales and Operations Expenses

	Three Months Ended		
	March 31, 2024	March 31, 2023	% change
(in thousands, except percentages)			
Sales and operations expenses	\$ (92,842)	\$ (101,242)	(8)%
% of revenue	(21)%	(23)%	

Sales and operations expenses for the three months ended March 31, 2024 decreased \$(8.4) million or (8)% compared to the three months ended March 31, 2023. This decrease mainly related to a decrease in headcount-related costs, a decrease in bad debt expense partially offset by an increase in share based compensation expense.

General and Administrative Expenses

	Three Months Ended		
	March 31, 2024	March 31, 2023	% change
(in thousands, except percentages)			
General and administrative expenses	\$ (47,169)	\$ (40,170)	17%
% of revenue	(10)%	(9)%	

General and administrative expenses for the three months ended March 31, 2024, increased \$7.0 million or 17%, compared to the three months ended March 31, 2023. The increase mainly relates to the change in fair value of the earn-out liability related to the acquisition of the Iponweb business, and an increase in share based compensation expense.

Financial and Other Income

	Three Months Ended		
	March 31, 2024	March 31, 2023	% change
(in thousands, except percentages)			
Financial and Other Income	\$ 1,181	\$ 6,827	(83)%
% of revenue	— %	2 %	

Financial and Other income for the three months ended March 31, 2024, decreased by \$(5.6) million or (83)% compared to the three months ended March 31, 2023. The decrease is related to the disposal of non consolidated investments during the three months ended March 31, 2023, and the accretion of the earn-out liability related to the Iponweb Acquisition, partially offset by the positive change in foreign exchange gain and income from cash equivalents.

As of March 31, 2024, 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		
	March 31, 2024	March 31, 2023	% change
(in thousands, except percentages)			
Provision for income tax (expense) benefit	\$ (2,969)	\$ 4,595	(165)%

Provision for income tax expense for the three months ended March 31, 2024, decreased \$7.6 million or (165)% compared to the three months ended March 31, 2023. The decrease was driven by the income from operations.

The 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 nondeductible equity awards compensation expense.

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, and certain acquisition costs. Adjusted EBITDA is not a measure calculated in accordance with 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, and certain acquisition costs 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 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 GAAP financial results, including net income.

	Three Months Ended	
	March 31, 2024	March 31, 2023
	(in thousands, except percentages)	
Net Income (loss)	\$ 8,566	\$ (12,071)
Adjustments:		
Financial (Income) expense	(1,181)	(6,606)
Provision for income taxes (benefit)	2,969	(4,595)
Equity awards compensation expense	27,292	26,065
Pension service costs	172	176
Depreciation and amortization expense	24,918	25,320
Acquisition-related costs	—	832
Restructuring, integration and transformation costs	7,943	9,602
Total net adjustments	62,113	50,794
Adjusted EBITDA	\$ 70,679	\$ 38,723

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

	Three Months Ended		
	March 31, 2024	March 31, 2023	% change
	(in thousands, except percentages)		
Adjusted EBITDA	\$ 70,679	\$ 38,723	83%

Adjusted EBITDA increased \$32.0 million, or 83% for the three months ended March 31, 2024 compared to the three months ended March 31, 2023, primarily due to higher Contribution ex-TAC.

Liquidity and Capital Resources

Our cash and cash equivalents and restricted cash at March 31, 2024 were held for working capital and general corporate purposes, which could include acquisitions, and amounted to \$341.9 million as of March 31, 2024. The \$(69.4) million decrease in cash and cash equivalents, and restricted cash compared to December 31, 2023, primarily resulted from a decrease of \$(13.9) million in cash used for investing activities and by \$(62.2) million in cash used for financing activities over the period, partially offset by an increase of \$14.0 million in cash provided by 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, 2023, on September 27, 2022, the Company entered into a new five year Revolving Credit Facility (as amended, the "RCF") that allows immediate access to an additional €407.0 million (\$440.0 million) of liquidity, which, combined with our cash position, marketable securities and treasury shares as of March 31, 2024, provides total liquidity above \$805.5 million. Overall, we believe that our current financial liquidity, combined with our expected cash-flow generation in 2024, enables financial flexibility.

