

REFINITIV

DELTA REPORT

10-Q

TTD - TRADE DESK, INC.

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

The following comparison report has been automatically generated

TOTAL DELTAS 1121

■ CHANGES	168
■ DELETIONS	291
■ ADDITIONS	662

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended **September 30, 2023** **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: 001-37879



THE TRADE DESK, INC.

(Exact name of registrant as specified in its charter)

Delaware

27-1887399

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

42 N. Chestnut Street

Ventura, California 93001

(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: (805) 585-3434

N/A

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

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Class A Common Stock, par value \$0.000001 per share	TTD	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

As of **October 31, 2023** **April 30, 2024**, the registrant had **446,261,113** **445,208,133** shares of Class A common stock and **44,035,900** **43,918,900** shares of Class B common stock outstanding.

THE TRADE DESK, INC.
QUARTERLY REPORT ON FORM 10-Q

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PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

THE TRADE DESK, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except par values)
(Unaudited)

	As of September 30, 2023		As of December 31, 2022		As of March 31, 2024	As of March 31, 2024
	ASSETS		ASSETS			
Current assets:						
Current assets:						
Current assets:						

Current assets:			
Cash and cash equivalents			
Cash and cash equivalents			
Cash and cash equivalents	Cash and cash equivalents	\$1,071,764	\$1,030,506
Short-term investments, net	Short-term investments, net	450,117	416,080
Accounts receivable, net of allowance for credit losses of \$11,722 and \$10,477 as of September 30, 2023 and December 31, 2022, respectively			
		2,434,047	2,347,195
Accounts receivable, net of allowance for credit losses of \$12,852 and \$12,826 as of March 31, 2024 and December 31, 2023, respectively			
Prepaid expenses and other current assets	Prepaid expenses and other current assets	57,878	51,836
TOTAL CURRENT ASSETS	TOTAL CURRENT ASSETS	4,013,806	3,845,617
Property and equipment, net	Property and equipment, net	152,863	173,759
Operating lease assets	Operating lease assets	208,583	220,396
Deferred income taxes	Deferred income taxes	94,028	94,028
Other assets, non-current	Other assets, non-current	51,152	46,879
TOTAL ASSETS	TOTAL ASSETS	\$4,520,432	\$4,380,679
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES	LIABILITIES		
Current liabilities:			
Current liabilities:	Current liabilities:		
Current liabilities:			
Accounts payable			
Accounts payable			
Accounts payable	Accounts payable	\$1,967,649	\$1,871,419
Accrued expenses and other current liabilities	Accrued expenses and other current liabilities	121,616	105,474
Operating lease liabilities	Operating lease liabilities	57,890	52,430

TOTAL	TOTAL		
CURRENT	CURRENT		
LIABILITIES	LIABILITIES	2,147,155	2,029,323
Operating lease liabilities, non-current	Operating lease liabilities, non-current	190,207	208,527
Other liabilities, non-current	Other liabilities, non-current	27,544	27,490
TOTAL	TOTAL		
LIABILITIES	LIABILITIES	2,364,906	2,265,340
Commitments and contingencies (Note 11)	Commitments and contingencies (Note 11)		Commitments and contingencies (Note 11)
STOCKHOLDERS' EQUITY	STOCKHOLDERS' EQUITY		
Preferred stock, par value \$0.000001; 100,000 shares authorized, zero shares issued and outstanding as of September 30, 2023 and December 31, 2022		—	—
Common stock, par value \$0.000001 Class A, 1,000,000 shares authorized; 446,208 and 446,456 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively		—	—
Class B, 95,000 shares authorized; 44,036 and 44,012 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively		—	—
Preferred stock, par value \$0.000001; 100,000 shares authorized, zero shares issued and outstanding as of March 31, 2024 and December 31, 2023		—	—
Preferred stock, par value \$0.000001; 100,000 shares authorized, zero shares issued and outstanding as of March 31, 2024 and December 31, 2023		—	—
Preferred stock, par value \$0.000001; 100,000 shares authorized, zero shares issued and outstanding as of March 31, 2024 and December 31, 2023		—	—

Common stock, par value \$0.000001	
Class A, 1,000,000 shares authorized; 444,809 and 444,997 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively	
Class B, 95,000 shares authorized; 43,919 and 43,919 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively	
Additional paid-in capital	Additional paid-in capital
	1,835,107
Retained earnings	Retained earnings
	320,419
TOTAL	TOTAL
STOCKHOLDERS' EQUITY	STOCKHOLDERS' EQUITY
	2,155,526
TOTAL	TOTAL
LIABILITIES AND STOCKHOLDERS' EQUITY	LIABILITIES AND STOCKHOLDERS' EQUITY
	\$4,520,432
	<u>\$4,380,679</u>

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

THE TRADE DESK, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (In thousands, except per share amounts)
 (Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,	2023	September 30,	2023
Three Months Ended				
March 31,				
Three Months Ended				
March 31,				
Three Months Ended				
March 31,				
2024				
2024				
2024				

Revenue						
Revenue						
Revenue	Revenue	\$ 493,266	\$ 394,773	\$ 1,340,323	\$ 1,087,058	
Operating expenses:	Operating expenses:					
Operating expenses:						
Operating expenses:						
Platform operations						
Platform operations						
Platform operations	Platform operations	93,382	70,124	264,903	201,504	
Sales and marketing	Sales and marketing	112,466	85,038	321,177	245,146	
Sales and marketing						
Sales and marketing						
Technology and development						
Technology and development						
Technology and development	Technology and development	117,772	79,915	309,790	235,397	
General and administrative	General and administrative	131,969	130,892	388,411	391,517	
General and administrative						
General and administrative						
Total operating expenses	Total operating expenses	455,589	365,969	1,284,281	1,073,564	
Income from operations		37,677	28,804	56,042	13,494	
Total operating expenses						
Total operating expenses						
Income (loss) from operations						
Income (loss) from operations						
Income (loss) from operations						
Other expense (income):						
Other expense (income):						
Other expense (income):	Other expense (income):					
Interest income, net	Interest income, net	(17,626)	(1,741)	(49,556)	(1,321)	
Interest income, net						
Interest income, net						
Foreign currency exchange loss (gain), net						
Foreign currency exchange loss (gain), net						
Foreign currency exchange loss (gain), net	Foreign currency exchange loss (gain), net	(1,697)	43	(1,721)	(435)	
Total other income, net	Total other income, net	(19,323)	(1,698)	(51,277)	(1,756)	
Income before income taxes		57,000	30,502	107,319	15,250	
Provision for income taxes		17,648	14,633	25,702	33,052	
Net income (loss)	\$ 39,352	\$ 15,869	\$ 81,617	\$ (17,802)		
Earnings (loss) per share:						
Total other income, net						
Total other income, net						
Income (loss) before income taxes						
Income (loss) before income taxes						

Income (loss) before income taxes						
Provision for (benefit from) income taxes						
Provision for (benefit from) income taxes						
Provision for (benefit from) income taxes						
Net income						
Net income						
Net income						
Earnings per share:						
Earnings per share:						
Earnings per share:						
Basic						
Basic						
Basic	Basic	\$ 0.08	\$ 0.03	\$ 0.17	\$ (0.04)	
Diluted	Diluted	\$ 0.08	\$ 0.03	\$ 0.16	\$ (0.04)	
Diluted						
Diluted						
Weighted-average shares outstanding:						
Weighted-average shares outstanding:						
Weighted-average shares outstanding:	Weighted-average shares outstanding:					
Basic	Basic	489,447	487,963	489,195	486,168	
Basic						
Basic						
Diluted	Diluted	501,880	500,300	500,348	486,168	
Diluted						
Diluted						

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

THE TRADE DESK, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands)
(Unaudited)

	Class A and B		Additional		Stockholders' Equity	
	Common Stock		Additional			
	Shares	Amount	Paid-In	Retained		
			Capital	Earnings		
Balance as of December 31, 2021	483,441	\$ —	\$ 915,177	\$ 612,129	\$ 1,527,306	
Exercise of common stock options	2,395	—	24,408	—	24,408	
Issuance of restricted stock, net of forfeitures and shares withheld for taxes	190	—	(13,428)	—	(13,428)	
Stock-based compensation	—	—	125,415	—	125,415	
Net loss	—	—	—	(14,598)	(14,598)	
Balance as of March 31, 2022	486,026	—	1,051,572	597,531	1,649,103	
Exercise of common stock options	657	—	7,387	—	7,387	

Issuance of restricted stock, net of forfeitures and shares withheld for taxes	661	—	(9,768)	—	(9,768)
Issuance of common stock under employee stock purchase plan	946	—	25,547	—	25,547
Stock-based compensation	—	—	126,635	—	126,635
Net loss	—	—	—	(19,073)	(19,073)
Balance as of June 30, 2022	488,290	—	1,201,373	578,458	1,779,831
Exercise of common stock options	918	—	10,917	—	10,917
Issuance of restricted stock, net of forfeitures and shares withheld for taxes	246	—	(14,058)	—	(14,058)
Stock-based compensation	—	—	121,729	—	121,729
Net income	—	—	—	15,869	15,869
Balance as of September 30, 2022	489,454	\$ —	\$1,319,961	\$594,327	\$ 1,914,288

	Class A and B Common Stock		Class A and B Common Stock	Additional Paid-In Capital	Retained Earnings	Total Stockholders' Equity
	<u>Shares</u>					
Balance as of December 31, 2022						
Balance as of December 31, 2022						
Balance as of December 31, December 31, 2022	490,468	\$ —	\$1,449,825	\$665,514	\$ 2,115,339	
Exercise of common stock options	Exercise of common stock options	2,451	—	10,365	—	10,365
Issuance of restricted stock, net of forfeitures and shares withheld for taxes	Issuance of restricted stock, net of forfeitures and shares withheld for taxes	414	—	(15,595)	—	(15,595)
Repurchases of Class A common stock	Repurchases of Class A common stock	(5,139)	—	—	(292,863)	(292,863)
Stock-based compensation	Stock-based compensation	—	—	114,235	—	114,235
Net income	Net income	—	—	—	9,326	9,326
Balance as of March 31, 2023	Balance as of March 31, 2023	488,194	—	1,558,830	381,977	1,940,807
Exercise of common stock options	1,074	—	17,407	—	17,407	
Issuance of restricted stock, net of forfeitures and shares withheld for taxes	879	—	(15,459)	—	(15,459)	
Issuance of common stock under employee stock purchase plan	497	—	21,316	—	21,316	

Repurchases of Class A					
common stock	(595)	—	—	(44,004)	(44,004)
Stock-based compensation	—	—	118,404	—	118,404
Net income	—	—	—	32,939	32,939
Balance as of June 30, 2023	490,049	—	1,700,498	370,912	2,071,410
Balance as of December 31, 2023					
Balance as of December 31, 2023					
Balance as of December 31, 2023					
Exercise of common stock options	Exercise of common stock options	889	—	17,591	17,591
Issuance of restricted stock, net of forfeitures and shares withheld for taxes	Issuance of restricted stock, net of forfeitures and shares withheld for taxes	500	—	(24,343)	(24,343)
Repurchases of Class A common stock	Repurchases of Class A common stock	(1,194)	—	—	(89,845)
Stock-based compensation	Stock-based compensation	—	—	141,361	141,361
Net income	Net income	—	—	39,352	39,352
Balance as of September 30, 2023	490,244	\$ —	\$1,835,107	\$320,419	\$ 2,155,526
Balance as of March 31, 2024					

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

THE TRADE DESK, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 (In thousands)
 (Unaudited)

		Nine Months Ended			
		September 30,			
		2023	2022		
Three Months Ended March 31,					
OPERATING ACTIVITIES:	OPERATING ACTIVITIES:	2024		2024	2023
Net income (loss)	\$ 81,617	\$ (17,802)			
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Net income					
Net income					

Net income				
Adjustments to reconcile net income to net cash provided by operating activities:				Adjustments to reconcile net income to net cash provided by operating activities:
Depreciation and amortization	Depreciation and amortization	59,889	37,581	
Stock-based compensation	Stock-based compensation	370,186	371,111	
Noncash lease expense	Noncash lease expense	36,672	32,554	
Allowance for credit losses on accounts receivable		1,811	2,961	
Deferred income taxes		—	604	
Provision for expected credit losses on accounts receivable				
Other				
Other				
Other	Other	(8,312)	3,694	Changes in operating assets and liabilities:
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:			
Accounts receivable	Accounts receivable	(130,650)	24,905	
Prepaid expenses and other current and non-current assets	Prepaid expenses and other current and non-current assets	(11,370)	42,913	
Accounts payable	Accounts payable	125,661	(68,758)	
Accrued expenses and other current and non-current liabilities	Accrued expenses and other current and non-current liabilities	18,439	(18,778)	
Operating lease liabilities	Operating lease liabilities	(36,741)	(35,731)	
Net cash provided by operating activities	Net cash provided by operating activities	507,202	375,254	
INVESTING ACTIVITIES:	INVESTING ACTIVITIES:			INVESTING ACTIVITIES:
Purchases of investments	Purchases of investments	(448,251)	(379,206)	
Sales of investments		—	1,977	

Maturities of investments			
Maturities of investments			
Maturities of investments	Maturities of investments	425,400	252,699
Purchases of property and equipment	Purchases of property and equipment	(21,594)	(36,394)
Capitalized software development costs	Capitalized software development costs	(6,097)	(4,833)
Net cash used in investing activities	Net cash used in investing activities	(50,542)	(165,757)
Net cash used in investing activities			
Net cash used in investing activities			
FINANCING ACTIVITIES:	FINANCING ACTIVITIES:	FINANCING ACTIVITIES:	
Repurchases of Class A common stock	Repurchases of Class A common stock	(426,684)	—
Repurchases of Class A common stock			
Repurchases of Class A common stock			
Proceeds from exercise of stock options	Proceeds from exercise of stock options	45,363	42,712
Proceeds from employee stock purchase plan			
Taxes paid related to net settlement of restricted stock awards	Taxes paid related to net settlement of restricted stock awards	(55,397)	(37,254)
Net cash provided by (used in) financing activities	Net cash provided by (used in) financing activities	(415,402)	31,005
Increase in cash and cash equivalents		41,258	240,502
Taxes paid related to net settlement of restricted stock awards			
Taxes paid related to net settlement of restricted stock awards			
Net cash used in financing activities			
Increase (decrease) in cash and cash equivalents			
Cash and cash equivalents—Beginning of period	Cash and cash equivalents—Beginning of period	1,030,506	754,154
Cash and cash equivalents—End of period	Cash and cash equivalents—End of period	\$1,071,764	\$994,656

SUPPLEMENTAL CASH FLOW INFORMATION:		SUPPLEMENTAL CASH FLOW INFORMATION:	
CASH FLOW INFORMATION:	CASH FLOW INFORMATION:		
Cash paid for operating lease liabilities	Cash paid for operating lease liabilities	\$ 44,836	\$ 42,921
Operating lease assets obtained in exchange for operating lease liabilities	Operating lease assets obtained in exchange for operating lease liabilities	\$ 25,781	\$ 28,729
Capitalized assets financed by accounts payable	Capitalized assets financed by accounts payable	\$ 5,938	\$ 29,577
Tenant improvements paid by lessor	Tenant improvements paid by lessor	\$ —	\$ 425
Asset retirement obligation		\$ 917	\$ 438
Stock-based compensation included in capitalized software development costs			
Stock-based compensation included in capitalized software development costs			
Stock-based compensation included in capitalized software development costs	Stock-based compensation included in capitalized software development costs	\$ 3,814	\$ 2,668

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

THE TRADE DESK, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1—Nature of Operations

The Trade Desk, Inc. (the “Company”) is a global technology company that empowers buyers of advertising. Through the Company’s self-service, cloud-based platform, ad buyers can create, manage and optimize more expressive data-driven digital advertising campaigns across ad formats and channels, including video (which includes connected TV television (“CTV”)), display, audio, digital-out-of-home, native and social, on a multitude of devices, such as computers, mobile devices, televisions and streaming devices. The Company’s platform integrations with major inventory, publisher and data partners provide ad buyers reach and decisioning capabilities, and the Company’s enterprise application programming interfaces (“APIs”) enable its clients to develop on top of the platform, customize and expand platform functionality.

The Company is a Delaware corporation formed in November 2009 and headquartered in Ventura, California with offices in various cities in North America, Europe, Asia and Australia.

Note 2—Basis of Presentation and Summary of Significant Accounting Policies

The accompanying condensed consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and are unaudited. Certain information and disclosures normally included in consolidated financial statements prepared in accordance with GAAP have been condensed or omitted. The condensed consolidated balance sheet as of December 31, 2022 December 31, 2023 was derived from audited financial statements but does not include all disclosures required by GAAP. Accordingly, these condensed consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements and related notes included in its Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

There have been no material changes to the Company’s accounting policies from those disclosed in its Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, and these unaudited interim condensed consolidated financial statements have been prepared on a basis consistent with that used to prepare the Company’s audited annual consolidated financial statements for the year ended December 31, 2022 December 31, 2023, and include, in the opinion of management, all adjustments, consisting of normal recurring items, necessary for the fair statement of the condensed consolidated financial statements.

The results of operations for the three and nine months ended September 30, 2023 March 31, 2024 are not necessarily indicative of the results expected for the full year ending December 31, 2023 December 31, 2024.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ materially from these estimates.

Management regularly evaluates its estimates, primarily those related to: (1) revenue recognition criteria, including the determination of revenue reporting as net versus gross in the Company's revenue arrangements, (2) allowances for credit losses, (3) operating lease assets and liabilities, including the Company's incremental borrowing rate and terms and provisions of each lease, (4) the useful lives of property and equipment and capitalized software development costs, (5) income taxes, (6) assumptions used in the option pricing models to determine the fair value of stock-based compensation and (7) the recognition and disclosure of contingent liabilities. These estimates are based on historical data and experience, as well as various other factors that management believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources.

As of **September 30, 2023** **March 31, 2024**, the impacts to the Company's business due to geopolitical developments and macroeconomic factors such as rising interest rates, inflation, changes in foreign currency exchange rates and supply chain disruptions, continue to evolve. As a result, many of the Company's estimates and assumptions, including the allowance for credit losses, consider macroeconomic factors in the market, which require increased judgment and carry a higher degree of variability and volatility. As events continue to evolve and additional information becomes available, the Company's estimates may change materially in future periods.

Recent Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board ("FASB") issued ASU No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which adds requirements to report significant expenses, requirements for entities with a single reportable segment to provide all disclosures otherwise required under Topic 280 and requirements to report segment information on an interim basis, among other clarifications and requirements. This guidance will be effective on a retrospective basis for annual periods beginning with the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2024, and interim periods beginning with the Company's Quarterly Report Form 10-Q for the fiscal quarter ended March 31, 2025. Early adoption is permitted. The Company is currently evaluating the impact of the new guidance on its consolidated financial statements and notes.

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which requires greater disaggregation of information and consistent categories in the effective tax rate reconciliation and income taxes paid disaggregated by jurisdiction. It also includes certain other amendments to improve the effectiveness of income tax disclosures. This guidance will be effective on a prospective basis, with an option to apply it retrospectively, for annual periods beginning with the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2025. Early adoption is permitted. The Company is currently evaluating the impact of the new guidance on its consolidated financial statements and notes.

Note 3—Earnings Per Share

The Company has two classes of common stock, Class A and Class B. Basic and diluted earnings **(loss)** per share attributable to common stockholders for Class A and Class B common stock were the same because they were entitled to the same liquidation and dividend rights.

Basic earnings per share is calculated by dividing net income by the weighted-average number of shares of common stock outstanding. Diluted earnings per share is calculated by dividing net income by the weighted-average number of shares of common stock outstanding adjusted for the potentially dilutive impact of stock options, restricted stock and the Employee Stock Purchase Plan ("ESPP"), using the two-class method required for participating securities. Restricted stock awards are considered to be participating securities due to their non-forfeitable dividend rights.

The computation of basic and diluted earnings **(loss)** per share is as follows (in thousands, except per share amounts):

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022*
Numerator:				
Net income (loss)	\$ 39,352	\$ 15,869	\$ 81,617	\$ (17,802)
Numerator:				
Numerator:				
Net income				

Net income				
Net income				
Denominator:				
Denominator:				
Denominator:	Denominator:			
Weighted-average shares outstanding—basic	Weighted-average shares outstanding—basic	489,447	487,963	489,195
Weighted-average shares outstanding—basic	Weighted-average shares outstanding—basic	486,168		
Weighted-average shares outstanding—basic	Weighted-average shares outstanding—basic			
Weighted-average shares outstanding—basic	Weighted-average shares outstanding—basic			
Effect of dilutive securities	Effect of dilutive securities			
Effect of dilutive securities	Effect of dilutive securities	12,433	12,337	11,153
Weighted-average shares outstanding—diluted	Weighted-average shares outstanding—diluted	501,880	500,300	500,348
Basic earnings (loss) per share	\$ 0.08	\$ 0.03	\$ 0.17	\$ (0.04)
Diluted earnings (loss) per share	\$ 0.08	\$ 0.03	\$ 0.16	\$ (0.04)
Anti-dilutive equity awards under stock-based award plans excluded from the determination of diluted earnings (loss) per share	4,916	7,823	4,916	—
Weighted-average shares outstanding—diluted				
Weighted-average shares outstanding—diluted				
Basic earnings per share				
Basic earnings per share				
Basic earnings per share				
Diluted earnings per share				
Diluted earnings per share				
Diluted earnings per share				
Anti-dilutive equity awards under stock-based award plans excluded from the determination of diluted earnings per share				
Anti-dilutive equity awards under stock-based award plans excluded from the determination of diluted earnings per share				
Anti-dilutive equity awards under stock-based award plans excluded from the determination of diluted earnings per share				

* Diluted loss per share attributable to the Company for the nine months ended September 30, 2022 excluded all potentially dilutive securities because there was a net loss for the period ended and the inclusion of these securities would have been anti-dilutive. Potentially dilutive securities excluded from the calculation of diluted loss per share were 28 million shares under stock-based award plans for the nine months ended September 30, 2022.

Note 4—Cash, Cash Equivalents and Short-Term Investments, Net

Cash, cash equivalents and short-term investments in marketable securities were as follows (in thousands):

		As of September 30, 2023			As of March 31, 2024			As of March 31, 2024		
		Cash and Cash Equivalents	Short-Term Investments, Net	Total			Cash and Cash Equivalents	Short-Term Investments, Net	Total	
		As of March 31, 2024								
Cash	Cash	\$ 264,896	\$ —	\$ 264,896						
Level 1:	Level 1:				Level 1:					
Money market funds	Money market funds	778,950	—	778,950						
Level 2:	Level 2:				Level 2:					
Commercial paper	Commercial paper	24,048	154,761	178,809						
Corporate debt securities	Corporate debt securities	3,870	157,798	161,668						
U.S. government and agency securities	U.S. government and agency securities	—	137,558	137,558						
Total	Total	\$1,071,764	\$ 450,117	\$1,521,881						

		As of December 31, 2022			As of December 31, 2023			As of December 31, 2023		
		Cash and Cash Equivalents	Short-Term Investments, Net	Total			Cash and Cash Equivalents	Short-Term Investments, Net	Total	
		As of December 31, 2023								
Cash	Cash	\$ 339,717	\$ —	\$ 339,717						
Level 1:	Level 1:									
Money market funds	Money market funds	640,233	—	640,233						
Money market funds	Money market funds									
Level 2:	Level 2:									
Commercial paper	Commercial paper									
Commercial paper	Commercial paper									
Commercial paper	Commercial paper	50,556	126,507	177,063						
Corporate debt securities	Corporate debt securities	—	180,502	180,502						

U.S. government and agency securities	U.S. government and agency securities	—	109,071	109,071
Total	Total	\$1,030,506	\$ 416,080	\$1,446,586

The Company's gross unrealized gains or losses from its short-term investments, recorded at fair value, for the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022**, were immaterial.