Share buy-back programs

In December 2021, we completed a \$100.0 million share repurchase program. In 2022, we completed an additional \$136.0 million share repurchase program, and in 2023, we completed an additional \$125.0 million share repurchase program. For the three months ended March 31, 2024, we have repurchased \$62.1 million of shares.

All above programs have been implemented under our multi-year authorization granted by our Board of Directors. On February 1, 2024, this authorization was extended to a total amount of \$630.0 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 three months ended March 31, 2024 and 2023, our capital expenditures were \$13.2 million and \$33.2 million, respectively. During the three months ended March 31, 2024, 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 9% of Contribution Ex-TAC for 2024, 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 currently anticipate that our available funds and cash flow from operations and financing activities will be sufficient to meet our operational cash needs and fund our share repurchase program for at least the next 12 months and thereafter for the foreseeable future. We continuously evaluate our liquidity and capital resources, including our access to external capital, to ensure we can finance our future capital requirements.

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.

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 March 31, 2024 and March 31, 2023:

	Three Months Ended	
	March 31, 2024	March 31, 2023
	(in thousands)	
Cash (used for) from operating activities	\$ 14,017	\$ 41,964
Cash (used for) from investing activities	\$ (13,899)	\$ (36,102)
Cash (used for) from financing activities	\$ (62,180)	\$ (72,217)

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 three months ended March 31, 2024, 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 \$25.2 million, and equity awards compensation expense of \$27.3 million, partially offset by \$(54.7) million of changes in working capital. The decrease in cash flows from operating activities during the three months ended March 31, 2024, compared to the same period in 2023, was mainly due to higher trade payables.

Investing Activities

Our investing activities to date have consisted primarily of purchases of servers and other data-center equipment, software development costs, and business acquisitions. For the three months ended March 31, 2024, net cash used for investing activities was \$(13.9) million and consisted of a \$(13.2) million change mainly due to capitalized software development costs, a \$(0.5) million release of holdback liability, and a \$(0.1) million change from the maturity of investments in Marketable Securities.

The decrease in cash used in investing activities during the three months ended March 31, 2024, compared to the same period in 2023, was mostly due to lower capital expenditures, and the non-repeat of proceeds from the sale of a non consolidated investment during the period ended March 31, 2023.

Financing Activities

For the three months ended March 31, 2024, net cash used for financing activities was \$(62.2) million, resulting mainly from a \$(62.1) million payment for shares repurchased, partially offset by \$0.4 million of proceeds from capital increase following the exercises of stock options. The decrease in cash used for financing activities during the three months ended March 31, 2024, compared to the same period in 2023, was mostly due to the one-time payout of a 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, 2023.

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 2024.

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 three months ended March 31, 2024.

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, 2023.

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:

	Three Months Ended			
	March 31, 2024		March 31, 2023	
	(in thousands)			
GBP/USD		+10%	-10%	+10%
Net income (loss) impact	\$ 267	\$ (267)	\$ (114)	\$ 114
Three Months Ended				
	March 31, 2024		March 31, 2023	
	(in thousands)			
	+10%	-10%	+10%	-10%
BRL/USD				
Net income (loss) impact	\$ 75	\$ (75)	\$ 236	\$ (236)
Three Months Ended				
	March 31, 2024		March 31, 2023	
	(in thousands)			
	+10%	-10%	+10%	-10%
JPY/USD				
Net income (loss) impact	\$ 1,711	\$ (1,711)	\$ (339)	\$ 339
Three Months Ended				
	March 31, 2024		March 31, 2023	
	(in thousands)			
	+10%	-10%	+10%	-10%
EUR/USD				
Net income (loss) impact	\$ 1,089	\$ (1,089)	\$ (1,680)	\$ 1,680

Credit Risk and Trade receivables

For a description of our trade receivables, please see "Note 4. Trade Receivables" in the Notes to the Unaudited Condensed Consolidated Financial Statements.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Based on their evaluation as of March 31, 2024, 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.