The contractual maturities of the Company's short-term investments are as follows (in thousands):

		September 30, 2023 March 31, 2024
Due in one year		\$ 415,714 458,132
Due in one to two years		34,403 43,228
Total		\$ 450,117 501,360

Note 5—Leases

The components of lease expense recorded in the condensed consolidated statements of operations were as follows (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30,	2022	September 30,	2022
Three Months Ended				
Operating lease cost				
Operating lease cost	\$ 12,532	\$ 13,139	\$ 36,588	\$ 38,415
Short-term lease cost	493	345	1,407	1,296
Short-term lease cost				
Variable lease cost				
Variable lease cost				
Variable lease cost	3,253	2,064	9,207	6,478
Sublease income	(619)	(635)	(1,769)	(1,882)
Sublease income				
Total lease cost	<u>\$ 15,659</u>	<u>\$ 14,913</u>	<u>\$ 45,433</u>	<u>\$ 44,307</u>
Total lease cost				

Note 6—Debt

Credit Facility

On June 15, 2021, the Company and a syndicate of banks, led by JPMorgan Chase Bank, N.A., as agent, entered into a Loan and Security Agreement (the "Credit Facility"). The Credit Facility consists of a \$450 million revolving loan facility, with a \$20 million sublimit for swingline borrowings and a \$15 million sublimit for the issuance of letters of credit. Under certain circumstances, the Company has the right to increase the Credit Facility by an amount not to exceed \$300 million. The Credit Facility is collateralized by substantially all of the Company's assets, including a pledge of certain of its accounts receivable, deposit accounts, intellectual property, investment property and equipment.

On December 17, 2021, the Company amended the Credit Facility to expand the process for issuing letters of credit and the related invoicing, particularly with respect to letters of credit not denominated in U.S. Dollars. On February 9, 2023, the Company further amended its Credit Facility (as amended, the "Amended Credit Facility") to transition from a variable interest rate based on the London Interbank Offered Rate to a variable interest rate based on the secured overnight financing rate ("SOFR").

Loans under the Amended Credit Facility bear interest at a rate equal to, at the Company's option, an annual rate of either a Base Rate or an adjusted term SOFR rate (defined as SOFR for a specified term plus a credit spread adjustment of 10 basis points, subject to a 0% floor), plus an applicable margin ("Base Rate Borrowings" and "Term SOFR Borrowings"). The Base Rate is defined as a rate per annum for any day equal to the greatest of (1) the rate of interest last quoted by The Wall Street Journal as the "Prime Rate" in the United States, (2) the New York Federal Reserve Bank Rate in effect on such day plus half of 1%, and (3) the adjusted term SOFR rate for a one-month interest period on such day plus 1%. The applicable margin is between 0.25% to 1.25% for Base Rate Borrowings and between 1.25% and 2.25% for Term SOFR Rate Borrowings based on the Company maintaining certain leverage ratios. The fee for undrawn amounts under the Amended Credit Facility ranges, based on the applicable leverage, from 0.200% to 0.350%. The Company is also required to pay customary letter of credit fees, as necessary.

As of **September 30, 2023** **March 31, 2024**, the Company did not have an outstanding debt balance under the Amended Credit Facility. Availability under the Amended Credit Facility was **\$445 million** **\$443 million** as of **September 30, 2023** **March 31, 2024**, which is net of outstanding letters of credit of **\$5 million** **\$7 million**. The Amended Credit Facility matures, and all outstanding amounts become due and payable, on June 15, 2026.

The Amended Credit Facility contains customary conditions to borrowings, events of default and covenants, including covenants that restrict the Company's ability to sell assets, make changes to the nature of the Company's business, engage in mergers or acquisitions, incur, assume or permit to exist additional indebtedness and guarantees, create or permit to exist liens, pay dividends, issue equity instruments, make distributions or redeem or repurchase capital stock or make other investments, engage in transactions with affiliates and make payments in respect of subordinated debt. The Amended Credit Facility also requires the Company to maintain compliance with a maximum ratio of consolidated funded debt to consolidated EBITDA of 3.50 to 1.00. As of **September 30, 2023** **March 31, 2024**, the Company was in compliance with all covenants.

Note 7—Capitalization

Share Repurchase Program

In February 2023, the Company's board of directors approved a share repurchase program with authorization to purchase up to \$700 million of its Class A common stock. As of December 31, 2023, \$53 million remained available and authorized for repurchases. In February 2024, an additional \$647 million was authorized under this program, bringing the total amount available for future repurchases back to \$700 million. The share repurchase program, which has no expiration date, is designed to help offset the impact of future share dilution from employee stock issuances. Repurchases under the program may be made in the open market, in privately negotiated transactions or otherwise, with the amount and timing of repurchases to be determined at the Company's discretion, depending on market conditions and corporate needs. Open market repurchases are structured to occur in accordance with applicable federal securities laws, including within the pricing and volume requirements of Rule 10b-18 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Company may also, from time to time, enter into Rule 10b5-1 plans to facilitate repurchases of its shares under this authorization. This program does not obligate the Company to acquire any particular amount of Class A common stock, and may be modified, suspended or terminated at any time at the discretion of the Company's board of directors.

During the three **and nine** months ended **September 30, 2023** **March 31, 2024**, the Company repurchased and subsequently retired **1.2 million** **1.5 million** shares **and 6.9 million** shares, respectively, of its Class A common stock for an aggregate repurchase amounts amount of **\$90 million** and **\$427 million**, respectively, **\$125 million**. The repurchase amounts amount for the three **and nine** months ended **September 30, 2023** **March 31, 2024** included an immaterial amounts amount related to the 1% excise tax on net share repurchases as a result of the Inflation Reduction Act of 2022 ("IRA"). As of **September 30, 2023** **March 31, 2024**, **\$273 million** **\$575 million** remained available and authorized for repurchases. Activity under the share repurchase program was recognized in the condensed consolidated financial statements on a trade-date basis.

Note 8—Stock-Based Compensation

Stock-Based Compensation Expense

Stock-based compensation expense recorded in the condensed consolidated statements of operations was as follows (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022

Platform operations	\$ 5,729	\$ 3,517	\$ 14,642	\$ 14,254
Sales and marketing	21,116	14,861	54,039	48,718
Technology and development	43,727	22,641	91,283	67,258
General and administrative	69,061	79,984	210,222	240,881
Total	\$ 139,633	\$ 121,003	\$ 370,186	\$ 371,111

On September 30, 2023, David R. Pickles stepped down as the Company's Chief Technology Officer and from the Company's board of directors. As a result, Mr. Pickles and the Company mutually agreed to cancel his unvested stock options and restricted stock without payment or replacement, resulting in the recognition of \$14 million in incremental stock-based compensation expense, which is included in technology and development expense for the three and nine months ended September 30, 2023. No amount of stock-based compensation expense for these cancelled options and restricted stock remains unamortized.

	Three Months Ended	
	March 31,	
	2024	2023
Platform operations	\$ 5,555	\$ 3,946
Sales and marketing	20,292	14,123
Technology and development	27,974	20,867
General and administrative	56,799	74,534
Total	\$ 110,620	\$ 113,470

Stock Options

The following summarizes stock option activity:

	Shares Under Options (in thousands)	Weighted-Average Exercise Price
Outstanding as of December 31, 2022	15,418	\$ 19.82
Granted	2,806	62.21
Exercised	(4,414)	10.28
Expired/Forfeited/Cancelled	(744)	56.02
Outstanding as of September 30, 2023	13,066	\$ 30.09
Exercisable as of September 30, 2023	9,424	\$ 18.37

	Shares Under Options (in thousands)	Weighted-Average Exercise Price
Outstanding as of December 31, 2023	12,258	\$ 31.05
Granted	114	77.94
Exercised	(719)	15.51
Expired/Forfeited	(109)	47.60
Outstanding as of March 31, 2024	11,544	\$ 32.33
Exercisable as of March 31, 2024	8,653	\$ 21.84

At September 30, 2023

As of March 31, 2024, the Company had unrecognized stock-based compensation relating to stock options, excluding the CEO Performance Option (as defined below), of approximately \$132 million \$109 million, which is expected to be recognized over a weighted-average period of 2.92.7 years.

CEO Performance Option

In October 2021, the Company granted a market-based performance award to the Company's Chief Executive Officer (the "CEO Performance Option") under the Company's 2016 Incentive Award Plan. The CEO Performance Option has an exercise price of \$68.29 per share. At December 31, 2022 As of December 31, 2023, the CEO Performance Option had 19.2 million options outstanding. No options were granted, exercised, forfeited or expired during the three and nine months ended September 30, 2023 March 31, 2024. At September 30, 2023 As of March 31, 2024, the CEO Performance Option had 2.4 million exercisable options and 19.2 million options outstanding. Stock-based compensation of \$48 million \$36 million and \$66 million \$60 million for the CEO Performance Option was recorded as a component of general and administrative expense

during the three months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**, respectively. Stock-based compensation As of \$156 million and \$197 million for the CEO Performance Option was recorded as a component of general and administrative expense during the nine months ended September 30, 2023 and 2022, respectively. At September 30, 2023 **March 31, 2024**, the Company had unrecognized stock-based compensation relating to the CEO Performance Option of \$243 million \$165 million that is expected to be recognized over a weighted-average period of **1.8** **1.5** years, assuming no acceleration of vesting.

Restricted Stock

The following summarizes restricted stock activity:

	Shares (in thousands)	Weighted- Average Grant Date Fair Value
Unvested as of December 31, 2022	8,747	\$ 57.41
Granted	6,404	62.69
Vested	(2,473)	54.95
Forfeited/Cancelled	(1,090)	57.60
Unvested as of September 30, 2023	<u>11,588</u>	<u>\$ 60.84</u>

	Shares (in thousands)	Weighted- Average Grant Date Fair Value
Unvested as of December 31, 2023	10,546	\$ 62.22
Granted	396	75.50
Vested	(1,040)	56.87
Forfeited	(212)	62.45
Unvested as of March 31, 2024	<u>9,690</u>	<u>\$ 63.33</u>

At September 30, 2023 **As of March 31, 2024**, the Company had unrecognized stock-based compensation relating to restricted stock of approximately \$652 million \$564 million, which is expected to be recognized over a weighted-average period of **3.0** **2.7** years.

Employee Stock Purchase Plan ("ESPP")

Stock-based compensation expense related to the ESPP totaled \$7 million \$6 million and \$4 million \$3 million for the three months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**, respectively. Stock-based compensation expense related to the ESPP totaled \$15 million and \$46 million for the nine months ended September 30, 2023 and 2022, respectively. At September 30, 2023 **As of March 31, 2024**, the Company had unrecognized stock-based compensation relating to ESPP awards of approximately \$15 million \$7 million, which is expected to be recognized over a weighted-average period of **0.7** **0.6** years.

Note 9—Income Taxes

In determining the interim provision for (benefit from) income taxes for each of the three and nine months ended **September 30, 2023**, **March 31, 2024** and **2023**, the Company utilized the annual estimated effective tax rate applied to the actual year-to-date income and added the tax effects of any discrete items in the reporting period in which they occur. In determining the interim provision for income taxes for the three and nine months ended **September 30, 2022**, the Company utilized the discrete effective tax rate method, as allowed by Accounting Standards Codification ("ASC") 740-270-30-18, "Income Taxes – Interim Reporting." The discrete method is applied when the application of the estimated annual effective tax rate is impractical because it is not possible to reliably estimate the annual effective tax rate. The discrete method treats the year-to-date period as if it were the annual period and determines the income tax expense or benefit on that basis.

For the three months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**, the provision for (benefit from) income taxes included benefits associated with stock-based awards of \$9 million \$11 million and \$11 million, respectively. For the nine months ended **September 30, 2023** and **2022**, the provision for income taxes included benefits associated with stock-based awards of \$45 million and \$42 million \$27 million, respectively.

For the **nine** **three** months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**, the Company's effective tax rate differed from the United States federal statutory tax rate of 21% primarily due to nondeductible stock-based compensation, state and foreign taxes, research and development tax credits and the impact of tax benefits associated with stock-based awards, state and foreign taxes and research and development tax credits awards.

There were no material changes to the Company's unrecognized tax benefits during the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, and the Company does not expect to have any significant changes to unrecognized tax benefits through the end of the fiscal year.

Effective in the calendar year 2024, the Company is subject to international anti-base erosion rules that assess a minimum tax rate of 15% in the jurisdictions in which it operates. Commonly known as "Pillar II," these rules apply to large multinational enterprises and are designed to address the tax challenges arising from the globalization and digitalization of the economy. The Company has calculated the minimum tax on a jurisdiction-by-jurisdiction basis and has determined that the resulting tax is immaterial to its financial results. The Company continues to monitor for evolving tax legislation in the individual jurisdictions in which it operates and for changes to its operations that could be impacted by such legislation.

Note 10—Segment and Geographic Information

The Company has one primary business activity and operates in one reportable and operating segment.

The Company reports revenue net of amounts it pays suppliers for the cost of advertising inventory, third-party data and other add-on features (collectively, "Supplier Features"). The Company generally bills clients based on the gross amount of Supplier Features they purchase through its platform and the platform fees ("Gross Billings"), net of allowances. The Company's accounts receivable are recorded at the amount of Gross Billings for the amounts it is responsible to collect, and accounts payable are recorded at the net amount payable to suppliers. Accordingly, both accounts receivable and accounts payable appear large in relation to revenue reported on a net basis.

Gross Billings, based on the address of the clients or client affiliates, set forth as a percentage of total Gross Billings, were as follows:

	Three Months Ended		Nine Months Ended	
	September 30,	2023	September 30,	2023
United States	Three Months Ended		Three Months Ended	
United States	March 31,		March 31,	
United States	International	13	11	12
International	International	87	89	88
International	Total	100	100	100
International	Total	%	%	%
Total	Total	100	100	100
Total		%	%	%

Note 11—Commitments and Contingencies

Guarantees, Indemnification and Indemnification Other

In the ordinary course of business, the Company may provide indemnifications of varying scope and terms to clients, vendors, lessors, business partners and other parties with respect to certain matters, including, but not limited to, losses arising out of breach of such agreements, services to be provided by the Company or from intellectual property infringement claims made by third parties. In addition, the Company has entered into indemnification agreements with directors and certain officers and employees that will require the Company, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors, officers or employees. No demands have been made upon the Company to provide indemnification under such agreements, and thus, there are no claims that the Company is aware of that could have a material effect on the Company's balance sheet, statement of operations or statement of cash flows. Accordingly, no amounts for any obligation have been recorded at **September 30, 2023** **March 31, 2024** and **2022**.

The Company is under audit by various domestic and foreign tax authorities. The Company believes that the amount of losses or any estimable range of possible losses with respect to these matters will not, either individually or in the aggregate, have a material adverse effect on its business and condensed consolidated financial statements. Due to the inherent complexity and uncertainty of these matters and judicial process in certain jurisdictions, the final outcome may be materially different from the Company's expectations.

In May 2024, the Company entered into an agreement related to the expansion of an existing office facility located in the United States, which is expected to commence in 2026 and expire in 2037. The total commitment under the lease is estimated to be approximately \$214 million, net of incentives. The Company will recognize the related lease asset and lease liability at the lease commencement date.

Litigation

From time to time, the Company is subject to various legal proceedings, litigation and claims, either asserted or unasserted, that arise in the ordinary course of business. Although the outcome of the various legal proceedings, litigation and claims cannot be predicted with certainty, management does not believe that any of these proceedings or other claims will have a material adverse effect on the Company's business, financial condition, results of operations or cash flows.

Regardless of the outcome, litigation can have an adverse impact on the Company because of defense and settlement costs, diversion of management resources and other factors.

On May 27, 2022, a stockholder of the Company filed a derivative lawsuit captioned *Huizenga v. Green, et al.*, No. 2022-0461, asserting claims on behalf of the Company against certain members of the Company's board of directors in the Court of Chancery of the State of Delaware. On June 27, 2022, a second derivative lawsuit captioned *Pfeiffer v. Green, et al.*, No. 2022-0560, was filed in the Court of Chancery of the State of Delaware alleging substantially similar claims. Those lawsuits were consolidated on August 18, 2022, and a lead plaintiff was appointed on October 7, 2022. The two complaints allege generally that the Defendants defendants breached their fiduciary duties to the Company and its stockholders in connection with the negotiation and approval of the CEO Performance Option. The plaintiffs seek a court order rescinding the CEO Performance Option and monetary damages. On November 10, 2022, the plaintiffs filed a consolidated complaint, and on January 12, 2023, the Defendants defendants moved to dismiss the consolidated complaint. On March 24, 2023, plaintiffs filed an opposition to defendants' motions to dismiss. Defendants filed their replies in support of their motions to dismiss on May 19, 2023, and . The court heard oral argument is scheduled for February 7, 2024 on the motions on April 3, 2024.

Litigation is inherently uncertain and there can be no assurance regarding the likelihood that the motions to dismiss or defense of the various actions will be successful.

Employment Contracts

The Company has entered into agreements with severance terms with certain employees and officers, all of whom are employed on an at-will basis, subject to certain severance obligations in the event of certain involuntary terminations. The Company may be required to accelerate the vesting of certain stock options and restricted stock in the event of changes in control, as defined, and involuntary terminations.

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

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements generally relate to future events or our future financial or operating performance and may include statements concerning, among other things, our business strategy (including anticipated trends and developments in, and management plans for, our business and the markets in which we operate), financial results, the impact of the COVID-19 pandemic and other macroeconomic factors uncertainty on our business, operations, and the markets and communities in which we, our clients, and partners operate, results of operations, revenues, operating expenses, capital expenditures including share repurchases, and capital expenditures, sales and marketing initiatives and competition. In some cases, you can identify forward-looking statements because they contain words such as "may," "might," "will," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "suggests," "potential" or "continue" or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions. These statements are not guarantees of future performance; they reflect our current views with respect to future events and are based on assumptions and are subject to known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from expectations or results projected or implied by forward-looking statements.

We discuss many of these risks in Part II of this Quarterly Report on Form 10-Q in greater detail under the heading "Risk Factors" and in other filings we make from time to time with the Securities and Exchange Commission (the "SEC"). Also, these forward-looking statements represent our estimates and assumptions only as of the date of this Quarterly Report on Form 10-Q, which are inherently subject to change and involve risks and uncertainties. Unless required by federal securities laws, we assume no obligation to update any of these forward-looking statements, or to update the reasons actual results could differ materially from those anticipated, to reflect circumstances or events that occur after the statements are made. Given these uncertainties, investors should not place undue reliance on these forward-looking statements.

Investors should read this Quarterly Report on Form 10-Q and the documents that we reference in this report and have filed with the SEC, including our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, 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.

References to "Notes" are notes included in our unaudited condensed consolidated financial statements appearing elsewhere in this Quarterly Report on Form 10-Q.

Overview

We offer a self-service, cloud-based ad-buying platform that empowers our clients to plan, manage, optimize and measure more expressive data-driven digital advertising campaigns. Our platform allows clients to execute integrated campaigns across ad formats and channels, including video (which includes CTV connected television ("CTV")), display, audio, digital-out-of-home, native and social, on a multitude of devices, such as computers, mobile devices, televisions and streaming devices. Our platform's integrations with major inventory, publisher and data partners provide ad buyers reach and decisioning capabilities, and our enterprise application programming interfaces ("APIs") enable our clients to customize and expand platform functionality.

Our clients are advertising agencies, brands advertisers and other service providers for agencies or advertisers, with whom we enter into ongoing master service agreements ("MSAs"). We generate revenue by charging our clients a platform fee based on a percentage of a client's total spend on advertising. We also generate revenue from providing data and other value-added services and platform features.

Executive Summary

Highlights

	Three Months Ended September 30,				Nine Months Ended September 30,			
	Dollars		Change		Dollars		Change	
	2023	2022	\$	%	2023	2022	\$	%
(in thousands, except percentages)								
Revenue	\$ 493,266	\$ 394,773	\$ 98,493	25 %	\$ 1,340,323	\$ 1,087,058	\$ 253,265	23 %
Net income (loss)	\$ 39,352	\$ 15,869	\$ 23,483	148 %	\$ 81,617	\$ (17,802)	\$ 99,419	NM
NM: Not meaningful.								
Three Months Ended March 31,								
	Dollars		Change					
	2024	2023	\$	%				
(in thousands, except percentages)								
Revenue	\$ 491,253	\$ 382,803	\$ 108,450	28 %				
Net income	\$ 31,660	\$ 9,326	\$ 22,334	239 %				

Trends, Opportunities and Challenges

The growing digitization of media and fragmentation of audiences has increased the complexity of advertising and thereby increased the need for automation in ad buying, which we provide on our platform. In order to grow, we will need to continue to develop our platform's programmatic capabilities and expand our advertising inventory. We believe that key opportunities include our ongoing global expansion, continuing development of our omnichannel ad inventory (including in channels such as video, (including CTV), including CTV, mobile, audio and native ad inventory, others), adoption and utilization of retail media and continuing development and adoption of the data usage, measurement and targeting capabilities provided by our platform.

We believe that growth of the programmatic advertising market is important for our ability to grow our business. Adoption of programmatic advertising by advertisers allows us to acquire new clients and grow revenue from existing clients. Although our clients include some of the largest advertising agencies in the world, we believe there is significant room for us to further expand further within these our relationships with existing clients and gain a larger amount of their advertising spend through our platform. We also believe that the industry trends noted above will lead to advertisers adopting programmatic advertising through platforms such as ours.

Similarly, the adoption of programmatic advertising by inventory owners and content providers allows us to expand the volume and type of advertising inventory that we present to our clients. For example, we have expanded our CTV, mobile, native and audio advertising offerings through our integrations with supply-side partners.

We invest for long-term growth. We anticipate that our operating expenses will continue to increase significantly in the foreseeable future as we invest in platform operations and technology and development to enhance our product features, including programmatic buying of CTV ad inventory, and in sales and marketing to acquire new clients and reinforce our relationships with existing clients. In addition, we expect to continue making investments in our infrastructure, including our information technology, financial and administrative systems and controls, to support our growing operations.

We believe the markets outside of the United States ("U.S."), and in particular across Europe and Asia in markets such as the United Kingdom ("U.K."), Germany, France, China, Japan, India and Australia, offer opportunities for growth. However, such markets may also pose challenges related to compliance with local laws and regulations, restrictions on foreign ownership or investment, uncertainty related to trade relations and a variety of additional risks. We intend to make additional investments in sales and marketing and product development to expand in international markets where we are making significant investments in our platform and growing our team.

We believe that these investments will contribute to our long-term growth, although they may negatively impact profitability in the near term.

Our business model has allowed us to grow significantly, and we believe that our operating leverage enables us to support future long-term growth profitably.

Macroeconomic Uncertainty and COVID-19

Rising interest rates, inflation, changes in foreign currency exchange rates and geopolitical developments as well as the COVID-19 pandemic, including the emergence of variants and subvariants, have resulted, and may continue to result, in a global slowdown of economic activity, which may decrease demand for a broad variety of goods and services, including those provided by our clients, while also disrupting supply channels, sales channels and advertising and marketing activities for an unknown period of time until economic activity normalizes. As a result of the current uncertainty in economic activity, we are unable to predict the size and duration of the impact on our revenue and our results of operations. The extent of the impact of these macroeconomic factors on our operational and financial performance will depend on a variety of factors, and the duration and extent of geopolitical and global economic disruption and their respective impacts on our clients, partners, industry and employees, all of which are uncertain at this time and cannot be accurately predicted. See "Item 1A. Risk Factors" in Part II. Other Information for further discussion of the adverse impacts of the macroeconomic factors uncertainty on our business.

During the second half of 2022, many of our employees adopted a hybrid work schedule consisting of both in-person work and working from home, primarily beginning in September 2022. Additionally, we resumed travel and in-person events in accordance with applicable regional guidance, resulting in an increase in operating expenses in 2023 compared to 2022, before most travel and in-person events resumed.

Results of Operations for the Three and Nine Months Ended September 30, 2023 March 31, 2024 Compared with the Three and Nine Months Ended September 30, 2022 March 31, 2023

The following tables set forth our condensed consolidated results of operations for the periods presented.

Three Months Ended September 30,															
2023					2022										
(in thousands)		(% of Revenue)			(in thousands)		(% of Revenue)								
Three Months Ended March 31,															
2024					2024										
(in thousands)															
Revenue	Revenue	\$493,266	100 %	\$394,773	100 %	Revenue	\$491,253	100 %	\$382,803	100 %					
Operating expenses:	Operating expenses:														
Platform operations	Platform operations	93,382	19 %	70,124	18 %	103,630	21 %	21 %	84,867	22 %					
Sales and marketing	Sales and marketing	112,466	23 %	85,038	22 %	121,725	25 %	25 %	97,222	25 %					
Technology and development	Technology and development	117,772	24 %	79,915	20 %	107,686	22 %	22 %	93,710	24 %					
General and administrative	General and administrative	131,969	27 %	130,892	33 %	129,555	26 %	26 %	130,312	34 %					
Total operating expenses	Total operating expenses	455,589	92 %	365,969	93 %	462,596	94 %	94 %	406,111	106 %					
Income from operations	Income from operations	37,677	8 %	28,804	7 %										
Income (loss) from operations	Income (loss) from operations					28,657	6 %		(23,308)	(6) %					
Total other income, net	Total other income, net	(19,323)	(4) %	(1,698)	— %	Total other income, net	(17,376)	(4) %	(13,700)	(4) %					
Income before income taxes	Income before income taxes	57,000	12 %	30,502	8 %										
Provision for income taxes	Provision for income taxes	17,648	4 %	14,633	4 %										
Income (loss) before income taxes	Income (loss) before income taxes					46,033	9 %		(9,608)	(3) %					
Provision for (benefit from) income taxes	Provision for (benefit from) income taxes					14,373	3 %		(18,934)	(5) %					
Net income	Net income	\$ 39,352	8 %	\$ 15,869	4 %	Net income	\$ 31,660	6 %	\$ 9,326	2 %					
Nine Months Ended September 30,															
2023					2022										
(in thousands)															
Revenue		\$ 1,340,323			100 %	\$ 1,087,058			100 %						
Operating expenses:															
Platform operations		264,903			20 %	201,504			19 %						
Sales and marketing		321,177			24 %	245,146			23 %						
Technology and development		309,790			23 %	235,397			22 %						

General and administrative	388,411	29 %	391,517	36 %
Total operating expenses	1,284,281	96 %	1,073,564	99 %
Income from operations	56,042	4 %	13,494	1 %
Total other income, net	(51,277)	(4)%	(1,756)	— %
Income before income taxes	107,319	8 %	15,250	1 %
Provision for income taxes	25,702	2 %	33,052	3 %
Net income (loss)	\$ 81,617	6 %	\$ (17,802)	(2)%

Note: Percentages may not sum due to rounding.

Revenue

Revenue increased by \$98 \$108 million, or 25%, and \$253 million, or 23% 28%, for the three and nine months ended September 30, 2023 March 31, 2024, as compared to the three and nine months ended September 30, 2022, respectively. March 31, 2023. The increase was primarily due to higher gross spend in the current year on our platform, which was primarily driven by more advertisers and more campaigns executed by existing clients.

Platform Operations

Platform operations expense increased by \$23 million \$19 million, or 33% 22%, for the three months ended September 30, 2023 March 31, 2024, as compared to the three months ended September 30, 2022 March 31, 2023. The increase was primarily due to increases of \$15 million \$14 million in hosting costs and \$7 million \$4 million in personnel costs, which included a \$2 million increase in stock-based compensation. The increase in hosting costs was primarily attributable to support costs related to the increased use of our platform by our clients, increased use of features by our technical teams in support of our platform and by investment in new data centers to support our platform. The increase in personnel costs was primarily due to headcount growth. The increase in stock-based compensation was primarily due to driven by new equity grants.

Platform operations expense increased by \$63 million, or 31%, for the nine months ended September 30, 2023, as compared to the nine months ended September 30, 2022. The increase was primarily due to increases of \$42 million in hosting costs and \$17 million in personnel costs. The increase in hosting costs was primarily attributable to support related to the increased use of our platform by our clients and by investment in new data centers to support our platform. The increase in personnel costs was primarily due to grants, headcount growth as well as return-to-office, and an increase in travel and employee engagement costs, including in-person events impacted by headcount growth. events.

We expect platform operations expenses to increase in absolute dollars in future periods as we continue to experience increased volumes of media impressions through our platform and hire additional personnel to support our growth.

Sales and Marketing

Sales and marketing expense increased by \$27 million \$25 million, or 32% 25%, for the three months ended September 30, 2023 March 31, 2024, as compared to the three months ended September 30, 2022 March 31, 2023. The increase was primarily due to an increase of \$22 million \$20 million in personnel costs, which included a \$6 million increase in stock-based compensation, a \$3 million increase in marketing costs and a \$2 million increase in allocated facilities costs. The increase in personnel costs was primarily due to headcount growth to support our sales efforts and to continue to develop and maintain relationships with our clients; an increase in incentive compensation driven by headcount growth and gross spend growth; and return-to-office an increase in travel and travel, employee engagement costs, including in-person events. The increase in stock-based compensation was primarily due to new equity grants. The increase in marketing costs was primarily due to an increase in marketing campaigns, creatives, events, sponsorships and client engagement. The increase in allocated facilities costs was primarily driven by new leases for additional office space to support our future growth as well as return-to-office support expenses.

Sales and marketing expense increased by \$76 million, or 31%, for the nine months ended September 30, 2023, as compared to the nine months ended September 30, 2022. The increase was primarily due to an increase of \$64 million in personnel costs, which included a \$5 million increase in stock-based compensation, a \$7 million increase in marketing costs and a \$5 million increase in allocated facilities costs. The increase in personnel costs was primarily due to headcount growth to support our sales efforts and to continue to develop and maintain relationships with our clients; higher incentive compensation driven by headcount growth and gross spend growth; and return-to-office, travel and employee engagement costs, including in-person events impacted by headcount growth. The increase in marketing costs was primarily due to an increase in marketing campaigns, events, sponsorships and client engagement. The increase in allocated facilities costs was primarily driven by new leases for additional office space to support our future growth as well as return-to-office support expenses. The increase in stock-based compensation was primarily due to new equity grants, partially offset by the impact of stock price volatility on ESPP expense.

We expect sales and marketing expenses to increase in absolute dollars in future periods, as we focus on increasing the adoption of our platform with existing and new clients and expanding our international business.

Technology and Development

Technology and development expense increased by \$38 million \$14 million, or 47% 15%, for the three months ended September 30, 2023 March 31, 2024, as compared to the three months ended September 30, 2022 March 31, 2023. The increase was primarily due to an increase of \$35 million \$13 million in personnel costs, which included a \$21 million \$7 million increase in stock-based compensation, and a \$3 million increase in allocated facilities costs. compensation. The increase in personnel costs was primarily attributable to the increase in stock-based compensation driven by new equity grants, headcount growth to maintain and support further development of our platform as well as return-to-office and travel. The increase in stock-based compensation was due to \$14 million from the cancellation of unvested equity awards in connection with David R. Pickles stepping down from his role as our former Chief Technology Officer ("CTO"), as well as new equity grants to other grantees. Refer to Note 8—Stock-Based Compensation for further

detail. The increase in allocated facilities costs was primarily driven by new leases for additional office space to support our future growth as well as return-to-office support expenses.

Technology and development expense increased by \$74 million, or 32%, for the nine months ended September 30, 2023, as compared to the nine months ended September 30, 2022. The increase was primarily due to an increase of \$68 million in personnel costs, which included a \$24 million increase in stock-based compensation, and a \$6 million increase in allocated facilities costs. The increase in personnel costs was primarily attributable to headcount growth to maintain and support further development of our platform, as well as return-to-office, travel and employee engagement costs, including

in-person events impacted by headcount growth. The increase in stock-based compensation was due to new equity grants, partially offset by the impact of stock price volatility on ESPP expense. The increase in stock-based compensation expense also included \$14 million from the cancellation of unvested equity awards in connection with the stepping down of our former CTO. Refer to Note 8—Stock-Based Compensation for further detail. The increase in allocated facilities costs was primarily driven by new leases for additional office space to support our future growth as well as return-to-office support expenses.events.

We expect technology and development expense to increase in absolute dollars as we continue to invest in the development of our platform to support additional features and functions, increase the number of advertising and data inventory suppliers and support the anticipated increase in volume of advertising spending by our customers clients on our platform. We also intend to invest in technology to further automate our business processes.

General and Administrative

General and administrative expense increased decreased by \$1 million, or 1%, for the three months ended September 30, 2023 March 31, 2024, as compared to the three months ended September 30, 2022 March 31, 2023, primarily due to an \$18 million decrease in stock-based compensation, partially offset by increases of \$7 million \$9 million in personnel costs \$4 million and \$8 million in administrative costs and \$1 million in allocated facilities costs, partially offset by an \$11 million decrease in stock-based compensation. The increase in personnel costs was primarily attributable to increased headcount to support our growth, an increase in bonus costs driven by revenue growth and an increase in return-to-office and travel costs. The increase in administrative costs was primarily driven by an increase in external professional fees. The increase in allocated facilities costs was primarily driven by new leases for additional office space to support our future growth as well as return-to-office support expenses. The decrease in stock-based compensation was primarily driven by an \$18 million a \$24 million decrease in expense related to the CEO Performance Option driven by the graded-vesting attribution method, under which more expense is recognized earlier in the option's life, partially offset by a \$7 million increase in expense related to new equity grants.

General and administrative expense decreased by \$3 million, or 1%, for the nine months ended September 30, 2023, as compared to the nine months ended September 30, 2022, primarily due to a \$31 million decrease in stock-based compensation, partially offset by increases of \$26 million in personnel costs and \$2 million in allocated facilities costs. The decrease in stock-based compensation was primarily driven by a \$41 million decrease in expense related to the CEO Performance Option driven by the graded-vesting attribution method, under which more expense is recognized earlier in the option's life, as well as a \$6 million decrease in ESPP expense driven by the impact of stock price volatility, partially offset by a \$16 million increase in expense related to new equity grants. The increase in personnel costs was primarily attributable to increased headcount to support our growth an increase in bonus costs driven by revenue growth, and an increase in return-to-office, travel and employee engagement costs, including in-person events impacted by headcount growth. The increase in allocated facilities administrative costs was primarily driven by new leases for additional office space to support our future growth as well as return-to-office support expenses. increases in local business taxes and external professional fees.

Excluding the impact of the CEO Performance Option, we expect general and administrative expenses to increase primarily due to continued investment in corporate infrastructure to support growth.

Total Other Income, Net

Total other income, net increased by \$18 million and \$50 million \$4 million for the three and nine months ended September 30, 2023 March 31, 2024, respectively, as compared to total other income, net for the three and nine months ended September 30, 2022, respectively. March 31, 2023. The increase was primarily due to higher interest income on our cash and cash equivalents and short-term investments driven by rising interest rates, rates as well as gains on foreign currency forwards, partially offset by foreign currency transaction losses, driven by changes in foreign currency exchange rates against the U.S. Dollar.

Provision for (Benefit from) Income Taxes

The U.S. federal statutory tax rate was 21% for the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively.

The provision for income taxes increased by \$3 million \$33 million for the three months ended September 30, 2023 March 31, 2024, as compared to the three months ended September 30, 2022 March 31, 2023. The increase was primarily due to higher pre-tax profitability partially offset by a lower impact attributable to nondeductible stock-based compensation.

The provision for income taxes decreased by \$7 million for the nine months ended September 30, 2023, as compared to the nine months ended September 30, 2022. The decrease was primarily due to a lower impact attributable to nondeductible stock-based compensation, coupled with higher tax a decrease in benefits associated with employee stock-based awards.

Liquidity and Capital Resources

As of **September 30, 2023** **March 31, 2024**, we had working capital of **\$1,867 million** **\$1,813 million**, which included **\$1,072 million** **\$918 million** in cash and cash equivalents, **\$82 million** **\$94 million** of which was held by our international subsidiaries, and **\$450 million** **\$501 million** in short-term investments in marketable securities. Additionally, we had **\$445 million** **\$443 million** available under our Amended Credit Facility (refer to the "Credit Facility" section below). For the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, we generated **\$507 million** **\$185 million** in cash flows from operating activities.

We believe our existing cash and cash equivalents, cash flow from operations, and our undrawn available balance under our Amended Credit Facility will be sufficient to meet our working capital requirements for at least the next 12 months. We believe our existing cash and cash equivalents, short-term investments and cash flow from operations will be sufficient to fund our share repurchase program. Further, we have a shelf registration statement on Form S-3 on file with the SEC (the "Shelf Registration"), which permits us to issue equity securities and equity-linked securities from time to time, subject to certain limitations. The Shelf Registration is intended to provide us with additional flexibility to access capital markets for general corporate purposes, subject to market conditions and our capital needs. Our future capital requirements and the adequacy of available funds will depend on many factors, including those set forth in "*Item 1A. Risk Factors*" within this Quarterly Report on Form 10-Q.

In the future, we may attempt to raise additional capital through the sale of equity securities or through equity-linked or debt-financing arrangements. If we raise additional funds by issuing equity or equity-linked securities, the ownership of our existing stockholders will be diluted. If we raise additional financing by incurring additional indebtedness, we may be subject to increased fixed payment obligations and could also be subject to additional restrictive covenants, such as limitations on our ability to incur additional debt, and other operating restrictions that could adversely impact our ability to conduct our business. Any future indebtedness we incur may result in terms that could be unfavorable to equity investors.

There can be no assurance that we will be able to raise additional capital. The inability to raise capital would adversely affect our ability to achieve our business objectives. In addition, if our operating performance during the next 12 months is below our expectations, our liquidity and ability to operate our business could be adversely affected. We are closely monitoring the effect that current macroeconomic factors may have on our working capital requirements.

Credit Facility

On June 15, 2021, we and a syndicate of banks, led by JPMorgan Chase Bank, N.A., as agent, entered into a Loan and Security Agreement (the "Credit Facility"). The Credit Facility consists of a \$450 million revolving loan facility, with a \$20 million sublimit for swingline borrowings and a \$15 million sublimit for the issuance of letters of credit. Under certain circumstances, we have the right to increase the Credit Facility by an amount not to exceed \$300 million.

On December 17, 2021, we amended the Credit Facility to expand the process for issuing letters of credit and the related invoicing, particularly with respect to letters of credit not denominated in U.S. Dollars. On February 9, 2023, we further amended the Credit Facility (as amended, the "Amended Credit Facility") to transition from a variable interest rate based on the London Interbank Offered Rate to a variable interest rate based on the secured overnight financing rate ("SOFR").

As of **September 30, 2023** **March 31, 2024**, we did not have an outstanding debt balance under the Amended Credit Facility. Availability under the Amended Credit Facility was **\$445 million** **\$443 million** as of **September 30, 2023** **March 31, 2024**, which is net of outstanding letters of credit of **\$5 million** **\$7 million**. The Amended Credit Facility matures, and all outstanding amounts become due and payable, on June 15, 2026. As of **September 30, 2023** **March 31, 2024**, we were in compliance with all covenants.

For additional information regarding the Amended Credit Facility, refer to Note 6—Debt.

Share Repurchase Program

In February 2023, our board of directors approved a share repurchase program with authorization to purchase up to \$700 million of our Class A common stock. As of December 31, 2023, \$53 million remained available and authorized for repurchases. In February 2024, an additional \$647 million was authorized under this program, bringing the total amount available for future repurchases back to \$700 million. The share repurchase program, which has no expiration date, is designed to help offset the impact of future share dilution from employee stock issuances. Repurchases under the program may be made in the open market, in privately negotiated transactions or otherwise, with the amount and timing of repurchases determined at our discretion, depending on market conditions and corporate needs. Open market repurchases are structured to occur in accordance with applicable federal securities laws, including within the pricing and volume requirements of Rule 10b-18 under the Exchange Act. We may also, from time to time, enter into Rule 10b-5 plans to facilitate repurchases of shares under this authorization. This program does not obligate us to acquire any particular amount of Class A common stock, and may be modified, suspended or terminated at any time at the discretion of our board of directors.

During the three and nine months ended **September 30, 2023** **March 31, 2024**, we repurchased and subsequently retired **1.2 million** **1.5 million** shares and **6.9 million** shares, respectively, of our Class A common stock for an aggregate repurchase amounts amount of **\$90 million** and **\$427 million**, respectively, **\$125 million**. The repurchase amounts amount for the three and nine months ended **September 30, 2023** **March 31, 2024** included an immaterial amounts amount related to the 1% excise tax on net share repurchases as a result of the Inflation Reduction Act of 2022 ("IRA"). As of **September 30, 2023** **March 31, 2024**, **\$273 million** **\$575 million** remained available and authorized for repurchases.

Cash Flows

The following table summarizes our cash flows for the periods presented:

Nine Months Ended	
September 30,	
2023	2022

(in thousands)			
Three Months Ended			
March 31,		Three Months Ended March 31,	
2024	2024	2023	
(in thousands)		(in thousands)	
Net cash provided by operating activities	Net cash activities \$ 507,202	Net cash activities \$ 375,254	
Net cash used in investing activities	Net cash activities \$ (50,542)	Net cash activities \$ (165,757)	
Net cash provided by (used in) financing activities	Net cash activities \$ (415,402)	Net cash activities \$ 31,005	
Net cash used in financing activities			

Operating Activities

Our cash flows from operating activities are primarily influenced by growth in our operations, increases or decreases in collections from our clients and related payments to our suppliers for advertising inventory and data. We typically pay suppliers in advance of collections from our clients. Our collection and payment cycles can vary from period to period. In addition, we expect seasonality to impact cash flows from operating activities on a sequential quarterly basis during the year.

For the nine three months ended September 30, 2023 March 31, 2024, cash provided by operating activities of \$507 million \$185 million resulted primarily from net income adjusted for noncash items of \$542 million \$178 million and a net decrease increase in our operating assets and liabilities of \$35 million \$8 million. The net decrease increase in our operating assets and liabilities was primarily due to a \$131 million increase \$238 million decrease in accounts receivable, partially offset by a \$220 million decrease in accounts payable and a \$37 million \$14 million decrease in operating lease liabilities, partially offset by a \$126 million increase in accounts payable and an \$18 million increase in accrued expenses and other liabilities. The increase decrease in accounts receivable was due to the timing and seasonality of cash receipts from clients. The decrease in operating lease liabilities was due primarily to rent payments. The increase in accounts payable was due to the timing and seasonality of payments to suppliers for the cost of advertising inventory, data and add-on features. The increase decrease in accrued expenses and other operating lease liabilities is was due primarily to the timing of payment of personnel costs, rent payments.

For the nine three months ended September 30, 2022 March 31, 2023, cash provided by operating activities of \$375 million \$188 million resulted primarily from net income adjusted for noncash items of \$431 million \$153 million, and a net decrease increase in our operating assets and liabilities of \$55 million \$35 million. The net decrease increase in our operating assets and liabilities was primarily due to a \$69 million \$258 million decrease in accounts receivable, partially offset by a \$201 million decrease in accounts payable and a \$36 million \$13 million decrease in operating lease liabilities and a \$19 million decrease in accrued expenses and other liabilities, partially offset by a \$43 million decrease in prepaid expenses and other assets and a \$25 million decrease in accounts receivable. The decrease in accounts payable was due to seasonality and the timing of payments to suppliers. The decrease in operating lease liabilities was due primarily to rent payments. The decrease in accrued expenses and other liabilities was due primarily to payments of taxes associated with stock-based awards, bonus payments and reduction of the liability related to the ESPP due to the purchase of shares in accordance with the plan. The decrease in prepaid expenses and other assets was primarily due to a decrease in the income tax receivable including the receipt of an income tax refund, partially offset by current year estimated income tax payments. The decrease in accounts receivable was due to seasonality and the timing of cash receipts from clients. The decrease in accounts payable was due to seasonality and the timing of payments to suppliers for the cost of advertising inventory, data and add-on features. The decrease in operating lease liabilities was due primarily to rent payments.

Investing Activities

Our primary investing activities consist of investing in short-term marketable securities, purchases of property and equipment for the expansion of our new facilities in support of our expanding headcount as a result of our growth and capital expenditures to develop our software in support of enhancing our technology platform. As our business grows, our capital expenditures and our investment activity may increase.

For the nine three months ended September 30, 2023 March 31, 2024, we used \$51 million \$21 million of cash in investing activities, consisting of \$23 million \$12 million of net purchases of short-term investments, \$22 million \$7 million to purchase property and equipment and \$6 million \$2 million of investments in capitalized software.

For the nine three months ended September 30, 2022 March 31, 2023, we used \$166 million \$29 million of cash in investing activities, consisting of \$125 million \$18 million of net purchases of short-term investments, \$36 million \$9 million to purchase property and equipment and \$5 million nearly \$2 million of investments in capitalized software.

Financing Activities

For the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, we used **\$415 million** **\$141 million** of cash in financing activities, consisting of **\$427 million** **\$125 million** of cash paid for repurchases of our Class A common stock and **\$55 million** **\$27 million** of taxes paid for restricted stock award settlements, partially offset by **\$45 million** **\$11 million** of proceeds from stock option exercises and **\$21 million** of proceeds from our **ESPP** exercises.

For the nine months ended September 30, 2022, we used \$297 million of cash provided by in financing activities, consisting of \$31 million was primarily due to \$43 million \$292 million of proceeds from cash paid for repurchases of Class A common stock option exercises and \$26 million of proceeds from our ESPP, partially offset by \$37 million \$16 million of taxes paid for restricted stock award settlements, settlements, partially offset by \$10 million of proceeds from stock option exercises.

Off-Balance Sheet Arrangements

We do not have any relationships with other entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities that have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. We did not have any other off-balance sheet arrangements at **September 30, 2023** **March 31, 2024** other than the indemnification agreements described below.

Contractual Obligations

Our principal commitments consist of our non-cancelable operating leases for our various office facilities and other contractual commitments consisting of obligations to our hosting services and hardware providers marketing contracts and providers of software as a service. In certain cases, the terms of the lease agreements provide for rental payments on a graduated basis.

The following table summarizes our non-cancelable contractual obligations at September 30, 2023 as of March 31, 2024 (in thousands):

Payments Due by Period			
	Remainder of 2023	2024 and Thereafter	Total
Payments Due by Period			Payments Due by Period
Remainder of			
Operating lease commitments	2024	Operating lease commitments	Remainder of 2024
Other contractual commitments	Other contractual commitments		2025 and Thereafter
Total	Total	\$67,580	\$707,784
		\$640,204	

In May 2024, we entered into an agreement related to the expansion of an existing office facility located in the United States, which is expected to commence in 2026 and expire in 2037. The total commitment under the lease is estimated to be approximately \$214 million.

In the ordinary course of business, we enter into agreements in which we may agree to indemnify clients, suppliers, vendors, lessors, business partners, lenders, stockholders and other parties with respect to certain matters, including losses resulting from claims of intellectual property infringement, damages to property or persons, business losses or other liabilities. Generally, these indemnity and defense obligations relate to our own business operations, obligations and acts or omissions. However, under some circumstances, we agree to indemnify and defend contract counterparties against losses resulting from their own business operations, obligations and acts or omissions, or the business operations, obligations and acts or omissions of third parties. These indemnity provisions generally survive termination or expiration of the agreements in which they appear. In addition, we have entered into indemnification agreements with our directors, executive officers and other officers that will require us to indemnify them against liabilities that may arise by reason of their status or service as directors, officers or employees. In the ordinary course of business, demands have been made upon us to provide indemnification under such agreements, but we are not aware of any claims that could have a material effect on our balance sheet, statement of operations or statement of cash flows. Accordingly, no amounts for any obligation have been recorded at **September 30, 2023** **March 31, 2024**.

Critical Accounting Policies and Estimates

Our condensed consolidated financial statements are prepared in accordance with GAAP. The preparation of these condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures. We evaluate our estimates and assumptions on an ongoing basis. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Our actual results could differ from these estimates.