PART II

Item 1. Legal Proceedings.

For a discussion of our legal proceedings, refer to Note 14. 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, 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 Depository 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. The following risk factor is provided to update the risk factors previously disclosed under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC on February 23, 2024. Except as presented below, 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, 2023.

Our ability to generate revenue depends on our collection of significant amounts of data from various sources, which may be restricted by consumer choice, clients, publishers, browsers or other software, changes in technology, and new developments in laws, regulations and industry standards.

Our ability to optimize the delivery of internet advertisements for our clients depends on our ability to successfully leverage data, including data that we collect from our clients, data we receive from our publisher partners and third parties, and data from our own operating history. Using cookies and non-cookie based mechanisms, such as hashed emails, hashed customer log-ins, mobile phone numbers or mobile advertising identifiers, we collect information about the interactions of users with our clients' and publishers' digital properties (including, for example, information about the placement of advertisements and users' shopping or other interactions with our clients' websites or advertisements). Our ability to successfully leverage such data depends on our continued ability to access and use such data, which could be restricted by a number of factors, including consumer choices, restrictions imposed by counterparties (such as clients, supply sources and publishers, who may also compete with us for advertising spend and inventory), web browser developers or other software developers, changes in technology, including changes in web browser technology, increased visibility of consent or "do not track" mechanisms or "ad-blocking" software, the emergence of new opt-out signals such as "Global Privacy Control" and "Global Privacy Platform", and new developments in, or new interpretations of, laws, regulations and industry standards. These types of restrictions could materially impair the results of our operations.

Web browser developers, such as Apple, Mozilla Foundation, Microsoft or Google, have implemented or may implement changes in browser or device functionality that impair our ability to understand the preferences of consumers, including by limiting the use of third-party cookies or other tracking technologies or data indicating or predicting consumer preferences. Today, four major web browsers — Apple's Safari, Mozilla's Firefox, Microsoft's Edge, and Samsung Internet Browser — block third-party cookies by default. Internet users can also delete cookies from their computers and mobile devices at any time. Google has announced plans to phase out support for third-party cookies in Chrome, with a one-percent depreciation of third-party cookies for Chrome users globally in the first half of 2024 and the entire phase out, initially planned for the second half of 2024, has since been delayed, and remains subject to the approval of the UK Competition and Market Authority who is ensuring that Google provides an acceptable advertising targeting solution to the market to replace third-party cookies, such as Google's Privacy Sandbox initiative. Google's Privacy Sandbox would limit improper tracking through third-party cookies and replace it with certain application programming interfaces ("APIs") that would allow advertisers to receive aggregated data without using such third-party cookies. While we are one of the largest scaled partners in the Privacy Sandbox as it is being developed and tested, if the Privacy Sandbox is adopted, it could require us to make changes to how we collect information on consumer preferences. Google controls more than 60% of the browser market and has an even more dominant position in the digital advertising market. These web browser developers have significant resources at their disposal and command substantial market share, and any restrictions they impose could foreclose our ability to understand the preferences of a substantial number of consumers.

Although we are actively in the process of moving our business away from third-party cookies towards relying more on first-party data-based and other identifiers, if we are blocked from serving advertisements to a significant portion of internet users, our business could suffer and our results of operations could be harmed.