We believe that the assumptions and estimates associated with the evaluation of revenue recognition criteria, including the determination of revenue recognition as net versus gross in our revenue arrangements, stock-based compensation expense and income taxes have the greatest potential impact on our condensed consolidated financial statements. Therefore, we consider these to be our critical accounting policies and estimates.

Recently Issued Accounting Pronouncements

None. Refer to Note 2—Basis of Presentation and Summary of Significant Accounting Policies of our condensed consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We have operations both within the United States and internationally, and we are exposed to market risks in the ordinary course of our business. These risks include primarily interest rate and foreign currency exchange risks.

Interest Rate Risk

We are exposed to market risk from changes in interest rates under our Amended Credit Facility, which accrues interest at a variable rate. No amount was owed on our Amended Credit Facility as of **September 30, 2023** **March 31, 2024**. We have not used any derivative financial instruments to manage our interest rate risk exposure. Based upon the short-term investments amount as of **September 30, 2023** **March 31, 2024**, a hypothetical one percentage point increase or decrease in the interest rate would result in a corresponding increase or decrease in investment income of approximately \$5 million annually.

Foreign Currency Exchange Risk

We have foreign currency exchange risk related to transactions denominated in currencies other than the U.S. Dollar, principally the Euro, **Australian Dollar**, British Pound, Canadian **Dollar**, **Australian Dollar**, Japanese Yen, Indian Rupee, Indonesian Rupiah, Hong Kong Dollar and Singapore Dollar. The volatility of exchange rates depends on many factors that we cannot forecast with reliable accuracy. As of **September 30, 2023** **March 31, 2024**, an immediate 10% adverse change in foreign exchange rates on foreign-denominated accounts would result in a foreign currency loss of approximately **\$30 million** **\$32 million**. In the event our non-U.S. Dollar denominated sales and expenses increase, our operating results may be more greatly affected by exchange rate fluctuations.

We enter into forward contracts or other derivative transactions in an attempt to hedge our foreign currency risk. There can be no assurance that such transactions will be effective in hedging some or all of our foreign currency exposures, and under some circumstances they could generate losses for us.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), evaluated the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e)

under the Exchange Act as of **September 30, 2023** **March 31, 2024**. Our disclosure controls and procedures are designed to provide reasonable assurance that information we are required to disclose in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosures, and is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Based on this evaluation, our CEO and CFO have concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of **September 30, 2023** **March 31, 2024**.

Changes in Internal Control over Financial Reporting

There have been no significant changes in our internal control over financial reporting during the quarter ended **September 30, 2023** **March 31, 2024** that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Management recognizes that 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 or error, if any, have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can 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 also is based in part upon 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 the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we are subject to various legal proceedings, litigation and claims, either asserted or unasserted, that arise in the ordinary course of business. Although the outcome of the various legal proceedings, litigation and claims cannot be predicted with certainty, management does not believe that any of these proceedings or other claims will have a material adverse effect on our business, financial condition, results of operations 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.

On May 27, 2022, a stockholder filed a derivative lawsuit captioned *Huizenga v. Green, et al.*, No. 2022-0461, asserting claims on our behalf against certain members of our board of directors in the Court of Chancery of the State of Delaware. On June 27, 2022, a second derivative lawsuit captioned *Pfeiffer v. Green, et al.*, No. 2022-0560, was filed in the Court of Chancery of the State of Delaware alleging substantially similar claims. Those lawsuits were consolidated on August 18, 2022, and a lead plaintiff was appointed on

October 7, 2022. The two complaints allege generally that the defendants breached their fiduciary duties to us and our stockholders in connection with the negotiation and approval of the CEO Performance Option. The plaintiffs seek a court order rescinding the CEO Performance Option and monetary damages. On November 10, 2022, the plaintiffs filed a consolidated complaint, and on January 12, 2023, the defendants moved to dismiss the consolidated complaint. On March 24, 2023, plaintiffs filed an opposition to defendants' motions to dismiss. Defendants filed their replies in support of their motions to dismiss on May 19, 2023, and **The court heard oral argument is scheduled for February 7, 2024 on the motions on April 3, 2024.**

Litigation is inherently uncertain and there can be no assurance regarding the likelihood that the motions to dismiss or defense of the various actions will be successful.

Item 1A. Risk Factors

Investing in our Class A common stock involves a high degree of risk. You should consider carefully the risks and uncertainties described below, together with all of the other information contained in this Quarterly Report on Form 10-Q, including the condensed consolidated financial statements and the related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations, before making investment decisions related to our Class A common stock. If any of the following risks are realized, our business, financial condition, results of operations and prospects could be materially and adversely affected. In that event, the market price of our Class A common stock could decline and you could lose part or all of your investment.

Risks Related to Our Business and Industry

If we fail to maintain and grow our client base and spend through our platform, our revenue and business may be negatively impacted.

To sustain or increase our revenue, we must regularly add new clients and encourage existing clients to maintain or increase the amount of advertising inventory purchased through our platform and adopt new features and functionalities that we make available. If competitors introduce lower cost or differentiated offerings that compete with or are perceived to compete with our offerings, our ability to sell our services to new or existing clients could be impaired. We have spent significant effort in cultivating our relationships with advertising agencies, which has resulted in an increase in the budgets allocated to, and the amount of advertising purchased on, our platform. However, it is possible that we may reach a point of saturation at which we cannot continue to grow our revenue from such agencies because of internal limits that advertisers may place on the allocation of their advertising budgets to digital media to a particular provider or otherwise. While we generally have master services agreements ("MSAs") in place with our clients, such agreements allow our clients to choose the amount they spend through our platform and terminate our services with limited notice. We at times supplement our MSAs with joint business plans and other incentive programs designed to increase spending from existing clients; however, such increased spending may not materialize in the amounts we expect or at all. We do not typically have exclusive relationships with our clients and there is limited cost and difficulty to moving their media spend to our competitors. As a result, we have limited visibility to our future advertising revenue streams. We cannot assure you that our clients will continue to use our platform to the extent that we expect or at all, or that we will be able to replace, in a timely or effective manner, departing clients with new clients that generate comparable revenue. If a major client representing a significant portion of our business decides to materially reduce its use of our platform or to cease using our platform

altogether, it is possible that our revenue or revenue growth rate could be significantly reduced, and our business negatively impacted.

The loss of advertising agencies as clients could significantly harm our business, financial condition and results of operations.

Our client base consists primarily of advertising agencies. We do not have exclusive relationships with advertising agencies, and we depend on agencies to work with us to build and maintain advertiser relationships and execute advertising campaigns.

The loss of agencies as clients could significantly harm our business, financial condition and results of operations. If we fail to maintain satisfactory relationships with an advertising agency, we risk losing business from the current and future advertisers represented by that agency.

Advertisers may change advertising agencies. If an advertiser switches from an agency that utilizes our platform to one that does not, we will lose revenue from that advertiser. In addition, some advertising agencies have their own relationships with suppliers of advertising inventory and can directly connect advertisers with such suppliers. Our business may suffer to the extent that advertising agencies and inventory suppliers purchase and sell advertising inventory directly from one another or through intermediaries other than us.

We had over **1,000** **1,100** clients, consisting primarily of advertising agencies, as of **December 31, 2022** **December 31, 2023**. Many of these agencies are owned by holding companies, where decision making is decentralized such that purchasing decisions are made, and relationships with advertisers are located, at the agency, local branch or division level. If all of our individual client contractual relationships were aggregated at the holding company level, Publicis Groupe would have represented more than 10% of our gross billings for **2022**, **2023**.

In most cases, we enter into separate contracts and billing relationships with the individual agencies and account for them as separate clients. However, some holding companies for these agencies may choose to exert control over the individual agencies in the future. If so, any loss of relationships with such holding companies and consequently, of their agencies, local branches or divisions, as clients could significantly harm our business, financial condition and results of operations.

If we fail to innovate or make the right investment decisions in our offerings and platform, we may not fail to attract and retain advertisers and advertising agencies and our revenue and results of operations may decline.

Our industry is subject to rapid and frequent changes in technology and laws governing our activities, evolving client needs and expectations and the frequent introduction by our competitors of new and enhanced offerings. We must constantly make investment decisions regarding offerings and technology to meet client demand and evolving industry and legal standards. We may make bad decisions regarding these investments. If new or existing competitors have more attractive offerings, we may lose clients or clients may decrease their use of our platform. New client demands, superior competitive offerings or new industry standards could require us to make unanticipated and costly changes to our platform or business model. We must constantly make investment decisions regarding offerings and technology to meet client demand and evolving industry and legal standards. We may make bad decisions regarding these investments. Furthermore, even if we believe that our investments improve upon our platform and offerings, such as updates to our various platform features and user interface, they may nevertheless fail to meet new or existing client expectations or preferences, which could result in decreased client adoption or use of our platform.

In addition, as we develop and introduce new products and services, including those incorporating or utilizing artificial intelligence and machine learning and new processing of personal information, including identifiable information, they may raise new, or heighten existing, technological, security, legal and other risks and challenges, that may cause unintended consequences and may not function properly or may be misused by our clients. If we fail to adapt to our rapidly changing industry or to evolving client needs or expectations, or we provide new or updated products and services that exacerbate technological, security, legal or other challenges, the reputation of and demand for our platform or related offerings could decrease and our business, financial condition and operations may be adversely affected.

The market for programmatic buying for advertising campaigns is relatively new and evolving. If this market develops slower or differently than we expect, our business, growth prospects and financial condition could be adversely affected.

The substantial majority of our revenue has been derived from clients that programmatically purchase advertising inventory through our platform. We expect that spending on programmatic ad buying will continue to be our primary source of revenue for the foreseeable future and that our revenue growth will largely depend on increasing spend through our platform. The market for programmatic ad buying is an emerging market, and our current and potential clients may not shift to programmatic ad buying from other buying methods as quickly as we expect, which would reduce our growth potential. If the market for programmatic ad buying deteriorates or develops more slowly than we expect, it could reduce demand for our platform, and our business, growth prospects and financial condition would be adversely affected.

In addition, our revenue may not necessarily grow at the same rate as spend on our platform. As the market for programmatic buying for advertising matures, growth in spend may outpace growth in our revenue due to a number of factors, including pricing competition, quantity discounts and shifts in product, media, client and channel mix. A significant change in revenue as a percentage of spend could reflect an adverse change in our business and growth prospects. In addition, any such fluctuations, even if they reflect our strategic decisions, could cause our performance to fall below the expectations of securities analysts and investors, and adversely affect the price of our common stock.

The effects of health epidemics, such as the ongoing global COVID-19 pandemic, have had, and could in the future have, an adverse impact on our business, financial condition and results of operations.

Our business and operations have been, and could in the future be, adversely affected by health epidemics, such as the global COVID-19 pandemic. The COVID-19 pandemic and efforts to control its spread curtailed the movement of people, goods and services worldwide, including in the regions in which we and our clients and partners operate, and significantly impacted economic activity and financial markets. Many marketers have decreased or paused their advertising spending as a response to the economic uncertainty, decline in business activity and other COVID-19-related impacts, which have negatively impacted, and with respect to the COVID-19 pandemic or other future health epidemics, may continue to negatively impact, our revenue and results of operations, the extent and duration of which we may not be able to accurately predict.

The economic uncertainty caused by the COVID-19 pandemic has made and may continue to make it difficult for us to forecast revenue and operating results and to make decisions regarding operational cost structures and investments. The duration and extent of the impact from the COVID-19 pandemic depend on future developments that cannot be accurately predicted at this time, including the emergence of new variant strains of COVID-19 and the measures taken by governments, businesses and other organizations in response, and if we are not able to respond to and manage the impact of such events effectively, our business may be harmed.

The market in which we participate is intensely competitive, and we may not be able to compete successfully with our current or future competitors.

We operate in a highly competitive and rapidly changing industry. We expect competition to persist and intensify in the future, which could harm our ability to increase revenue and maintain profitability. New technologies and methods of buying advertising present a dynamic competitive challenge, as market participants develop and offer new products and services aimed at capturing advertising spend or disrupting the digital marketing landscape, such as analytics, automated media buying and exchanges.

We may also face competition from new companies entering the market, including large established companies and companies that we do not yet know about or do not yet exist. If existing or new companies develop, market or resell competitive high-value products or services that result in additional competition for advertising spend or advertising inventory or if they acquire one of our existing competitors or form a strategic alliance with one of our competitors, our ability to compete effectively could be significantly compromised and our results of operations could be harmed.

Our current and potential competitors may have significantly more financial, technical, marketing, and other resources than we have, which may allow them to devote greater resources to the development, promotion, sale and support of their products and services. They may also have more extensive advertiser bases and broader publisher relationships than we have, rich first-party data sets, and may be better positioned to execute on advertising conducted over certain channels, such as social media, mobile, and video. Some of our competitors may have a longer operating history and greater name recognition. As a result, these competitors may be better able to respond quickly to new technologies, develop superior solutions, develop deeper advertiser relationships or offer services at lower prices. Any of these developments would make it more difficult for us to sell our platform or related offerings and could result in increased pricing pressure, increased development, sales and marketing expense, or the loss of market share.

Any decrease in the use of the advertising channels that we are primarily dependent upon, failure to expand the use of emerging channels, or unexpected shift in use among the channels in which we operate, could harm our growth prospects, financial condition and results of operations.

Historically, our clients have predominantly used our platform to purchase mobile, display and video advertising inventory. In particular, the CTV market is quickly evolving and the demand for CTV inventory on our platform has been a significant driver of growth. We expect that these will continue to be significant channels used by our clients for digital advertising in the future. We also believe that our revenue growth may depend on our ability to expand within social, native, audio, and especially CTV, and we have been, and are continuing to, enhance such channels. Any decrease in the use of mobile, display and video advertising, whether due to clients losing confidence in the value or effectiveness of such channels, regulatory restrictions, consumer choices, or other causes, or any inability to further penetrate social, native, audio or CTV, or enter new and emerging advertising channels, could harm our growth prospects, financial condition and results of operations.

Each advertising channel presents distinct and substantial risk and, in many cases, requires us to continue to develop additional functionality or features to address the particular requirements of the channel. Our ability to provide capabilities across multiple advertising channels, which we refer to as omnichannel, may be constrained if we are not able to maintain or grow advertising inventory for such channels, and some of our omnichannel offerings may not gain market acceptance. If we fail to maintain a diversified channel mix, a decrease in the demand for any channel or channels that we become primarily dependent upon could harm our business, financial condition and results of operations. We may not be able to accurately predict changes in overall advertiser demand for the channels in which we operate and cannot assure you that our investment in channel development will correspond to any such changes. Furthermore, if our channel mix changes due to a shift in client demand, such as clients shifting their spending more quickly or more extensively than expected to channels in which we have relatively less functionality, features, or inventory, then demand for our platform could decrease, and our business, financial condition, and results of operations could be adversely affected.

If our access to quality advertising inventory is diminished or fails to expand, our revenue could decline and our growth could be impeded.

We must maintain a consistent supply of attractive ad inventory. Our success depends on our ability to secure quality inventory on reasonable terms across a broad range of advertising networks and exchanges and social media platforms, including video, display, CTV, audio and mobile inventory. The amount, quality and cost of inventory available to us can change at any time, including as publishers and other inventory suppliers respond to changes in the legal and regulatory landscape. A few inventory suppliers hold a significant portion of the programmatic inventory either generally or concentrated in a particular channel, such as audio and social media. In addition, we compete with companies with which we have business relationships. For example, Google is one of our largest advertising inventory suppliers in addition to being one of our competitors. If Google or any other company with attractive advertising inventory limits our access to its advertising inventory, our business could be adversely affected. If our relationships with certain of our suppliers were to cease, or if the material terms of these relationships were to change unfavorably, our business would be negatively impacted. Our suppliers are generally not bound by long-term contracts. As a result, there is no guarantee that we will have access to a consistent supply of quality inventory on favorable terms or at all. If we are unable to compete favorably for advertising inventory available on real-time advertising exchanges, or if real-time advertising exchanges decide not to make their advertising inventory available to us, we may not be able to place advertisements or find alternative sources of inventory with comparable traffic patterns and consumer demographics in a timely manner. Furthermore, the inventory that we access through real-time advertising exchanges may be of low quality or misrepresented to us, despite attempts by us and our suppliers to prevent fraud and conduct quality assurance checks.

Inventory suppliers control the bidding process, rules and procedures for the inventory they supply. Such processes may not always work in our favor or for the benefit of our clients and may create inefficiencies in the supply chain for advertising inventory. Given the importance of ensuring access to quality inventory for our advertisers, we launched our OpenPath offering, in order to give clients a simplified, direct connection to publishers. However, there can be no guarantee that we will be successful in any such efforts or at all.

As new types of inventory become available, we will need to expend significant resources to ensure we have access to such new inventory. For example, although television advertising is a large market, only a very small percentage of it is currently purchased through digital advertising exchanges. We are investing heavily in our programmatic television offering, including by increasing our workforce and by adding new features, functions and integrations to our platform. If the CTV market does not continue to grow as we anticipate or we fail to successfully serve such market, our growth prospects could be harmed.

Our success depends on consistently adding valued inventory in a cost-effective manner. If we are unable to maintain a consistent supply of quality inventory for any reason, client retention and loyalty, and our financial condition and results of operations could be harmed.

Current or future global market uncertainties or downturns and associated macroeconomic conditions beyond our control could harm the overall demand for advertising and the economic health of advertisers, which could adversely affect our business, financial condition and results of operations.

Our business depends on the overall demand for advertising and on the economic health of advertisers that benefit from our platform. Current or future global market uncertainties or downturns and associated macroeconomic conditions, such as growing inflation, rising interest rates, recessionary fears, changes in foreign currency exchange rates, supply chain disruptions, the impact of global instability in many parts of the world and public health crises, may disrupt the operations of our clients and partners and cause advertisers to decrease or pause their advertising budgets, which could reduce spend through our platform and adversely affect our business, financial condition and results of operations. As we explore new countries to expand our business, economic downturns or unstable market conditions in any of those countries could also result in our investments not yielding the returns we anticipate.

Seasonal fluctuations in advertising activity could have a negative impact on our revenue, cash flow and results of operations.

Our revenue, cash flow, results of operations and other key operating and performance metrics may vary from quarter to quarter due to the seasonal nature of our clients' spending on advertising campaigns. For example, clients tend to devote more of their advertising budgets to the fourth calendar quarter to coincide with consumer holiday spending. Moreover, advertising inventory in the fourth quarter may be more expensive due to increased demand for it. Political advertising could also cause our revenue to increase during election cycles and decrease during other periods. Our historical revenue growth has lessened the impact of seasonality; however, seasonality could have a more significant impact on our revenue, cash flow and results of operations from period to period if our growth rate declines, if seasonal spending becomes more pronounced, or if seasonality otherwise differs from our expectations.

We allow our clients to utilize application programming interfaces ("APIs") with our platform and related offerings, which could result in outages or security breaches and negatively impact our business, financial condition and results of operations.

The use of APIs by our clients has significantly increased in recent years. Our APIs allow clients to build their own media buying and data management interface by using our APIs to develop custom integration of their business with our platform and related offerings. The increased use of APIs increases security and operational risks to our systems and the users of our systems, including the risk for intrusion attacks, data theft, or denial of service attacks. Furthermore, while APIs allow clients greater ease and power in accessing our platform and related offerings, they also increase the risk of overusing our systems, potentially causing outages. We have experienced system slowdowns due to

client overuse of our systems through our APIs. While we have taken measures intended to decrease security and outage risks associated with the use of APIs, we cannot guarantee that such measures will be successful. Our failure to prevent outages or security breaches resulting from API use could result in government enforcement actions against us, claims for damages by consumers and other affected individuals, costs associated with investigation and remediation damage to our reputation and loss of goodwill, any of which could harm our business, financial condition and results of operations.

We may experience outages, disruptions and malfunctions on our platform and related offerings if we fail to maintain adequate security and supporting infrastructure and processes, which may harm our reputation and negatively impact our business, financial condition and results of operations.

As we expand our offerings, which in some instances involves ingesting more identifiable information, the consequences of potential security vulnerabilities become more significant for our business. We expect to continue to invest in technology and security services, equipment, and expertise, including engineers, data centers, network services and database technologies, as well as potentially increase our reliance on open source software. Without these improvements, our operations might suffer from security vulnerabilities or misuse, system disruptions, data loss, slow transaction processing, unreliable service levels, impaired quality or delays in reporting accurate information regarding transactions in our platform, any of which could negatively affect our financial condition, reputation and ability to attract and retain clients. In addition, the expansion and improvement of our systems and infrastructure may require us to commit substantial financial, operational and technical resources, with no assurance our business will increase. If we fail to respond to technological change or to adequately maintain, protect, expand, upgrade and develop our systems and infrastructure in a timely fashion, our growth prospects and results of operations could be adversely affected. The steps we take to increase the reliability, integrity and security of our platform and related offerings as they scale are expensive and complex, and our execution could result in operational failures and increased vulnerability to cyberattacks. Such cyberattacks could include denial-of-service attacks impacting service availability (including the ability to deliver ads) and reliability, tricking company employees into releasing control of their systems to a hacker, or the introduction of computer viruses or malware into our systems with a view to steal confidential or proprietary data. Cyberattacks of increasing sophistication may be difficult to detect and could result in the theft of our intellectual property and data, including personal information. We are also vulnerable to unintentional errors or malicious or improper actions by persons with authorized access to our systems that exceed the scope of their access rights, distribute data erroneously, or, unintentionally or intentionally, interfere with the intended operations and functioning of our platform and related offerings. Moreover, we could be adversely impacted by outages and disruptions in the online platforms of our inventory and data suppliers, such as real-time advertising exchanges. Misuse, vulnerabilities, outages and disruptions of our platform and related offerings, including due to cyberattacks, may require engagement with regulators or lead to legal actions, harm our reputation and negatively impact our business, financial condition and results of operations.

Operational performance and internal control issues may adversely affect our business, financial condition and results of operations and subject us to liability.

Our platform and related offerings are complex and proprietary, and we rely on the expertise of members of our engineering, operations and software development teams for their continued performance. Operational, performance and internal control issues may arise due to a variety of factors, including infrastructure changes, introductions of new functionality, human or software errors and other internal and external variables. Such issues have caused errors, failures, design flaws, vulnerabilities and bugs in the past and may again in the future. We also rely on third-party technology and systems to perform properly, which are often used in connection with computing environments utilizing different operating systems, system management software, equipment and networking configurations, which may cause errors in, or failures of, our platform and related offerings or such other computing environments. Operational, performance and internal control issues with our platform and related offerings, which we may experience and have experienced in the past, could include the failure of our user interface, outages, errors, discrepancies in costs billed versus costs paid, unauthorized bidding, cessation of our ability to bid or deliver impressions, deletion of our reporting information, unanticipated volume overwhelming our databases, server failure or catastrophic events affecting one or more server farms.

Operational, performance, design, and internal control issues with our platform and related offerings, whether real or perceived, could also result in negative publicity, damage to our brand and reputation, government investigations, loss of clients, loss of data, loss of or delay in market acceptance or market share of our platform or related offerings, increased costs or loss of revenue, loss of the ability to access our platform or related offerings, loss of competitive position, claims by clients for losses sustained by them and loss of stockholder confidence in the accuracy and completeness of our financial reports. Alleviating problems resulting from such issues could require significant expenditures of capital and other resources and could cause interruptions, delays or the cessation of our business, any of which may adversely affect our business, financial condition and results of operations.

If unauthorized access is obtained to user, client or inventory and third-party provider data, or our platform or related offerings are compromised, our services may be disrupted or perceived as insecure, and as a result, we may lose existing clients or fail to attract new clients, and we may incur significant reputational harm and legal and financial liabilities.

We face various and evolving cybersecurity risks that threaten the confidentiality, integrity and availability of our systems and the data that we process. Our products and services involve the storage and transmission of significant amounts of data from users, clients and inventory and data providers, a large volume of which is hosted by third-party service providers. Our services and the data on our platform, related offerings and in our systems could be exposed to unauthorized access due to activities that breach or undermine security measures, including: negligence or malfeasance by internal or external actors; attempts by outside parties to fraudulently induce employees, clients or vendors to disclose information or data, including personal information; or errors or vulnerabilities in our systems, products or processes or in those of our service providers, clients, and vendors.

For example, from time to time, we experience cyberattacks of varying degrees and other attempts to obtain unauthorized access to our systems, including to employee mailboxes. We have dedicated and expect to continue to dedicate resources toward security protections that shield data from these activities, including worldwide incident response teams and dedicated resources to incident response processes. However, such measures cannot provide absolute security and could, among other issues, fail to be adequate or accurately assess the incident severity, not proceed quickly enough, or fail to sufficiently remediate an incident. Further, we can expect that the deployment of techniques to circumvent our security measures may occur with more frequency and sophistication and may not be recognized until launched against a target. Accordingly, we may be unable to anticipate or detect these techniques or to implement adequate preventative measures.

Many of our employees now have a hybrid work schedule consisting of both in-person work and working from home. Although we have implemented work-from-home protocols and provide work-issued devices to employees, the actions of our employees while working from home may have a greater effect on the security of our systems, platform, related offerings and the data we process, including by increasing the risk of compromise to our systems, confidential information or data arising from employees' combined personal and private use of devices, accessing our systems or data using wireless networks that we do not control or the ability to transmit or store company-controlled data outside of our secured network.

A breach of our security, a flawed design, and/or our failure to respond sufficiently to a security incident could disrupt our services and result in theft, misuse, loss, corruption, or improper use or disclosure of data. This could result in government investigations, lawsuits (including class actions), enforcement actions and other legal and financial liability, and/or loss of confidence in the availability and security of our products and services, all of which could seriously harm our reputation and brand and impair our ability to

attract and retain clients. As some of our newer offerings involve the receipt and processing of identifiable information, the risks associated with data, including risks to breach of our systems increases, and we could be subject to contractual breach and indemnification claims from other clients and partners and otherwise suffer damage to our reputation, brand, and business. Our platform may also receive data in aggregated or pseudonymized form, and if our systems are breached and such data or information is compromised, it could be damaging to our brand, reputation, and business. Cyberattacks could also compromise our own trade secrets and other confidential information and result in such information being disclosed to others and becoming less valuable, which could negatively affect our business. Although we maintain errors or omissions and cyber liability insurance, the costs related to an incident or other security threats or disruptions may not be fully insured or indemnified by other means and insurance and other safeguards might only partially reimburse us for our losses, if at all. We also cannot guarantee that applicable insurance will be available to us in the future on economically reasonable terms or at all.

Privacy and data protection laws to which we and our clients, inventory partners, and third-party data providers are subject may cause us to incur additional or unexpected costs, subject us to investigations or enforcement actions for alleged compliance failures, result in less demand for our products and services, or cause us to change our platform, related offerings or business model, which may have a material adverse effect on our business.

Information relating to individuals and their devices (commonly called "personal information" or "personal data") is regulated under a wide variety of local, state, national and international laws and regulations that apply to its collection, use, retention, protection, disclosure, transfer (including transfer across national boundaries) and other processing. We typically collect and store IP addresses and other device identifiers (such as unique cookie identifiers and mobile application identifiers), which are or may be considered personal data or personal information in many jurisdictions or otherwise subject to regulation. In connection with certain of our offerings, including the Unified ID 2.0, EUID and OpenPass, we receive information that directly identifies individuals, such as email addresses and phone numbers, both directly from consumers and from our clients or others. We deploy technical and security measures, internal policy controls, and contractual measures to limit how such identifying information is used and shared and to help honor consumer choices. Nevertheless, we cannot guarantee any such measures or controls will be effective and handling identifying information increases our exposure under privacy and data protection laws.

The global regulatory landscape regarding the privacy and protection of personal information is evolving, and U.S. (state, federal and local) and foreign governments are considering enacting additional legislation and rulemaking related to privacy and data protection and we expect to see an increase in, or changes to, legislation and regulation in this area. For example, in the U.S., the FTC continues to propose updates to existing regulations, including those governing collection of data from children online and related to "commercial surveillance" generally. Further, the FTC uses its enforcement powers under Section 5 of the Federal Trade Commission Act (the "FTC Act") (which prohibits "unfair" and "deceptive" trade practices) to investigate companies engaging in online tracking. For example, in the preceding 12 months, the FTC has announced enforcement actions against a host of companies that handle personal data it views as sensitive for advertising purposes, such as actions against location data brokers and other actions against consumer health companies the FTC alleged disclosed consumer health data to third-party platforms for advertising purposes. These enforcement announcements signal increased regulatory scrutiny of advertising practices that involve "sensitive" categories of personal data such as health data and precise location information. Other companies in the advertising technology space have been subject to government investigation by regulatory bodies; advocacy organizations have also filed complaints with data protection authorities against advertising technology companies, arguing that certain of these companies' practices do not comply with data privacy laws, or consumer protection laws such as the FTC Act. We cannot avoid the possibility that one of these investigations or enforcement actions will require us to alter our practices. In addition, a potential federal omnibus privacy law recently regained momentum with the introduction of a discussion draft bill, The American Privacy Rights Act (the "APRA"), announced with bipartisan support. If passed, the APRA would likely substantially impact the online advertising ecosystem.

State lawmakers are also actively addressing consumer data privacy issues. Many states have adopted omnibus consumer privacy laws, some of which are already enforceable, while others will take effect over the coming years. These state laws define "personal information" broadly enough to include many online identifiers provided by individuals' devices, applications, and protocols (such as IP addresses, mobile application identifiers and unique cookie identifiers), individuals' location data, and hashed versions of email addresses and phone numbers. These laws generally require covered businesses to meet numerous data privacy-related obligations and establish data privacy rights for consumers in such states (including rights to opt out of certain processing of their personal data and to request correction, deletion of and access to personal data), imposing special rules on the collection of personal data from minors and other personal data deemed "sensitive" under the laws, and creating new notice obligations. Most significant for the advertising industry, however, these laws require businesses that engage in certain advertising uses of personal data to offer and honor an opt-out of such activities, including, in some states, through browser or device-based preference signals. (Terminology varies slightly among some of the state laws, tying the opt-out requirement to "targeted advertising," "sales" or "sharing" of personal data.) Because of these obligations, the availability of data within our platform, our other offerings and the advertising ecosystem more broadly may decline, potentially making our platform and offerings less valuable to our clients.

The requirement under certain states' laws to honor users' requests to opt out of certain disclosures and uses of data for advertising purposes through preference signals, such as the Global Privacy Control ("GPC") or similar signals, reflects a broader attention that privacy advocates, the media and some government regulators, such as the FTC, have devoted to digital advertising in recent years. If the use of the GPC or similar technical signals is adopted by many Internet users, is imposed by additional states or by federal or foreign legislation or is agreed upon by standard setting groups, we may have to change our business practices, our clients may reduce their use of our platform and offerings, and our business could be harmed.

These laws and their implementing regulations will likely also increase compliance costs and obligations on us, our clients, and other companies in the advertising industry. Although we have attempted to mitigate certain risks posed by these laws through contractual, platform and product changes, we cannot predict with certainty the effect of these laws and their implementing regulations, many of which are not yet finalized, on our business, nor the share of consumers who will carry out their opt-out and other rights and how these actions will impact us, our clients, inventory sources, and our industry. Further, enforcement activity under laws already in effect, particularly in California, reflects an ongoing focus on online advertising activities and signals regulators' willingness to pursue in-depth investigations and impose substantial penalties on entities allegedly operating in violation of the statute. Thus, we expect that continuing to maintain compliance with states' varying legal requirements, including monitoring and adjusting to new regulations and interpretations that emerge through enforcement actions, will require significant time, resources, and expense, as will the effort to monitor whether additional changes to our business practices and our backend configuration are needed, all of which may increase operating costs, or limit our ability to operate or expand our business.

In addition to these broad-based consumer privacy laws, lawmakers and regulators continue to focus on activities that involve use of categories of personal data perceived as especially sensitive, such as health data and children's data. For example, several states have enacted laws that would substantially impact activities that involve showing

targeted advertisements to individuals under 18 through a variety of new restrictions, though many of these laws are subject to ongoing legal challenge on First Amendment and other grounds. In addition to the APRA discussion draft, several recent federal bills would likewise further regulate the processing of children's data and other personal data perceived as especially sensitive. Further, several states have enacted new laws, updated existing laws or have introduced bills to impose new privacy obligations related to health-related personal information beyond that governed by federal and state laws governing medical records and similar information, such as HIPAA. For example, Washington's My Health, My Data Act ("MHMD") introduces a host of new requirements related to a very broadly-defined notion of consumer health data that will impact that advertising industry in part because MHMD is subject to a private right of action (unlike other state privacy laws), so plaintiffs' attorneys could explore claims that stretch the bounds of the law's text. These laws and the heightened scrutiny associated with the enforcement of such laws may, in turn, ultimately lead to increased compliance and defense costs, and more obligations on us, our clients and other companies in the advertising industry.

Laws governing the processing of personal data in Europe (including the U.K., EU and EEA, and the countries of Iceland, Liechtenstein, and Norway) also continue to impact us and continue to evolve. For example, the GDPR defines "personal data" broadly and enhances data protection obligations for controllers of such data and for service providers processing the data. It also provides certain rights, such as access and deletion, to the individuals about whom the personal data relates. IAB Europe previously collaborated with the digital advertising industry to create a user-facing framework (the Transparency and Control Framework, or "TCF") for establishing and managing legal bases under the GDPR and other U.K. and EU privacy laws including the ePrivacy Directive. Although the TCF is actively in use, its viability as a compliance mechanism is under review by European authorities and we cannot predict its effectiveness over the long term. Non-compliance with the GDPR can trigger steep fines of up to the greater of €20 million or 4% of total worldwide annual revenue. Relatedly, authorities enforcing the U.K. GDPR have the ability to separately fine up to the greater of £17.5 million or 4% of global turnover. Continuing to maintain compliance with the requirements of the GDPR, including monitoring and adjusting to rulings and interpretations that affect our approach to compliance, requires significant time, resources and expense, as will the effort to monitor whether additional changes to our business practices and our backend configuration are needed, all of which may increase operating costs, or limit our ability to operate or expand our business.

Data residency and cross-border transfer restrictions also impact our operations. For the transfer of personal data from Europe to the U.S., we rely upon, and are certified under the EU-U.S. and Swiss-U.S. Data Privacy Frameworks ("DPF") and the U.K. extension to the EU-U.S. DPF. The DPF replaced the Privacy Shield Framework as an adequate mechanism by which EU companies may pass personal data to the U.S. However, the DPF is already subject to legal challenge in Europe. Relatedly, whether and how other transfer mechanisms, such as standard contractual clauses, can be used to transfer personal data to the U.S. is in question. While the recent adequacy decision for the DPF helps to reduce the legal uncertainty of cross-border transfers of personal data, the long-term validity of these transfer mechanisms remains uncertain. If all or some jurisdictions within the EU or the U.K. determine that the latest standard contractual clauses also cannot be used to transfer personal data to the U.S. and if the DPF is ultimately struck down in a manner similar to the Privacy Shield Framework, we could be left with no reasonable option for the lawful cross-border transfer of personal data. In such circumstances, continuing to transfer personal data from the EU to the U.S. could lead to governmental enforcement actions, litigation, fines and penalties or adverse publicity. Such consequences could have an adverse effect on our reputation and business, such as by requiring us to establish systems to maintain certain data in the EU, potentially involving substantial expense and causing us to divert resources from other aspects of our operations, all of which may adversely affect our business. Other jurisdictions have adopted or are considering cross-border or data residency restrictions, which could reduce the amount of data we can collect or process and, as a result, significantly impact our business.

Further, our legal risk depends in part on our clients' or other third parties' adherence to data privacy laws and regulations and their use of our services in ways consistent with end user expectations. We rely on representations made to us by clients, partners and providers that they will comply with all applicable laws, including all relevant data privacy and data protection regulations. Although we make reasonable efforts to enforce such representations and contractual requirements, we do not fully audit our clients' compliance with our recommended disclosures or their adherence to data privacy laws and regulations. If our clients, partners or providers fail to adhere to our expectations or contracts in this regard, we and our clients could be subject to adverse publicity, damages and related possible investigation or other regulatory activity.

Adapting our business to enhanced and evolving privacy obligations across relevant jurisdictions could continue to involve substantial expense and may cause us to divert resources from other aspects of our operations, all of which may adversely affect our business. Additionally, as the advertising industry evolves, and new ways of collecting, combining and using data are created, governments may enact legislation in response to technological advancements and changes that could result in our having to re-design features or functions of our platform and related offerings, therefore incurring unexpected compliance costs. Further, adaptation of the digital advertising marketplace requires increasingly significant collaboration between participants in the market, such as publishers and advertisers. Failure of the industry to adapt to changes required for operating under existing and future data privacy laws, industry approaches that disfavor our platform and offerings, and user response to such changes could negatively impact inventory, data, and demand. We cannot control or predict the pace or effectiveness of such adaptation, and we cannot currently predict the impact such changes may have on our business.

In addition to laws regulating the processing of personal data, we, our advertisers, and publishers are also subject to regulation with respect to political advertising activities, which are governed by various federal and state laws in the U.S., and national and provincial laws worldwide. Online political advertising laws are rapidly evolving and, in certain jurisdictions, impose varying substantive transparency and disclosure requirements on advertisers, publishers, and/or others in the ecosystem. We saw publishers impose varying prohibitions and restrictions on the types of political advertising and breadth of targeted advertising allowed on their platforms with respect to advertisements for the 2020 U.S. presidential election in response to political advertising scandals, such as the scandal involving Cambridge Analytica. The lack of uniformity and increasing restrictions and requirements on transparency and disclosure could adversely impact the inventory made available for political advertising and the demand for such inventory on our platform, and otherwise increase our operating and compliance costs. Concerns about political advertising or other advertising in areas deemed sensitive, whether or not valid and whether or not driven by applicable laws and regulations, industry standards, client or inventory provider expectations, or public perception, may harm our reputation, result in loss of goodwill, and inhibit use of our platform by current and future clients.

We deploy technical and organizational measures, internal policy controls, and contractual measures to limit how identifying information is used and shared and to help honor consumer choices. Nevertheless, we cannot guarantee any such measures or controls will be effective and handling identifying information increases our exposure under privacy and data protection laws. These laws and other obligations may be interpreted and applied in a manner that is inconsistent with our existing data management practices or the features of our platform and related offerings. If so, in addition to the possibility of fines, lawsuits and other claims, we could be required to fundamentally change our business activities and practices or modify our products, which could have an adverse effect on our business. In addition, public perception regarding data protection and privacy are significant in the programmatic advertising buying industry. Concerns about industry practices regarding the collection, use, and disclosure of personal data, whether or not valid and whether driven by applicable laws and regulations, industry standards, client or inventory provider expectations, or the broader public, may harm our reputation, result in loss of goodwill, and inhibit use of our platform or related offerings by current and future clients. For example, perception that our practices involve an invasion of privacy or are designed with insufficient protections, whether or not such practices are consistent with current or future laws, regulations, or industry practices, may subject us to public criticism, private class actions, reputational harm, or claims by regulators, which could disrupt our business and expose us to increased liability. We may be unable to make such changes and modifications in a commercially reasonable manner or at all, and our ability to develop new products and features could be limited. All of this could impair our or our clients' ability to

collect, use, or disclose information relating to consumers, which could decrease demand for our platform and related offerings, increase our costs, and impair our ability to maintain and grow our client base and increase our revenue.

Advertising technology industry self-regulation may lead to investigation by government or self-regulatory bodies, government or private litigation, and operational costs or harm to reputation or brand.

In addition to laws, the online advertising ecosystem is subject to best practices and self-regulatory standards, such as those promulgated by the Network Advertising Initiative and the Digital Advertising Alliance, and similar organizations in Europe and Canada. If we or our clients or partners make mistakes in the implementation of these principles, if self-regulatory bodies expand these guidelines, if government authorities issue different guidelines regarding targeted advertising, if opt out mechanisms fail to work as designed, or if Internet users misunderstand our technology or our commitments with respect to these principles, we could be subject to negative publicity, government investigation, government or private litigation or investigation by self-regulatory bodies or other accountability groups. Any such action against us, or investigations, even if meritless, could be costly and time consuming, require us to change our business practices, cause us to divert management's attention and our resources and be damaging to our brand, reputation and business. In addition, privacy advocates and industry groups may propose new and different standards that either legally or contractually apply to us. We cannot yet determine the impact such future standards may have on our business.

Third parties control our access to unique identifiers, and if the use of "third-party cookies" or other technology to uniquely identify devices or users is rejected by Internet users, restricted or otherwise subject to unfavorable regulation, blocked or limited by preference signals, technical changes on end users' devices and web browsers, or our and our clients' ability to use data, including on our platform or related offerings is otherwise restricted, our performance may decline, and we may lose advertisers and revenue.

Our ability to successfully leverage user data and generate revenue from opportunities to serve advertisements could be impacted by restrictions imposed by laws or by third parties, including restrictions on our ability to use or read cookies, device identifiers, or other tracking features or our ability to use real-time bidding networks or other bidding networks. For example, if publishers or supply-side platforms decide to limit the data that we receive in order to comply (in their view) with state privacy laws or a potential federal privacy law, then our service may prove to be less valuable to our clients and we may find it more difficult to generate revenue. That is, if third parties on which we rely for data or opportunities to serve advertisements impose limitations (for whatever reason) or are restricted by other ecosystem participants or applicable regulations, then we may lose the ability to access data, bid on opportunities, or purchase digital ad space, which could have a substantial impact on our revenue.

Digital advertising mostly relies on the ability to uniquely identify devices or users across websites and applications, and to collect data about user interactions for purposes such as serving relevant ads and measuring the effectiveness of ads. Devices are identified through unique identifiers stored in cookies (and similar technologies), provided by device operating systems for advertising purposes, or generated based on statistical algorithms applied to information about a device, such as the IP address and device type. We use device and other identifiers to record information such as when an Internet user views an ad, clicks on an ad, or visits one of our advertiser's websites or applications. We also use device and other identifiers to help us achieve our advertisers' campaign goals, including to limit the instances that an Internet user sees the same advertisement, report information to our advertisers regarding the performance of their advertising campaigns, and detect and prevent malicious behavior and invalid traffic throughout our network of inventory. We also use data associated with device and other identifiers to help our clients decide whether to bid on, and how to price, an opportunity to place an advertisement in a specific location, at a given time, in front of a particular Internet user. Additionally, our clients rely on device and other identifiers to add information they have collected or acquired about users into our platform. Without such data, our clients may not have sufficient insight into an Internet user's activity, which may compromise their and our ability to determine which inventory to purchase for a specific campaign and may undermine the effectiveness of our platform or our ability to improve our platform and remain competitive.

Today, digital advertising, including our platform, makes significant use of cookies to store device identifiers for the advertising activities described above. When we use cookies, they are generally considered third-party cookies, which are cookies owned and used by parties other than the owners of the website visited by the Internet user. The most commonly used Internet browsers—Chrome, Firefox, Internet Explorer and Safari—allow Internet users to modify their browser settings to prevent some or all cookies from being accepted by their browsers. Internet users can delete cookies from their computers at any time. Additionally, some browsers currently, or may in the future, block or limit some third-party cookies by default or may implement user control settings that algorithmically block or limit some cookies. Today, three major web browsers—Apple's Safari, Mozilla's Firefox and Microsoft's Edge—block third-party cookies by default. Google's web browser, Chrome, has introduced new controls over third-party cookies and announced plans to deprecate support for third-party cookies and user agent strings entirely in the second half of 2024, which will follow a one-percent depreciation of third-party cookies for Chrome users globally in the first half of 2024. Google is also testing various technologies under its label of "Privacy Sandbox", which may provide modified targeting and measurement functionality to digital advertising ecosystem participants as a limited replacement for the functionality currently provided through the use of third-party cookies. We believe that Google's planned depreciation of third-party cookies and its ongoing development of these technologies, which we expect to be technically complex and designed in a manner that does not favor us or our partners, has created and will likely continue to create industry uncertainty regarding the potential effects on user experience and advertiser targeting and measurement. Although we believe our platform is well-positioned to adapt to such changes, particularly with our Unified ID 2.0 approach, the impact of such changes remains uncertain and could be more disruptive than we anticipate, including to the display advertising ecosystem in particular, where such changes could adversely impact our growth in that channel.

Some Internet users also download free or paid ad-blocking software that not only prevents third-party cookies from being stored on a user's computer, but also blocks all interaction with a third-party ad server. In addition, Google has introduced ad-blocking software in its Chrome web browser that will block 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" or use of their personal data for targeted advertising purposes under U.S. state privacy laws in ways that stop or severely limit the ability to show targeted ads. Because additional state privacy laws require businesses to permit end users to opt out of processing their personal data for purposes of targeted advertising, including, in some states through automated signals, we expect that more opt-out solutions will become available that may ultimately be used by end users, which may reduce our clients' use of our platform and related offerings, and our business, financial condition, and results of operations could be adversely affected.

Advertising shown on mobile applications can also be affected by blocking or restricting use of mobile device identifiers. Data regarding interactions between users and devices are tracked mostly through stable, pseudonymous advertising 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 platforms through which the applications are accessed and could be changed by the platforms in a way that may negatively impact our business. For example, Apple has shifted to require user opt-in before permitting access to Apple's unique identifier, or IDFA, and Google has announced that it will deprecate the mobile advertising identifier used on Android devices entirely. These changes have had, and will likely continue to have, a substantial impact on the mobile advertising ecosystem and could adversely impact our growth in this channel.

In addition, in the EU, Directive 2002/58/EC (as amended by Directive 2009/136/EC), commonly referred to as the ePrivacy or Cookie Directive, directs EU member states to ensure that accessing information on an Internet user's computer, such as through a cookie and other similar technologies, is allowed only if the Internet user has been informed about such access and given his or her consent. A replacement for the ePrivacy Directive is currently under discussion by EU member states to complement and bring electronic communication services in line with the GDPR and force a harmonized approach across EU member states. Like the GDPR, the proposed ePrivacy Regulation applies extra-territorially to businesses established outside the EU who provide publicly available electronic communications services to, or gather data from the devices of, users in the EU. Though still subject to debate, the proposed ePrivacy Regulation may further raise the bar for the use of cookies and the fines and penalties for breach may be significant. We may be required to, or otherwise may determine that it is advisable to, make significant changes in our business operations and products and services to obtain user opt-in for cookies and use of cookie data, or develop or obtain additional tools and technologies to compensate for a lack of cookie data.

Recent U.S. state privacy laws and regulations issued pursuant to those laws address and expand on requirements for honoring browser-based or similar technical signals for consumers to opt out of the sale and the use of personal data for targeted advertising purposes. If use of the "Global Privacy Control" or similar signals is adopted by many Internet users, if such a standard is imposed by even more states or by federal or foreign legislation or if it is agreed upon by standard setting groups, we may have to change our business practices, our clients may reduce their use of our platform and related offerings, and our business, financial condition and results of operations could be adversely affected.

Increased transparency into the collection and use of data for digital advertising, introduced both through features in browsers and devices and regulatory requirements, such as the GDPR, U.S. state privacy laws, "Global Privacy Control," and the ePrivacy Directive, as well as compliance with such requirements, may create operational burdens to implement and may lead more users to choose to block the collection and use of data about them. Adapting to these and similar changes has in the past and may in the future require significant time, resources and expense, which may increase our cost of operation or limit our ability to operate or expand our business.

Our failure to meet standards and provide services that our advertisers and inventory suppliers trust, could harm our brand and reputation and those of our partners and negatively impact our business, financial condition and results of operations.