Similarly, Internet users are increasingly able to download free or paid “ad-blocking” software, including on mobile devices, which prevent third-party cookies from being stored on a user’s computer and block advertisements from being displayed to such user. In addition, Google has introduced ad blocking software in its Chrome browser that blocks certain ads based on quality standards established under a multi-stakeholder coalition. If such a feature inadvertently or mistakenly blocks ads that are not within the established blocking standards, or if such capabilities become widely adopted and the advertising technology industry does not collaboratively develop alternative technologies, our business could be harmed. The Interactive Advertising Bureau and Digital Advertising Alliance have also developed frameworks that allow users to opt out of the “sale” of their personal information under the CCPA, in ways that stop or severely limit the ability to show targeted ads.

In addition, search engines and other service providers that explicitly do not allow the tracking of data may be growing in popularity. If a significant number of web browser users switch to advertising-free services or platforms, our business could be materially impacted. Further, mobile devices allow users to opt out of the use of mobile device IDs for targeted advertising.

For in-app advertising, data regarding interactions between users and devices are tracked mostly through stable, pseudonymous mobile device identifiers that are built into the device operating system with privacy controls that allow users to express a preference with respect to data collection for advertising, including to disable the identifier. These identifiers and privacy controls are defined by the developers of the mobile platforms and could be changed by the mobile platforms in a way that may negatively impact our business. For example, Apple now requires user opt-in before permitting access to Apple’s unique identifier, or IDFA. This shift from enabling user opt-out to an opt-in requirement has had, and is likely to continue to have, a substantial impact on the mobile advertising ecosystem and could harm our growth in this channel.

User privacy features of other channels of programmatic advertising, such as Connected TV or over-the-top video, are still developing. Technical or policy changes, including regulation or industry self-regulation, could harm our growth in those channels.

The data we gather is important to the continued development and success of Criteo Shopper Graph, which is a key element of the Criteo Commerce Media Platform. If too few of our clients provide us with the permission to share their data or if our clients choose to stop sharing their data, or if regulatory or other factors inhibit or restrict us from maintaining the data collectives underlying Criteo Shopper Graph, the value of Criteo Shopper Graph could be materially diminished, which could impact the performance of our products and materially impact our business.

In addition, our ability to collect and use data may be restricted or prevented by a number of other factors, including:

- the failure of our, or our clients’, network, hardware, or software systems;
- our inability to grow our client and publisher base in new industry verticals and geographic markets in order to obtain the critical mass of data necessary for Criteo AI Engine to perform optimally in such new industry verticals or geographic markets;
- malicious traffic (such as non-human traffic) that introduces “noise” in the information that we collect from clients and publishers; and
- interruptions, failures or defects in our data collection, mining, analysis and storage systems, including due to our reliance on external third-party providers for cloud computing services and data center hosting services, in a competitive market subject to close legal and regulatory scrutiny.

Any of the above-described limitations could also harm our business and adversely impact our future results of operations.

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

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 first fiscal quarter of 2024:

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share ⁽²⁾	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽¹⁾	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs ⁽¹⁾
January 1 to 31, 2024	493,237	\$ 24.88	493,237	\$ 112,326,962
February 1 to 29, 2024	554,688	\$ 30.31	554,688	245,067,973
March 1 to 31, 2024	948,872	\$ 34.35	573,872	225,609,387
Total	1,996,797		1,621,797	—

(1) In February 2024, the board of directors approved an extension of the long-term share repurchase program of up to \$150 million of the Company's outstanding American Depository Shares to a total of \$630 million.

(2) Average price paid per share excludes any broker commissions paid.

Item 5. Other Information

Trading Plans

During the three months ended March 31, 2024, 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
31.1#	Certificate of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, as amended				
31.2#	Certificate of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, as amended				
32.1*	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				
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: May 2, 2024

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

Megan Clarken

Chief Executive Officer

(Principal Executive Officer)

Date: May 2, 2024

**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

Sarah Glickman

Chief Financial Officer

Date: May 2, 2024

**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 March 31, 2024, 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: May 2, 2024

/s/ Megan Clarken

Megan Clarken
Chief Executive Officer

/s/ Sarah Glickman

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.