We do not provide or control the content of the advertisements that we serve or the content of the websites providing the inventory. Advertisers provide the advertising content and inventory suppliers provide the inventory. Both advertisers and inventory suppliers are concerned about being associated with content they consider inappropriate, competitive or inconsistent with their brands or illegal, and they are hesitant to spend money or make inventory available, respectively, without some guarantee of brand security. Consequently, our reputation depends in part on providing services that our advertisers and inventory suppliers trust, and we have contractual obligations to meet content and inventory standards. We contractually prohibit the misuse of our platform by our clients and inventory suppliers. Additionally, we use our proprietary technology and third-party services to, and we participate in industry co-ops that work to, detect malware and other content issues as well as click fraud (whether by humans or software known as "bots") and to block fraudulent inventory, including "tool bar" inventory, which is inventory that appears within an application and displaces any advertising that would otherwise be displayed on the website. Despite such efforts, our clients may inadvertently purchase inventory that proves to be unacceptable for their campaigns, in which case we may not be able to recoup the amounts paid to inventory suppliers. Preventing and combating fraud is an industry-wide issue that requires constant vigilance, and we cannot guarantee that we will be successful in our efforts. Our clients could intentionally run campaigns that do not meet the standards of our inventory suppliers or attempt to use illegal or unethical targeting practices or seek to display advertising in jurisdictions that do not permit such advertising or in which the regulatory environment is uncertain, in which case our supply of ad inventory from such suppliers could be jeopardized. Some of our competitors undertake human review of content, but because our platform is self-service, and because such means are cost-intensive, we do not utilize all means available to decrease these risks. We may provide access to inventory that is objectionable to our advertisers, serve advertising that contains malware, objectionable content, or is based on questionable targeting criteria to our inventory suppliers, or be unable to detect and prevent non-human traffic, any one of which could harm our or our clients' brand and reputation, decrease their trust in our platform, and negatively impact our business, financial condition and results of operations.

The effects of health epidemics, such as the global COVID-19 pandemic, have had, and could in the future have, an adverse impact on our business, financial condition and results of operations.

Our business and operations have been, and could in the future be, adversely affected by health epidemics, such as the global COVID-19 pandemic. The COVID-19 pandemic and efforts to control its spread curtailed the movement of people, goods and services worldwide, including in the regions in which we and our clients and partners operate, and significantly impacted economic activity and financial markets. Many marketers decreased or paused their advertising spending as a response to the economic uncertainty, decline in business activity and other COVID-19-related impacts, which negatively impacted, and with respect to other future health epidemics, may negatively impact, our revenue and results of operations, the extent and duration of which we may not be able to accurately predict.

The economic uncertainty caused by the COVID-19 pandemic made, and future health epidemics may make, it difficult for us to forecast revenue and operating results and to make decisions regarding operational cost structures and investments. The duration and extent of the impact from future health epidemics or other health events depend on future developments that cannot be accurately predicted at this time, including measures taken by governments, businesses and other organizations in response to such epidemic or other public health event, and if we are not able to respond to and manage the impact of such events effectively, our business may be harmed.

Failure to manage our growth effectively could cause our business to suffer and have an adverse effect on our financial condition and results of operations.

We have experienced and continue to experience significant growth in a short period of time. To manage our growth effectively, we must continually evaluate and evolve our organization. We must also manage our employees, operations, finances, technology and development and capital investments efficiently. Our efficiency, productivity and the quality of our platform and client service may be adversely impacted if we do not train our new personnel, particularly our sales and support personnel, quickly and effectively, or if we fail to appropriately coordinate across our organization. Additionally, our rapid growth may place a strain on our resources, infrastructure and ability to maintain the quality of our platform and related offerings. Our revenue growth and levels of profitability in recent periods should not be considered as indicative of future performance. In future periods, our revenue or profitability could decline or grow more slowly than we expect. Failure to manage our growth effectively could cause our business to suffer and have an adverse effect on our financial condition and results of operations.

As our costs increase, we may not be able to generate sufficient revenue to sustain profitability.

We have expended significant resources to grow our business in recent years by increasing the offerings of our platform, adding new offerings, growing our number of employees and expanding internationally. Supporting our continued growth may require substantial financial and other resources to, among other things:

- develop our platform and related offerings, including by investing in our engineering team, creating, acquiring or licensing new products or features, and improving the availability and security of our platform and related offerings;
- continue to expand internationally by growing our sales force and client services team in an effort to increase our client base and spend through our platform, and by adding inventory and data from countries our clients are seeking;
- improve our technology infrastructure, including investing in internal technology development and acquiring outside technologies;
- expand our platform's reach in new and growing channels such as CTV, including expanding the supply of CTV inventory;
- cover general and administrative expenses, including legal, accounting and other expenses necessary to support a larger organization;
- cover sales and marketing expenses, including a significant expansion of our direct sales organization;
- cover expenses relating to data collection and use and consumer privacy compliance, including additional infrastructure, product features, security, automation and personnel; and
- explore strategic acquisitions.

Investing in the foregoing, however, may not yield anticipated returns. Consequently, as our costs increase, we may not be able to generate sufficient revenue to sustain profitability.

Our future success depends on the continuing efforts of our key employees, including Jeff T. Green, and our ability to attract, hire, retain and motivate highly skilled employees in the future.

Our future success depends on the continuing efforts of our executive officers and other key employees, including Jeff T. Green, our founder and Chief Executive Officer. We rely on the leadership, knowledge, and experience that our executive officers provide. They foster our corporate culture, which has been instrumental to our ability to attract and retain new talent. We also rely on our ability to hire and retain qualified and motivated employees, particularly those employees in our product development, support, and sales teams that attract and keep key clients.

The market for talent in many of our areas of operations, including California and New York, is intensely competitive, as technology companies like ours compete to attract the best talent. As a business-to-business company, we do not have the same level of name recognition among potential recruits as business-to-consumer companies. Additionally, we have less experience with recruiting and less name recognition in geographies outside of the United States and may face additional challenges in attracting and retaining international employees. In addition, many companies now offer a remote or hybrid work environment, which may increase the competition for employees from employers outside of our traditional office locations. As a result, we may incur increasingly significant costs to attract and retain employees, including significant expenditures related to salaries and benefits and compensation expenses related to equity awards, and we may lose new employees to our competitors or other companies before we realize the benefit of our investment in recruiting and training them.

Employee turnover, including changes in our management team or failure to manage executive succession effectively, could disrupt our business. None of our key employees have an employment agreement for a specific term, and all of our employees may terminate their employment with us at any time. The loss of one or more of our executive officers or our inability to attract and retain highly skilled employees could have an adverse effect on our business, financial condition and results of operations.

We often have long sales cycles, which can result in significant time between initial contact with a prospect and execution of a client agreement, making it difficult to project when, if at all, we will obtain new clients and when we will generate revenue from those clients.

Our sales cycle for our platform and newer offerings, from initial contact to contract execution and implementation, can take significant time. Our sales efforts involve educating our clients about the use, technical capabilities and benefits of our platform and related offerings. Some of our clients undertake an evaluation process that frequently involves not only our platform but also the offerings of our competitors. As a result, it is difficult to predict when we will obtain new clients and begin generating revenue from these new clients. Even if our sales efforts result in obtaining a new client, under our usage-based pricing model, the client controls when and to what extent it uses our platform. As a result, we may not be able to add clients or generate revenue as quickly as we may expect, which could harm our revenue growth rates.

We are subject to payment-related risks that may adversely affect our business, working capital, financial condition and results of operations, including from advertising agencies that do not pay us until they receive payment from their advertisers and from clients that dispute or do not pay their invoices.

Spend on our platform primarily comes through our agency clients. Many of our contracts with advertising agencies provide that if the advertiser does not pay the agency, the agency is not liable to us, and we must seek payment solely from the advertiser, a type of arrangement called sequential liability. Contracting with these agencies, which in some cases have or may develop higher-risk credit profiles, may subject us to greater credit risk than if we were to contract directly with advertisers. This credit risk may vary depending on the nature of an advertising agency's aggregated advertiser base. In addition, typically, we are contractually required to pay advertising inventory and data suppliers within a negotiated period of time, regardless of whether our clients pay us on time, or at all. In addition, we typically experience slow payment cycles by advertising agencies as is common in our industry. While we attempt to negotiate long payment periods with our suppliers and shorter periods from our clients, we are not always successful. As a result, we often face a timing issue with our accounts payable on shorter cycles than our accounts receivables, requiring us to remit payments from our own funds, and accept the risk of credit loss.

This collections and payments cycle may increasingly consume working capital if we continue to be successful in growing our business. If we are unable to borrow on commercially acceptable terms, our working capital availability could be reduced, and as a consequence, our financial condition and results of operations would be adversely impacted.

We may also be involved in disputes with clients, and in the case of agencies, their advertisers, over the operation of our platform, the terms of our agreements or our billings for purchases made by them through our platform. If we are unable to resolve disputes with our clients, we may lose clients or clients may decrease their use of our platform and our financial performance and growth may be adversely affected. If we are unable to collect or make adjustments to bills to clients, we could incur write-offs for credit loss, which could harm our results of operations. In the future, credit loss may exceed reserves for such contingencies and our credit loss exposure may increase over time. Any increase in

write-offs for credit loss could harm our business, financial condition and results of operations. Even if we are not paid by our clients on time or at all, we are still obligated to pay for the advertising inventory, third-party data and other add-on features that clients purchase on our platform, and as a consequence, our business, financial condition and results of operations would be adversely impacted.

We may experience fluctuations in our results of operations, which could make our future results of operations difficult to predict or cause our results of operations to fall below analysts' and investors' expectations.

Our quarterly and annual results of operations have fluctuated in the past and we expect our future results of operations to fluctuate due to a variety of factors, many of which are beyond our control. Fluctuations in our results of operations could cause our performance to fall below the expectations of analysts and investors, and adversely affect the price of our common stock. Because our business is changing and evolving rapidly, our historical results of operations may not be necessarily indicative of our future results of operations. Factors that may cause our results of operations to fluctuate include the following:

- changes in demand for programmatic advertising and for our platform, including related to the seasonal nature of our clients' spending on digital advertising campaigns;
- changes to availability of and pricing of competitive products and services, and their effects on our pricing;
- changes in the pricing or availability of data and other third-party services, including pricing structure changes and the alignment of our pricing model with our data partners;
- changes in our client base and platform or related offerings;
- the addition or loss of advertising agencies and advertisers as clients;
- changes in advertising budget allocations, agency affiliations or marketing strategies;
- changes to our product, media, client or channel mix;
- changes and uncertainty in the regulatory environment for us, advertisers, **inventory providers**, or others in the advertising industry, and the effects of our efforts and those of our clients and partners to address changes and uncertainty in the regulatory environment;
- changes in the economic prospects of advertisers or the economy generally, which could alter advertisers' budgets or spending priorities, or could increase the time or costs required to complete advertising inventory sales;
- changes in the pricing and availability of advertising inventory, including through real-time advertising exchanges or in the cost of reaching end consumers through digital advertising;
- disruptions, outages, vulnerabilities or technological issues uncovered on our platform or related offerings;
- factors beyond our control, such as natural disasters, terrorism, war and public health crises;
- the introduction of new technologies or offerings by our competitors or others in the advertising marketplace;
- changes in our capital expenditures as we acquire the hardware, equipment and other assets required to support our business;
- timing differences between our payments for advertising inventory and our collection of related advertising revenue;
- the length and unpredictability of our sales cycle;
- costs related to acquisitions of businesses or technologies and development of new products;
- cost of employee recruiting and retention; and
- changes to the cost of infrastructure, including real estate and information technology.

Based upon the factors above and others beyond our control, we have a limited ability to forecast our future revenue, costs and expenses. If we fail to meet or exceed the operating results expectations of analysts and investors or if analysts and investors have estimates and forecasts of our future performance that are unrealistic or that we do not meet, the market price of our common stock could decline. In addition, if one or more of the analysts who cover us adversely change their recommendation regarding our stock, the market price of our common stock could decline. In the past, companies that have experienced volatility in the market price of their stock have been subject to securities litigation. We may be the target of this type of litigation in the future, which could result in substantial costs and divert our management's attention from other business concerns.

If our access to quality advertising inventory is diminished or fails to expand, our revenue could decline and our growth could be impeded.

We must maintain a consistent supply of attractive ad inventory. Our success depends on our ability to secure quality inventory on reasonable terms across a broad range of advertising networks and exchanges and social media platforms, including video, display, CTV, audio and mobile inventory. The amount, quality and cost of inventory available to us can change at any time, including as publishers and other inventory suppliers respond to changes in the legal and regulatory landscape. A few inventory suppliers hold a significant portion of the programmatic inventory either generally or concentrated in a particular channel, such as audio and social media. In addition, we compete with companies with which we have business relationships. For example, Google is one of our largest advertising inventory suppliers in addition to being one of our competitors. If Google or any other

company with attractive advertising inventory limits our access to its advertising inventory, our business could be adversely affected. If our relationships with certain of our suppliers were to cease, or if the material terms of these relationships were to change unfavorably, our business would be negatively impacted. Our suppliers are generally not bound by long-term contracts. As a result, there is no guarantee that we will have access to a consistent supply of quality inventory on favorable terms or at all. If we are unable to compete favorably for advertising inventory available on real-time advertising exchanges, or if real-time advertising exchanges decide not to make their advertising inventory available to us, we may not be able to place advertisements or find alternative sources of inventory with comparable traffic patterns and consumer demographics in a timely manner. Furthermore, the inventory that we access through real-time advertising exchanges may be of low quality or misrepresented to us, despite attempts by us and our suppliers to prevent fraud and conduct quality assurance checks.

Inventory suppliers control the bidding process, rules and procedures for the inventory they supply. Such processes may not always work in our favor or for the benefit of our clients and may create inefficiencies in the supply chain for advertising inventory. Given the importance of ensuring access to quality inventory for our advertisers, we have initiated our own efforts to procure access through OpenPath, our supply path optimization offering intended to give clients a simplified, direct connection to publishers. However, there can be no guarantee that we will be successful in any such efforts or at all.

As new types of inventory become available, we will need to expend significant resources to ensure we have access to such new inventory. For example, although television advertising is a large market, only a very small percentage of it is currently purchased through digital advertising exchanges. We are investing heavily in our programmatic television offering, including by increasing our workforce and by adding new features, functions and integrations to our platform. If the CTV market does not continue to grow as we anticipate or we fail to successfully serve such market, our growth prospects could be harmed.

Our success depends on consistently adding valued inventory in a cost-effective manner. If we are unable to maintain a consistent supply of quality inventory for any reason, client retention and loyalty, and our financial condition and results of operations could be harmed.

Current or future global market uncertainties or downturns and associated macroeconomic conditions beyond our control could adversely affect our business, financial condition and results of operations.

Our business depends on the overall demand for advertising and on the economic health of advertisers that benefit from our platform. Current or future global market uncertainties or downturns and associated macroeconomic conditions, such as growing inflation, rising interest rates, recessionary fears, changes in foreign currency exchange rates, the impact of global instability in many parts of the world and the COVID-19 pandemic or other public health crises, may disrupt the operations of our clients and partners and cause advertisers to decrease or pause their advertising budgets, which could reduce spend through our platform and adversely affect our business, financial condition and results of operations. As we explore new countries to expand our business, economic downturns or unstable market conditions in any of those countries could also result in our investments not yielding the returns we anticipate.

Seasonal fluctuations in advertising activity could have a negative impact on our revenue, cash flow and results of operations.

Our revenue, cash flow, results of operations and other key operating and performance metrics may vary from quarter to quarter due to the seasonal nature of our clients' spending on advertising campaigns. For example, clients tend to devote more of their advertising budgets to the fourth calendar quarter to coincide with consumer holiday spending. Moreover, advertising inventory in the fourth quarter may be more expensive due to increased demand for it. Political advertising could also cause our revenue to increase during election cycles and decrease during other periods. Our historical revenue growth has lessened the impact of seasonality; however, seasonality could have a more significant impact on our revenue, cash flow and results of operations from period to period if our growth rate declines, if seasonal spending becomes more pronounced, or if seasonality otherwise differs from our expectations.

Failure to manage our growth effectively could cause our business to suffer and have an adverse effect on our financial condition and results of operations.

We have experienced and continue to experience significant growth in a short period of time. To manage our growth effectively, we must continually evaluate and evolve our organization. We must also manage our employees, operations, finances, technology and development and capital investments efficiently. Our efficiency, productivity and the quality of our platform and client service may be adversely impacted if we do not train our new personnel, particularly our sales and support personnel, quickly and effectively, or if we fail to appropriately coordinate across our organization. Additionally, our rapid growth may place a strain on our resources, infrastructure and ability to maintain the quality of our platform and related offerings. Our revenue growth and levels of profitability in recent periods should not be considered as indicative of future performance. In future periods, our revenue or profitability could decline or grow more slowly than we expect. Failure to manage our growth effectively could cause our business to suffer and have an adverse effect on our financial condition and results of operations.

As our costs increase, we may not be able to generate sufficient revenue to sustain profitability.

We have expended significant resources to grow our business in recent years by increasing the offerings of our platform, adding new offerings, growing our number of employees and expanding internationally. Supporting our continued growth may require substantial financial and other resources to, among other things:

- develop our platform and related offerings, including by investing in our engineering team, creating, acquiring or licensing new products or features, and improving the availability and security of our platform and related offerings;
- continue to expand internationally by growing our sales force and client services team in an effort to increase our client base and spend through our platform, and by adding inventory and data from countries our clients are seeking;
- improve our technology infrastructure, including investing in internal technology development and acquiring outside technologies;
- expand our platform's reach in new and growing channels such as CTV, including expanding the supply of CTV inventory;
- cover general and administrative expenses, including legal, accounting and other expenses necessary to support a larger organization;
- cover sales and marketing expenses, including a significant expansion of our direct sales organization;
- cover expenses relating to data collection and use and consumer privacy compliance, including additional infrastructure, product features, security, automation and personnel; and
- explore strategic acquisitions.

Investing in the foregoing, however, may not yield anticipated returns. Consequently, as our costs increase, we may not be able to generate sufficient revenue to sustain profitability.

We allow our clients to utilize application programming interfaces ("APIs") with our platform, which could result in outages or security breaches and negatively impact our business, financial condition and results of operations.

The use of APIs by our clients has significantly increased in recent years. Our APIs allow clients to build their own media buying and data management interface by using our APIs to develop custom integration of their business with our platform. The increased use of APIs increases security and operational risks to our systems and the users of our systems, including the risk for intrusion attacks, data theft, or denial of service attacks. Furthermore, while APIs allow clients greater ease and power in accessing our platform, they also increase the risk of overusing our systems, potentially causing outages. We have experienced system slowdowns due to client overuse of our systems through our APIs. While we have taken measures intended to decrease security and outage risks associated with the use of APIs, we cannot guarantee that such measures will be successful. Our failure to prevent outages or security breaches resulting from API use could result in government enforcement actions against us, claims for damages by consumers and other affected individuals, costs associated with investigation and remediation damage to our reputation and loss of goodwill, any of which could harm our business, financial condition and results of operations.

We may experience outages, disruptions, and malfunctions on our platform and related offerings, if we fail to maintain adequate security and supporting infrastructure and processes, which may harm our reputation and negatively impact our business, financial condition and results of operations.

As we expand our offerings, which in some instances involves ingesting more identifiable and sensitive information, the consequences of potential security vulnerabilities become more significant for our business. We expect to continue to invest in technology and security services, equipment, and expertise, including engineers, data centers, network services and database technologies, as well as potentially increase our reliance on open source software. Without these improvements, our operations might suffer from security vulnerabilities or misuse, system disruptions, data loss, slow transaction processing, unreliable service levels, impaired quality or delays in reporting accurate information regarding transactions in our platform, any of which could negatively affect our financial condition, reputation and ability to attract and retain clients. In addition, the expansion and improvement of our systems and infrastructure may require us to commit substantial financial, operational and technical resources, with no assurance our business will increase. If we fail to respond to technological change or to adequately maintain, protect, expand, upgrade and develop our systems and infrastructure in a timely fashion, our growth prospects and results of operations could be adversely affected. The steps we take to increase the reliability, integrity and security of our platform and related offerings as they scale are expensive and complex, and our execution could result in operational failures and increased vulnerability to cyberattacks. Such cyberattacks could include denial-of-service attacks impacting service availability (including the ability to deliver ads) and reliability, tricking company employees into releasing control of their systems to a hacker, or the introduction of computer viruses or malware into our systems with a view to steal confidential or proprietary data. Cyberattacks of increasing sophistication may be difficult to detect and could result in the theft of our intellectual property and data, including personal information, from our platform. We are also vulnerable to unintentional errors or malicious or improper actions by persons with authorized access to our systems that exceed the scope of their access rights, distribute data erroneously, or, unintentionally or intentionally, interfere with the intended operations and functioning of our platform and related offerings. Moreover, we could be adversely impacted by outages and disruptions in the online platforms of our inventory and data suppliers, such as real-time advertising exchanges. Misuse, vulnerabilities, outages and disruptions of our platform and related offerings, including due to cyberattacks, may require engagement with regulators or lead to legal actions, harm our reputation and negatively impact our business, financial condition and results of operations.

Operational performance and internal control issues with our platform may adversely affect our business, financial condition and results of operations and subject us to liability.

Our platform and other offerings are complex and proprietary, and we rely on the expertise of members of our engineering, operations and software development teams for its continued performance. Operational, performance and internal control issues may arise due to a variety of factors, including infrastructure changes, introductions of new functionality, human or software errors and other internal and external variables. Such issues have caused errors, failures, design flaws, vulnerabilities and bugs in the past and may again in the future. We also rely on third-party technology and systems to perform properly and is often used in connection with computing environments utilizing different operating systems, system management software, equipment and networking configurations, which may cause errors in, or failures of, our platform or such other computing environments. Operational, performance and internal control issues with our platform and related offerings, which we may experience and have experienced in the past, could include the failure of our user interface, outages, errors, discrepancies in costs billed versus costs paid, unauthorized bidding, cessation of our ability to bid or deliver impressions, deletion of our reporting information, unanticipated volume overwhelming our databases, server failure or catastrophic events affecting one or more server farms.

Operational, performance, design, and internal control issues with our platform and related offerings, whether real or perceived, could also result in negative publicity, damage to our brand and reputation, government investigations, loss of clients, loss of data, loss of or delay in market acceptance or market share of our platform or related offerings, increased costs or loss of revenue, loss of the ability to access our platform or related offerings, loss of competitive position, claims by clients for losses sustained by them and loss of stockholder confidence in the accuracy and completeness of our financial reports. Alleviating problems resulting from such issues could require significant expenditures of capital and other resources and could cause interruptions, delays or the cessation of our business, any of which may adversely affect our business, financial condition and results of operations.

If unauthorized access is obtained to user, client or inventory and third-party provider data, or our platform is compromised, our services may be disrupted or perceived as insecure, and as a result, we may lose existing clients or fail to attract new clients, and we may incur significant reputational harm and legal and financial liabilities.

Our products and services involve the storage and transmission of significant amounts of data from users, clients and inventory and data providers, a large volume of which is hosted by third-party service providers. Our services and the data on our platform and in our systems could be exposed to unauthorized access due to activities that breach or undermine security measures, including: negligence or malfeasance by internal or external actors; attempts by outside parties to fraudulently induce employees, clients or vendors

to disclose sensitive information; or errors or vulnerabilities in our systems, products or processes or in those of our service providers, clients, and vendors. For example, from time to time, we experience cyberattacks of varying degrees and other attempts to obtain unauthorized access to our systems, including to employee mailboxes. We have dedicated and expect to continue to dedicate resources toward security protections that shield data from these activities. However, such measures cannot provide absolute security. Further, we can expect that the deployment of techniques to circumvent our security measures may occur with more frequency and sophistication and may not be recognized until launched against a target. Accordingly, we may be unable to anticipate or detect these techniques or to implement adequate preventative measures. Finally, while we have developed worldwide incident response teams and dedicated resources to incident response processes, such processes could, among other issues, fail to be adequate or accurately assess the incident severity, not proceed quickly enough, or fail to sufficiently remediate an incident.

Many of our employees now have a hybrid work schedule consisting of both in-person work and working from home. Although we have implemented work-from-home protocols and provide work-issued devices to employees, the actions of our employees while working from home may have a greater effect on the security of our systems, the platform and the data we process, including by increasing the risk of compromise to our systems, confidential information or data arising from employees' combined personal and private use of devices, accessing our systems or data using wireless networks that we do not control or the ability to transmit or store company-controlled data outside of our secured network.

A breach of our security, a flawed design, and/or our failure to respond sufficiently to a security incident could disrupt our services and result in theft, misuse, loss, corruption, or improper use or disclosure of data. This could result in government investigations, enforcement actions and other legal and financial liability, and/or loss of confidence in the availability and security of our products and services, all of which could seriously harm our reputation and brand and impair our ability to attract and retain clients. As we launch new products and services, some of which involve the receipt and processing of identifiable information, the risks associated with data including risks to breach of our systems increases, and we could be subject to contractual breach and indemnification claims from other clients and partners and otherwise suffer damage to our reputation, brand, and business. Our platform may also receive data in aggregated or pseudonymized form, and if our systems are breached and such data or information is compromised, it could be damaging to our brand, reputation, and business. Cyberattacks could also compromise our own trade secrets and other sensitive information and result in such information being disclosed to others and becoming less valuable, which could negatively affect our business.

Privacy and data protection laws to which we are subject may cause us to incur additional or unexpected costs, subject us to enforcement actions for compliance failures, or cause us to change our platform or business model, which may have a material adverse effect on our business.

Information relating to individuals and their devices (commonly called "personal information" or "personal data") is regulated under a wide variety of local, state, national and international laws and regulations that apply to the collection, use, retention, protection, disclosure, transfer (including transfer across national boundaries) and other processing of such data. We typically collect and store IP addresses and other device identifiers (such as unique cookie identifiers and mobile application identifiers), which are or may be considered personal data or personal information in many jurisdictions or otherwise may be the subject of regulation. In connection with newer products and services, including Unified ID 2.0 and

EUID, we may also receive information that directly identifies individuals, such as email addresses and phone numbers. We may receive such information both directly from consumers and from our clients or others, and we deploy technical and contractual measures to limit how such identifying information can be used and shared.

The global regulatory landscape regarding the protection of personal information is evolving, and U.S. (state and federal) and foreign governments are considering enacting additional legislation and rulemaking related to data privacy and data protection and we expect to see an increase in, or changes to, legislation and regulation in this area. For example, in the U.S., in August 2022 the U.S. Federal Trade Commission (the "FTC") released and accepted comments on an advance notice of proposed rulemaking concerning "commercial surveillance" covering a host of data privacy and security topics. In addition, a potential federal omnibus privacy law remains the subject of active discussion. If passed, such a law would likely substantially impact the online advertising ecosystem.

State lawmakers are also actively addressing consumer data privacy issues. By the end of 2023, five states will have broad-based consumer privacy laws in effect: California, Virginia, Colorado, Connecticut, and Utah. In addition, numerous other states, such as Delaware, Florida, Iowa, Indiana, Montana, Oregon, Tennessee, and Texas, have recently passed similar laws, which go into effect throughout 2024 and beyond. These state laws define "personal data" broadly enough to include many online identifiers provided by individuals' devices, applications, and protocols (such as IP addresses, mobile application identifiers and unique cookie identifiers), individuals' location data, and hashed versions of email addresses and phone numbers. These laws generally require covered businesses to meet numerous data privacy-related obligations, among other requirements, establishing data privacy rights for consumers in such states (including rights to request deletion of and access to personal data), imposing special rules on the collection of personal data from minors and other personal data deemed "sensitive" under the laws, and creating new notice obligations. Most significant for the advertising industry, however, these laws require businesses that engage in certain advertising uses of personal data to offer and honor an opt-out of such activities, including, in some states, through browser or device-based preference signals. (Terminology varies slightly among some of the state laws, tying the opt-out requirement to "targeted advertising," "sales" or "sharing" of personal data.) Importantly, as a consequence of these obligations, the availability of data within our platform, our other services and the advertising ecosystem more broadly may decline, potentially making our platform and services less valuable to our clients. Moreover, these state laws and their implementing regulations may increase compliance costs and obligations on us, our clients, and other companies in the advertising industry. Although we have attempted to mitigate certain risks posed by these laws through contractual and platform changes, we cannot predict with certainty the effect of these laws and their implementing regulations on our business.

California first passed an omnibus consumer privacy law (the California Consumer Privacy Act, or "CCPA") in 2018. Though updates to that law went into effect on January 1, 2023, enforcement activity under the initial law in 2022 revealed that regulators interpret "sales" broadly to include common advertising technology practices. This enforcement activity, together with the updates to California's law and the state laws taking effect throughout 2023 and beyond, will impact our practices and those of our clients and others in the advertising industry. Enforcement activity by the California Attorney General also reflects an ongoing focus on online advertising activities and signals regulators' willingness to pursue in-depth investigations and impose substantial penalties on entities allegedly operating in violation of the statute.

The CCPA also creates a potentially severe statutory damages framework for violations of the law and for businesses that fail to implement reasonable security procedures and practices to prevent data breaches. The CCPA also offers the possibility for a consumer to recover statutory damages for certain violations and could open the door more broadly to additional risks of individual and class-action lawsuits even though the statute's private right of action is limited in scope.

Although the California Privacy Protection Agency's rulemaking activities remain ongoing, the CCPA and the existing implementing regulations will likely increase compliance costs and obligations on us, our clients, and other companies in the advertising industry. Thus, we expect that continuing to maintain compliance with California's legal requirements, including monitoring and adjusting to new regulations and interpretations that affect our approach to compliance, will require significant time, resources, and expense, as will the effort to monitor whether additional changes to our business practices and our backend configuration are needed, all of which may increase operating costs, or limit our ability to operate or expand our business.

Following the passage of the CCPA, other states began passing privacy laws. The state omnibus consumer privacy laws passed outside of California use somewhat different terminology from the CCPA but result in many of the same compliance obligations, and may similarly require significant time, resources and expense to develop and maintain compliance. Any obligations imposed by these state laws that diverge from the CCPA's requirements will require further investment for compliance. For example, the regulations issued pursuant to the Colorado Privacy Act ("CPA") impose detailed requirements for compliance with a variety of CPA obligations such as those related to offering and honoring an opt-out of certain advertising activities, including through browser or device-based preference signals.

In addition to these broad-based consumer privacy laws, lawmakers and regulators continue to focus on activities that involve use of categories of personal data perceived as especially sensitive, such as health data and children's data. Several states have enacted laws that would substantially impact activities that involve showing targeted advertisements to individuals under 18 through a variety of new restrictions, though many of these laws are subject to ongoing legal challenge on First Amendment and other grounds. At the federal level, several bills introduced this session would likewise further regulate the processing of children's data. Further, Washington's recently enacted My Health, My Data Act ("MHMD") introduces a host of new requirements related to a very broadly-defined notion of consumer health data that will likely impact that advertising industry. Unlike other state privacy laws, MHMD is subject to a private right of action, so plaintiffs' attorneys could explore claims that stretch the bounds of the law's text. MHMD sets out stringent requirements for such authorizations, such as being separate and distinct from any other consents provided by the consumer, containing the name and contact information of the data purchaser and expiration of the authorization after one year. These laws and the heightened scrutiny associated with the enforcement of such laws may, in turn, ultimately lead to increased compliance costs and obligations on us, our clients and other companies in the advertising industry.

Laws governing the processing of personal data in Europe (including the U.K., European Union and EEA, and the countries of Iceland, Liechtenstein, and Norway) also continue to impact us and continue to evolve. The General Data Protection Regulation ("GDPR"), which applies to us, came into effect on May 25, 2018. Like the omnibus laws passed in California and other states, the GDPR defines "personal data" broadly, and it enhances data protection obligations for controllers of such data and for service providers processing the data. It also provides certain rights, such as access and deletion, to the individuals about whom the personal data relates. IAB Europe previously collaborated with the digital advertising industry to create a user-facing framework (the Transparency and Control Framework, or "TCF") for establishing and managing legal bases under the GDPR and other U.K. and EU privacy laws including the ePrivacy Directive. Although the TCF is actively in use, its viability as a compliance mechanism is under review by European authorities and we cannot predict its effectiveness over the long term. Non-compliance with the GDPR can trigger steep fines of up to the greater of €20 million or 4% of total worldwide annual revenue. Relatedly, following the United Kingdom's withdrawal from the EEA and the European Union, and the expiry of the transition period, we must comply with both the GDPR and the United Kingdom Data Protection Act 2018, the latter regime having the ability to separately fine up to the greater of £17.5 million or 4% of global turnover. Continuing to maintain compliance with the requirements of the GDPR and the United Kingdom Data Protection Act 2018, including monitoring and adjusting to rulings and interpretations that affect our approach to compliance, requires significant time, resources and expense, as will the effort to monitor whether additional changes to our business practices and our backend configuration are needed, all of which may increase operating costs, or limit our ability to operate or expand our business.

Changes in data residency and cross-border transfer restrictions also impact our operations. For the transfer of personal data from the EU to the United States, like many U.S. and European companies, we have relied upon, and were certified under the EU-U.S. and Swiss-U.S. Privacy Shield Frameworks. The Privacy Shield Framework, however, was struck down in July 2020 by the EU Court of Justice (a decision referred to as "Schrems II") as an adequate mechanism by which EU companies may pass personal data to the United States, and other EU mechanisms for adequate data transfer, such as the standard contractual clauses, were questioned by the Court of Justice and whether and how standard contractual clauses can be used to transfer personal data to the United States is in question. In June 2021, the European Commission published revised standard contractual clauses, and shortly thereafter the European Data Protection Board promulgated guidance on implementation of the new clauses. In October 2022, the White House released an executive order implementing a new EU-U.S. data transfer mechanism, the Trans-Atlantic Data Privacy Framework ("DPF"). The DPF aims to address the concerns raised by the court in Schrems II relating to perceived risks of transferring personal data to the United States by putting in place a new set of "commercial principles" similar to the old Privacy Shield Framework together with new rules governing U.S. intelligence authorities and redress for EU individuals. The European Commission adopted an adequacy decision for the DPF in July 2023, which helps to reduce the legal uncertainty of cross-border transfers of personal data, though has already been subject to legal challenge in Europe. In addition, the validity of the standard contractual clauses as a transfer mechanism remains uncertain. If all or some jurisdictions within the EU or the U.K. determine that the new standard contractual clauses also cannot be used to transfer personal data to the United States and if the DPF is ultimately struck down in the same manner as the Privacy Shield Framework, we could be left with no reasonable option for the lawful cross-border transfer of personal data. If left with no reasonable option for the lawful cross-border transfer of personal data, and if we nonetheless continue to transfer personal data from the EU to the United States, that could lead to governmental enforcement actions, litigation, fines and penalties or adverse publicity, which could have an adverse effect on our reputation and business or cause us to need to establish systems to maintain certain data in the EU, which may involve substantial expense and cause us to divert resources from other aspects of our operations, all of which may adversely affect our business. Other jurisdictions have adopted or are considering cross-border or data residency restrictions, which could reduce the amount of data we can collect or process and, as a result, significantly impact our business.

Regulatory investigations and enforcement actions could also impact us. In the U.S., the FTC uses its enforcement powers under Section 5 of the Federal Trade Commission Act (which prohibits "unfair" and "deceptive" trade practices) to investigate companies engaging in online tracking. For example, the FTC brought several actions in 2023 against companies regarding their alleged disclosure of consumer health data to third-party platforms for advertising purposes, signaling increased regulatory scrutiny of advertising practices that involve particularly "sensitive" categories of personal data such as health data. Other companies in the advertising technology space have been subject to government investigation by regulatory bodies; advocacy organizations have also filed complaints with data protection authorities against advertising technology companies, arguing that certain of these companies' practices do not comply with data privacy laws, such as the CCPA or GDPR, or consumer protection laws such as the FTC Act. We cannot avoid the possibility that one of these investigations or enforcement actions will require us to alter our practices. Further, our legal risk depends in part on our clients' or other third parties' adherence to data privacy laws and regulations and their use of our services in ways consistent with end user expectations. We rely on representations made to us by clients, partners and providers that they will comply with all applicable laws, including all relevant data privacy and data protection regulations. Although we make reasonable efforts to enforce such representations and contractual requirements, we do not fully audit our clients' compliance with our recommended disclosures or their adherence to data privacy laws.

and regulations. If our clients, partners or providers fail to adhere to our expectations or contracts in this regard, we and our clients could be subject to adverse publicity, damages and related possible investigation or other regulatory activity.

Adapting our data business to privacy laws enacted at the state level and their implementing regulations and to the enhanced and evolving privacy obligations in the EU and elsewhere could continue to involve substantial expense and may cause us to divert resources from other aspects of our operations, all of which may adversely affect our business. Additionally, as the advertising industry evolves, and new ways of collecting, combining and using data are created, governments may enact legislation in response to technological advancements and changes that could result in our having to re-design features or functions of our platform, therefore incurring unexpected compliance costs. Further, adaptation of the digital advertising marketplace requires increasingly significant collaboration between participants in the market, such as publishers and advertisers. Failure of the industry to adapt to changes required for operating under existing and future data privacy laws and user response to such changes could negatively impact inventory, data, and demand. We cannot control or predict the pace or effectiveness of such adaptation, and we cannot currently predict the impact such changes may have on our business.

In addition to laws regulating the processing of personal data, we are also subject to regulation with respect to political advertising activities, which are governed by various federal and state laws in the U.S., and national and provincial laws worldwide. Online political advertising laws are rapidly evolving and, in certain jurisdictions, have varying transparency and disclosure requirements. We saw publishers impose varying prohibitions and restrictions on the types of political advertising and breadth of targeted advertising allowed on their platforms with respect to advertisements for the 2020 U.S. presidential election in response to political advertising scandals, such as the scandal involving Cambridge Analytica. The lack of uniformity and increasing requirements on transparency and disclosure could adversely impact the inventory made available for political advertising and the demand for such inventory on our platform, and otherwise increase our operating and compliance costs. Concerns about political advertising or other advertising in areas deemed sensitive, whether or not valid and whether or not driven by applicable laws and regulations, industry standards, client or inventory provider expectations, or public perception, may harm our reputation, result in loss of goodwill, and inhibit use of our platform by current and future clients.

These laws and other obligations may be interpreted and applied in a manner that is inconsistent with our existing data management practices or the features of our platform. If so, in addition to the possibility of fines, lawsuits and other claims, we could be required to fundamentally change our business activities and practices or modify our products, which could have an adverse effect on our business. We may be unable to make such changes and modifications in a commercially reasonable manner or at all, and our ability to develop new products and features could be limited. All of this could impair our or our clients' ability to collect, use, or disclose information relating to consumers, which could decrease demand for our platform, increase our costs, and impair our ability to maintain and grow our client base and increase our revenue.

Commitments to advertising technology industry self-regulation may subject us to investigation by government or self-regulatory bodies, government or private litigation, and operational costs or harm to reputation or brand.

In addition to laws, the online advertising ecosystem is subject to best practices and self-regulatory standards such as those promulgated by the Network Advertising Initiative and the Digital Advertising Alliance, and similar organizations in Europe and Canada. If we or our clients or partners make mistakes in the implementation of these principles, or if self-regulatory bodies expand these guidelines or government authorities issue different guidelines regarding targeted advertising, or opt out mechanisms fail to work as designed, or if Internet users misunderstand our technology or our commitments with respect to these principles, we could be subject to negative publicity, government investigation, government or private litigation or investigation by self-regulatory bodies or other accountability groups. Any such action against us, or investigations, even if meritless, could be costly and time consuming, require us to change our business practices, cause us to divert management's attention and our resources and be damaging to our brand, reputation and business. In addition, privacy advocates and industry groups may propose new and different standards that either legally or contractually apply to us. We cannot yet determine the impact such future standards may have on our business.

Third parties control our access to unique identifiers, and if the use of "third-party cookies" or other technology to uniquely identify devices is rejected by Internet users, restricted or otherwise subject to unfavorable regulation, blocked or limited by preference signals, technical changes on end users' devices and web browsers, or our and our clients' ability to use data on our platform is otherwise restricted, our performance may decline and we may lose advertisers and revenue.

Our ability to successfully leverage user data and generate revenue from opportunities to serve advertisements could be impacted by restrictions imposed by laws or by third parties, including restrictions on our ability to use or read cookies, device identifiers, or other tracking features or our ability to use real-time bidding networks or other bidding networks. For example, if publishers or supply-side platforms decide to limit the data that we receive in order to comply (in their view) with state privacy laws or a potential federal data privacy law, then our service may prove to be less valuable to our clients and we may find it more difficult to generate revenue. That is, if third parties on which we rely for data or opportunities to serve advertisements impose limitations (for whatever reason) or are restricted by other ecosystem participants or applicable regulations, we may lose the ability to access data, bid on opportunities, or purchase digital ad space, which could have a substantial impact on our revenue.

Digital advertising mostly relies on the ability to uniquely identify devices across websites and applications, and to collect data about user interactions with those devices for purposes such as serving relevant ads and measuring the effectiveness of ads. Devices are identified through unique identifiers stored in cookies (and similar technologies), provided by device operating systems for advertising purposes, or generated based on statistical algorithms applied to information about a device, such as the IP address and device type. We use device identifiers to record information such as when an Internet user views an ad, clicks on an ad, or visits one of our advertiser's websites or applications. We use device identifiers to help us achieve our advertisers' campaign goals, including to limit the instances that an Internet user sees the same advertisement, report information to our advertisers regarding the performance of their advertising campaigns, and detect and prevent malicious behavior and invalid traffic throughout our network of inventory. We also use data associated with device identifiers to help our clients decide whether to bid on, and how to price, an opportunity to place an advertisement in a specific location, at a given time, in front of a particular Internet user. Additionally, our clients rely on device identifiers to add information they have collected or acquired about users into our platform. Without such data, our clients may not have sufficient insight into an Internet user's activity, which may compromise their and our ability to determine which inventory to purchase for a specific campaign and may undermine the effectiveness of our platform or our ability to improve our platform and remain competitive.

Today, digital advertising, including our platform, makes significant use of cookies to store device identifiers for the advertising activities described above. When we use cookies, they are generally considered third-party cookies, which are cookies owned and used by parties other than the owners of the website visited by the Internet user. The most commonly used Internet browsers—Chrome, Firefox, Internet Explorer and Safari—allow Internet users to modify their browser settings to prevent some or all cookies from being accepted by their browsers. Internet users can delete cookies from their computers at any time. Additionally, some browsers currently, or may in the future, block or limit some third-party cookies by default or may implement user control settings that algorithmically block or limit some cookies. Today, three major web browsers—Apple's Safari, Mozilla's Firefox and Microsoft's Edge—block third-party cookies by default. Google's web browser, Chrome, has introduced new controls over third-party cookies and announced plans to deprecate support for third-party cookies and user agent strings entirely in the second half of 2024, which will follow a one-percent deprecation of third-party cookies for Chrome users globally in the first half of 2024. Some Internet users also download free or paid ad-blocking software that not only prevents third-party cookies from being stored on a user's computer, but

also blocks all interaction with a third-party ad server. In addition, Google has introduced ad-blocking software in its Chrome web browser that will block 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" or use of their personal data for targeted advertising purposes under state privacy laws in ways that stop or severely limit the ability to show targeted ads. Because additional state privacy laws require businesses to permit end users to opt out of processing their personal data for purposes of targeted advertising, including, in some states through automated signals, we expect that more opt-out solutions will become available that may ultimately be used by end users, which may reduce our clients' use of our platform, and our business, financial condition, and results of operations could be adversely affected.

Advertising shown on mobile applications can also be affected by blocking or restricting use of mobile device identifiers. Data regarding interactions between users and devices are tracked mostly through stable, pseudonymous advertising 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 platforms through which the applications are accessed and could be changed by the platforms in a way that may negatively impact our business. For example, Apple has shifted to require user opt-in before permitting access to Apple's unique identifier, or IDFA, and Google has announced that it will deprecate the mobile advertising identifier used on Android devices entirely. These changes have had, and will likely continue to have, a substantial impact on the mobile advertising ecosystem and could adversely impact our growth in this channel.

In addition, in the EU, Directive 2002/58/EC (as amended by Directive 2009/136/EC), commonly referred to as the ePrivacy or Cookie Directive, directs EU member states to ensure that accessing information on an Internet user's computer, such as through a cookie and other similar technologies, is allowed only if the Internet user has been informed about such access and given his or her consent. A ruling by the Court of Justice of the European Union clarified that such consent must be reflected by an affirmative act of the user, and European regulators continue to agitate for more robust forms of consent and bringing enforcement actions against major platforms, including Amazon, Facebook, and Google, concerning their cookie consent mechanisms. These developments have resulted in decreased reliance on implied consent mechanisms that have been used to meet requirements of the ePrivacy Directive in some markets. A replacement for the ePrivacy Directive is currently under discussion by EU member states to complement and bring electronic communication services in line with the GDPR and force a harmonized approach across EU member states. Like the GDPR, the proposed ePrivacy Regulation has extra-territorial application as it applies to businesses established outside the EU who provide publicly available electronic communications services to, or gather data from the devices of, users in the EU. Though still subject to debate, the proposed ePrivacy Regulation may further raise the bar for the use of cookies and the fines and penalties for breach may be significant. We may be required to, or otherwise may determine that it is advisable to, make significant changes in our business operations and product and services to obtain user opt-in for cookies and use of cookie data, or develop or obtain additional tools and technologies to compensate for a lack of cookie data.

As the collection and use of data for digital advertising has received media attention over the past several years, some government regulators, such as the FTC, and privacy advocates have suggested creating a "Do Not Track" standard that would allow Internet users to express a preference, independent of cookie settings in their browser, not to have their online browsing activities tracked implemented through an opt-out preference tool such as the "Global Privacy Control." In addition to the CCPA, recent state privacy laws and regulations issued pursuant to those laws address and expand on requirements for honoring browser-based or similar technical signals for consumers to opt out of the sale and the use of personal data for targeted advertising purposes. If use of the "Global Privacy Control" or similar signals is adopted by many Internet users or if such a standard is imposed by even more states or by federal or foreign legislation or is agreed upon by standard setting groups, we may have to change our business practices, our clients may reduce their use of our platform, and our business, financial condition and results of operations could be adversely affected.

Increased transparency into the collection and use of data for digital advertising, introduced both through features in browsers and devices and regulatory requirements, such as the GDPR, state privacy laws, "Global Privacy Control," and the ePrivacy Directive, as well as compliance with such requirements, may create operational burdens to implement and may lead more users to choose to block the collection and use of data about them. Adapting to these and similar changes has in the past and may in the future require significant time, resources and expense, which may increase our cost of operation or limit our ability to operate or expand our business.

Concerns regarding data privacy and security relating to our industry's technology and practices, and actual or perceived failure to comply with laws and industry self-regulation, could damage our reputation and deter current and potential clients from using our products and services.

Public perception regarding data protection and privacy are significant in the programmatic advertising buying industry. Concerns about industry practices with regard to the collection, use, and disclosure of personal data, whether or not valid and whether driven by applicable laws and regulations, industry standards, client or inventory provider expectations, or the broader public, may harm our reputation, result in loss of goodwill, and inhibit use of our platform or related offerings by current and future clients. For example, perception that our practices involve an invasion of privacy or are designed with insufficient protections, whether or not such practices are consistent with current or future laws, regulations, or industry practices, may subject us to public criticism, private class actions, reputational harm, or claims by regulators, which could disrupt our business and expose us to increased liability.

Our failure to meet standards and provide services that our advertisers and inventory suppliers trust, could harm our brand and reputation and those of our partners and negatively impact our business, financial condition and results of operations.

We do not provide or control the content of the advertisements that we serve or the content of the websites providing the inventory. Advertisers provide the advertising content and inventory suppliers provide the inventory. Both advertisers and inventory suppliers are concerned about being associated with content they consider inappropriate, competitive or inconsistent with their brands or illegal, and they are hesitant to spend money or make inventory available, respectively, without some guarantee of brand security. Consequently, our reputation depends in part on providing services that our advertisers and inventory suppliers trust, and we have contractual obligations to meet content and inventory standards. We contractually prohibit the misuse of our platform by our clients and inventory suppliers. Additionally, we use our proprietary technology and third-party services to, and we participate in industry co-ops that work to, detect malware and other content issues as well as click fraud (whether by humans or software known as "bots") and to block fraudulent inventory, including "tool bar" inventory, which is inventory that appears within an application and displaces any advertising that would otherwise be displayed on the website. Despite such efforts, our clients may inadvertently purchase inventory that proves to be unacceptable for their campaigns, in which case we may not be able to recoup the amounts paid to inventory suppliers. Preventing and combating fraud is an industry-wide issue that requires constant vigilance, and we cannot guarantee that we will be successful in our efforts. Our clients could intentionally run campaigns that do not meet the standards of our inventory suppliers or attempt to use illegal or unethical targeting practices or seek to display advertising in jurisdictions that do not permit such advertising or in which the regulatory environment is uncertain, in which case our supply of ad inventory from such suppliers could be jeopardized. Some of our competitors undertake human review of content, but because our platform is self-service, and because such means are cost-intensive, we do not utilize all means available to decrease these risks. We may provide access to inventory that is objectionable to our advertisers, serve advertising that contains malware, objectionable content, or is based on questionable targeting criteria to our inventory suppliers, or be unable to detect and prevent non-human traffic, any one of which could harm our or our clients' brand and reputation, decrease their trust in our platform, and negatively impact our business, financial condition and results of operations.

Our future success depends on the continuing efforts of our key employees, including Jeff T. Green, and our ability to attract, hire, retain and motivate highly skilled employees in the future.

Our future success depends on the continuing efforts of our executive officers and other key employees, including Jeff T. Green, our Chief Executive Officer. We rely on the leadership, knowledge, and experience that our executive officers provide. They foster our corporate culture, which has been instrumental to our ability to attract and retain new talent. We also rely on our ability to hire and retain qualified and motivated employees, particularly those employees in our product development, support, and sales teams that attract and keep key clients.

The market for talent in many of our areas of operations, including California and New York, is intensely competitive, as technology companies like ours compete to attract the best talent. As a business-to-business company, we do not have the same level of name recognition among potential recruits as business-to-consumer companies. Additionally, we have less experience with recruiting and less name recognition in geographies outside of the United States and may face additional challenges in attracting and retaining international employees. In addition, many companies now offer a remote or hybrid work environment, which may increase the competition for employees from employers outside of our traditional office locations. As a result, we may incur increasingly significant costs to attract and retain employees, including significant expenditures related to salaries and benefits and compensation expenses related to equity awards, and we may lose new employees to our competitors or other companies before we realize the benefit of our investment in recruiting and training them.

Employee turnover, including changes in our management team or failure to manage executive succession effectively, could disrupt our business. None of our key employees have an employment agreement for a specific term, and all of our employees may terminate their employment with us at any time. The loss of one or more of our executive officers or our inability to attract and retain highly skilled employees could have an adverse effect on our business, financial condition and results of operations.

If we fail to offer sufficient client training and support, our business and reputation would suffer.

Because we offer a self-service platform, client training and support is important for the successful marketing and continued use of our platform and for maintaining and increasing spend through our platform from existing and new clients. Providing this training and support requires that our platform operations personnel have specific domain knowledge and expertise along with the ability to train others, which makes it more difficult for us to hire qualified personnel and to scale up our support operations due to the extensive training required. The importance of high-quality client service will increase as we expand our business and pursue new clients. If we are not responsive and proactive regarding our clients' advertising needs, or do not provide effective support for our clients' advertising campaigns, our ability to retain our existing clients would suffer and our reputation with existing or potential clients would be harmed, which would negatively impact our business.

If the non-proprietary technology, software, products and services that we use are unavailable, have future terms we cannot agree to, or do not perform as we expect, our business, financial condition and results of operations could be harmed.

We depend on various technology, software, products and services from third parties or available as open source, including data centers and API technology, payment processing, payroll and other technology and professional services, some of which are critical to the features and functionality of our platform. For example, in order for clients to target ads in ways they desire and otherwise optimize and verify campaigns, our platform must have access to data regarding Internet user behavior and reports with demographic information regarding Internet users. Identifying, negotiating, complying with and integrating with third-party terms and technology are complex, costly and time-consuming matters. Failure by third-party providers to maintain, support or secure their technology either generally or for our accounts specifically, or downtime, errors or defects in their products or services, could adversely impact our platform, our administrative obligations or other areas of our business. Having to replace any third-party providers or their technology, products or services could result in outages or difficulties in our ability to provide our services. If we are unsuccessful in establishing or maintaining our relationships with our third-party providers or otherwise need to replace them, internal resources may need to be diverted and our business, financial condition and results of operations could be harmed.

Disruptions to service from our third-party data center hosting facilities and cloud computing and hosting providers could impair the delivery of our services and harm our business.

A significant portion of our business relies upon hardware and services that are hosted, managed and controlled by third-party co-location providers for our data centers, and we are dependent on these third parties to provide continuous power, cooling, Internet connectivity and physical and technological security for our servers. In the event that these third-party providers experience any interruption in operations or cease business for any reason, or if we are unable to agree on satisfactory terms for continued hosting relationships, we would be forced to enter into a relationship with other service providers or assume some hosting responsibilities ourselves. Even a disruption as brief as a few minutes could have a negative impact on marketplace activities and could result in a loss of revenue. These facilities may be located in areas prone to natural disasters and may experience catastrophic events such as earthquakes, fires, floods, power loss, telecommunications failures, public health crises and similar events. They may also be subject to break-ins, sabotage, intentional acts of vandalism, **cyber-attacks** and similar misconduct. Although we have made certain disaster recovery and business continuity arrangements, such events could cause damage to, or failure of, our systems generally, or those of the third-party cloud computing and hosting providers, which could result in disruptions to our service.

We face potential liability and harm to our business based on the human factor of inputting information into our platform.

Campaigns are set up using several variables available to our clients on our platform. While our platform includes several checks and balances, it is possible for human error to result in significant overspending. The system requires a daily cap at the ad group level. We also provide for the client to input daily and overall caps at the advertising inventory campaign level at their discretion. Additionally, we set a credit limit for each user so that they cannot spend beyond the level of credit risk we are willing to accept. Despite these protections, the ability for overspend exists. For example, campaigns which last for a period of time can be set to pace evenly or as quickly as possible. If a client with a high credit limit enters the wrong daily cap with a campaign set to a rapid pace, it is possible for a campaign to accidentally go significantly over budget. While our client contracts state that clients are responsible for media purchased through our platform, we are ultimately responsible for paying the inventory providers, and we may be unable to collect from clients facing such issues, in which case our results of operations would be harmed.

We have international operations and plan to continue expanding abroad where we have more limited operating experience, which may subject us to additional cost and economic risks that can adversely affect our business, financial condition and results of operations.

Our international operations and expansion plans create challenges associated with supporting a rapidly growing business across a multitude of cultures, customs, monetary, legal and regulatory systems and commercial infrastructures. We have a limited operating history outside of the United States, and our ability to manage and expand our business and conduct our operations internationally requires considerable attention and resources.

We have personnel in countries within North America, Central America, Europe, Asia and Australia, and we are continuing to expand our international operations. Some of the countries into which we are, or potentially may, expand score unfavorably on the Corruption Perceptions Index ("CPI") of the Transparency International. Our teams in locations outside the United States are substantially smaller than some of our teams in the United States. To the extent we are unable to effectively engage with non-U.S. advertising agencies or international divisions of U.S. agencies due to our limited sales force capacity, or we are unable to secure quality non-U.S. ad inventory and data on reasonable terms due to our limited inventory and data team capacity, we may be unable to effectively grow in international markets.

Our international operations and expansion subject us to a variety of additional risks, including:

- risks related to local advertising markets, where adoption of programmatic ad buying may be slower than in the United States, advertising buyers and inventory and data providers may be less familiar with demand-side platforms and our brand, and business models may not support our value proposition;
- exposure to public health issues and to travel restrictions and other measures undertaken by governments in response to such issues;
- risks related to compliance with local laws and regulations, including those relating to privacy, cybersecurity, data security, antitrust, data localization, anti-bribery, import and export controls, economic sanctions (including to existing and potential partners and clients), tax and withholding (including overlapping of different tax regimes), and varied labor and employment laws (including those relating to termination of employees); corporate formation, partnership, restrictions on foreign ownership or investment and other regulatory limitations or obligations on our operations (such as obtaining requisite licenses or other governmental requirements); and the increased administrative costs and risks associated with such compliance;
- operational and execution risk, and other challenges caused by distance, language and cultural differences, which may burden management, increase travel, infrastructure and legal compliance costs, and add complexity to our enforcement of advertising standards across languages and countries;
- geopolitical and social factors, such as concerns regarding negative, unstable or changing economic conditions in the countries and regions where we operate, recessions, armed conflicts and wars, political instability and trade disputes;
- risks related to pricing structure, payment and currency, including aligning our pricing model and payment terms with local norms, higher levels of credit risk and payment fraud, difficulties in invoicing and collecting in foreign currencies and associated foreign currency exposure, and difficulties in repatriating or transferring funds from or converting currencies; and
- reduced protection for intellectual property rights in some countries and practical difficulties in enforcing contractual and intellectual property rights abroad.

We have a U.K. entity through which we have entered into international client and partner agreements, including with those in the EU, which are governed by English Law, and some of our clients and partners pay us in British Pounds and Euros. **We continue to face risks and potential disruptions related to the withdrawal of the U.K. from the EU, commonly referred to as "Brexit." Although the U.K. and EU have entered into a trade and cooperation agreement, the long-term nature of the U.K.'s relationship with the EU remains unclear. For example, Brexit could affect transborder transactions generally, matters of taxation, transborder data flows, regulators' jurisdiction over our business, volatility in foreign exchange markets with respect to the British Pound and Euro and other matters related to how we do business in the U.K. and EU. While we continue to monitor these developments, the full effect of Brexit on our operations is uncertain and our business could be harmed by trade disputes or political differences between the U.K. and EU in the future.**

We may incur significant operating expenses as a result of our international operations and expansion, and we may not be successful. Our international business also subjects us to the impact of differing regulatory requirements, costs and difficulties in managing a distributed workforce, and potentially adverse tax consequences in the United States and abroad. If our international activities were found to be in violation of any existing or future international laws or regulations or if interpretations of those laws and regulations were to change, our business in those countries could be subject to fines and other financial penalties, have licenses revoked, or be forced to restructure operations or shut down entirely. In addition, advertising markets outside of the United States are not as developed as those within the United States, and we may be unable to grow our business sufficiently. Any failure to successfully manage the risks and challenges related to our international operations could adversely affect our business, financial condition and results of operations.

We have entered into, and may in the future enter into, credit facilities which may contain operating and financial covenants that restrict our business and financing activities.

We have entered into, and may in the future enter into, credit facilities which contain restrictions that limit our flexibility in operating our business. Our credit facility contains, and any future credit facility may contain, various covenants that limit our ability to engage in specified types of transactions. Subject to exceptions, these covenants limit our ability to, among other things:

- sell assets or make changes to the nature of our business;
- engage in mergers or acquisitions;

- incur, assume or permit additional indebtedness and guarantees;
- make restricted payments, including paying dividends on, repurchasing, redeeming or making distributions with respect to our capital stock;
- make specified investments;
- engage in transactions with our affiliates; and
- make payments in respect of subordinated debt.

Our obligations under our credit facility are collateralized by a pledge of substantially all of our assets, including accounts receivable, deposit accounts, intellectual property and investment property and equipment. The covenants in our credit facility may limit our ability to take actions and, in the event that we breach one or more covenants, our lenders may choose to declare an event of default and require that we immediately repay all amounts outstanding, terminate the commitment to extend further credit and foreclose on the collateral granted to them to collateralize such indebtedness, which includes our intellectual property. In addition, if we fail to meet the required covenants, we will not have access to further draw-downs under our credit facility.

If we do not effectively grow and train our sales and client service teams, we may be unable to add new clients or increase sales to our existing clients and our business will be adversely affected.

We are substantially dependent on our sales and client service teams to obtain new clients and to increase spend by our existing clients. We believe that there is significant competition for sales personnel with the skills and technical knowledge that we require. Our ability to achieve revenue growth will depend, in large part, on our success in recruiting, hiring, training, integrating and retaining sufficient numbers of sales personnel to support our growth in the United States and internationally. Due to the complexity of our platform, new hires require significant training, and it may take significant time before they achieve full productivity. Our account managers, for instance, need to be trained quickly on the features of our platform since failure to offer high-quality support may adversely affect our relationships with our clients. Our recent and planned hires may not become productive as quickly as we expect, and we may be unable to hire or retain sufficient numbers of qualified individuals in the markets where we do business or plan to do business. If we are unable to hire and train sufficient numbers of effective sales personnel, or the sales personnel are not successful in obtaining new clients or increasing our existing clients' spend with us, our business will be adversely affected.

Our corporate culture has contributed to our success, and if we are unable to maintain it as we grow, our business, financial condition and results of operations could be harmed.

We have experienced and may continue to experience rapid expansion of our employee ranks. We believe our corporate culture has been a key element of our success. However, as our organization grows and expands globally, it may be difficult to maintain our culture, which could reduce our ability to innovate and operate effectively. The failure to maintain the key aspects of our culture as our organization grows could result in decreased employee satisfaction, increased difficulty in attracting top talent, increased turnover and could compromise the quality of our client service, all of which are important to our success and to the effective execution of our business strategy. In the event we are unable to maintain our corporate culture as we grow to scale, our business, financial condition and results of operations could be harmed.

Our proprietary rights may be difficult to enforce, which could enable others to copy or use aspects of our technology without compensating us, thereby eroding our competitive advantages and harming our business.

We rely upon a combination of trade secrets, third-party confidentiality and non-disclosure agreements, additional contractual restrictions on disclosure and use, and trademark, copyright, patent and other intellectual property laws to establish and protect our proprietary rights. These laws, procedures and restrictions provide only limited protection. We currently have "theTradeDesk" and variants and other marks registered as trademarks or pending registrations in the United States and certain foreign countries. We also rely on copyright laws to protect computer programs related to our platform and our proprietary technologies, although to date we have not registered for statutory copyright protection. We have registered numerous Internet domain names in the United States and certain foreign countries related to our business. We endeavor to enter into agreements with our employees and contractors in order to limit access to and disclosure of our proprietary information, as well as to clarify rights to intellectual property associated with our business. Protecting our intellectual property is a challenge, especially after our employees or our contractors end their relationship with us, and, in some cases, decide to work for our competitors. Our contracts with our employees and contractors that relate to intellectual property issues generally restrict the use of our confidential information solely in connection with our services, and strictly prohibit reverse engineering. However, reverse engineering our software or the theft or misuse of our proprietary information could occur by employees or other third parties who have access to our technology. Enforceability of the non-compete agreements that we have in place is not guaranteed, and contractual restrictions could be breached without discovery or adequate remedies. Historically, we have prioritized keeping our technology architecture, trade secrets and engineering roadmap private, and as a general matter, have not patented our proprietary technology. As a result, we cannot look to patent enforcement rights to protect much of our proprietary technology. Furthermore, our patent strategy is still in its early stages. We may not be able to obtain any further patents, and our pending applications may not result in the issuance of patents. Any issued patents may be challenged, invalidated or circumvented, and any rights granted under these patents may not actually provide adequate defensive protection or competitive advantages to us. Additionally, the process of obtaining patent protection is expensive and time-consuming, and we may not be able to prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner.

Policing unauthorized use of our technology is difficult. In addition, the laws of some foreign countries may not be as protective of intellectual property rights as those of the United States, and mechanisms for enforcement of our proprietary rights in such countries may be inadequate. If we are unable to protect our proprietary rights (including in particular, the proprietary aspects of our platform) we may find ourselves at a competitive disadvantage to others who have not incurred the same level of expense, time and effort to create and protect their intellectual property.

We may be sued by third parties for alleged infringement of their proprietary rights, which would result in additional expense and potential damages.

There is significant patent and other intellectual property development activity in the digital advertising industry. Third-party intellectual property rights may cover significant aspects of our technologies or business methods or block us from expanding our offerings. Our success depends on the continual development of our platform. From time to time, we may receive claims from third parties that our platform and underlying technology infringe or violate such third parties' intellectual property rights. To the extent we gain greater

public recognition, we may face a higher risk of being the subject of intellectual property claims. The cost of defending against such claims, whether or not the claims have merit, is significant, regardless of whether we are successful in our defense, and could divert the attention of management, technical personnel and other employees from our business operations. Litigation regarding intellectual property rights is inherently uncertain due to the complex issues involved, and we may not be successful in defending ourselves in such matters. Additionally, we have obligations to indemnify our clients or inventory and data suppliers in connection with certain intellectual property claims. If we are found to infringe these rights, we could potentially be required to cease utilizing portions of our platform. We may also be required to develop alternative non-infringing technology, which could require significant time and expense. Additionally, we could be required to pay royalty payments, either as a one-time fee or ongoing, as well as damages for past use that was deemed to be infringing. If we cannot license or develop technology for any allegedly infringing aspect of our business, we would be forced to limit our service and may be unable to compete effectively. Any of these results could harm our business.

We face potential liability and harm to our business based on the nature of our business and the content on our platform.

Advertising often results in litigation relating to misleading or deceptive claims, copyright or trademark infringement, public performance royalties or other claims based on the nature and content of advertising that is distributed through our platform. Though we contractually require clients to generally represent to us that their advertisements comply with our ad standards and our inventory providers' ad standards and that they have the rights necessary to serve advertisements through our platform, we do not independently verify whether we are permitted to deliver, or review the content of, such advertisements. If any of these representations are untrue, we may be exposed to potential liability and our reputation may be damaged. While our clients are typically obligated to indemnify us, such indemnification may not fully cover us, or we may not be able to collect. In addition to settlement costs, we may be responsible for our own litigation costs, which can be expensive.

We are subject to anti-bribery, anti-corruption and similar laws and non-compliance with such laws can subject us to criminal penalties or significant fines and harm our business and reputation.

We are subject to anti-bribery and similar laws, such as the U.S. Foreign Corrupt Practices Act of 1977, as amended, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the USA PATRIOT Act, U.S. Travel Act, the U.K. Bribery Act 2010 and Proceeds of Crime Act 2002, and possibly other anti-corruption, anti-bribery and anti-money laundering laws in countries in which we conduct business. Anti-corruption laws have been enforced with great rigor in recent years and are interpreted broadly. Such laws prohibit companies and their employees and their agents from making or offering improper payments or other benefits to government officials and others in the private sector. As we increase our international sales and business, particularly in countries with a low score on the CPI by Transparency International, and increase our use of third parties such as sales agents, distributors, resellers or consultants, our risks under these laws will increase. We adopt appropriate policies and procedures and conduct training, but cannot guarantee that improprieties will not occur. Noncompliance with these laws could subject us to investigations, sanctions, settlements, prosecution, other enforcement actions, disgorgement of profits, significant fines, damages, other civil and criminal penalties or injunctions, suspension and/or debarment from contracting with specified persons, the loss of export privileges, reputational harm, adverse media coverage, and other collateral consequences. Any investigations, actions and/or sanctions could have a material negative impact on our business, financial condition and results of operations.

We are subject to governmental economic sanctions requirements and export and import controls that could impair our ability to compete in international markets or subject us to liability if we are not in compliance with applicable laws.

As a U.S. company, we are subject to U.S. export control and economic sanctions laws and regulations, and we are required to export our technology and services in compliance with those laws and regulations, including the U.S. Export Administration Regulations and economic embargo and trade sanctions programs administered by the Treasury Department's Office of Foreign Assets Control. U.S. economic sanctions and export control laws and regulations prohibit the shipment of specified products and services to countries, governments and persons targeted by U.S. sanctions. While we take precautions to prevent doing any business, directly or indirectly, with countries, governments and persons targeted by U.S. sanctions, such measures may be circumvented. There can be no assurance that we will be in compliance with U.S. export control or economic sanctions laws and regulations in the future. Any such violation could result in significant criminal or civil fines, penalties or other sanctions and repercussions, including reputational harm that could materially adversely impact our business.

Furthermore, if we export our technology, the exports may require authorizations, including a license, a license exception or other appropriate government authorization. Complying with export control and sanctions regulations may be time-consuming and may result in the delay or loss of opportunities.

In addition, various countries regulate the import of encryption technology, including the imposition of import permitting and licensing requirements, and have enacted laws that could limit our ability to offer our platform or could limit our clients' ability to use our platform in those countries. Changes in our platform or future changes in export and import regulations may create delays in the introduction of our platform in international markets or prevent our clients with international operations from deploying our platform globally. Any change in export or import regulations, economic sanctions or related legislation, or change in the countries, governments, persons, or technologies targeted by such regulations, could result in decreased use of our platform by, or in our decreased ability to export our technology and services to, existing or potential clients with international operations. Any decreased use of our platform or limitation on our ability to export our platform would likely adversely affect our business, financial condition and results of operations.

Risks Related to Ownership of Our Class A Common Stock

The market price of our Class A common stock may be volatile or may decline regardless of our operating performance, and you may not be able to resell your shares at or above your purchase price.

The market price of our stock and of equity securities of technology companies has historically experienced high levels of volatility. If you purchase shares of our Class A common stock, you may not be able to resell those shares at or above your purchase price. The market price of our Class A common stock has fluctuated and may fluctuate significantly in response to numerous factors, some of which are beyond our control and may not be related to our operating performance, including:

- announcements of new offerings, products, services or technologies, commercial relationships, acquisitions, or other events by us or our competitors;
- price and volume fluctuations in the overall stock market from time to time;
- significant volatility in the market price and trading volume of technology companies in general and of companies in the digital advertising industry in particular;
- fluctuations in the trading volume of our shares or the size of our public float;
- trading activity in our share repurchase program;
- actual or anticipated changes or fluctuations in our results of operations;
- whether our results of operations meet the expectations of securities analysts or investors;
- actual or anticipated changes in the expectations of investors or securities analysts;
- litigation involving us, our industry, or both;
- regulatory developments in the United States, foreign countries, or both;
- general economic conditions and trends;
- terrorist attacks, political upheaval, natural disasters, war, public health crises, or other major catastrophic events;
- sales of large blocks of our common stock;
- departures of key employees; or
- an adverse impact on us from any of the other risks cited herein.

In addition, if the stock market for technology companies, or the stock market generally, experiences a loss of investor confidence, the trading price of our Class A common stock could decline for reasons unrelated to our business, financial condition or results of operations. Stock prices of many technology companies have fluctuated in a manner unrelated or disproportionate to the operating performance of those companies. The trading price of our Class A common stock might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. In the past, stockholders have filed securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management from our core business, and adversely affect our business.

Substantial future sales of shares of our common stock could cause the market price of our Class A common stock to decline.

The market price of our Class A common stock could decline as a result of substantial sales of our common stock, particularly sales by our directors, executive officers and significant stockholders, or the perception in the market that holders of a large number of shares intend to sell their shares.

Additionally, our directors, executive officers, employees and, in certain instances, service providers, hold shares of common stock subject to outstanding options, restricted stock awards and restricted stock units under our equity incentive plans. Those shares and the shares reserved for future issuance under our equity incentive plans are and will become eligible for sale in the public market, subject to certain legal and contractual limitations.

Certain holders of our common stock have rights, subject to some conditions, to require us to file registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or our stockholders.

Insiders have substantial control over our company, including as a result of the dual class structure of our common stock, which could limit your ability to influence the outcome of key decisions, including a change of control.

Our Class B common stock has ten votes per share and our Class A common stock has one vote per share. Because of the ten-to-one voting ratio between our Class B and Class A common stock, the holders of our Class B common stock collectively have substantial control of the combined voting power of our common stock. Our certificate of

incorporation provides that all Class B common stock will convert automatically into Class A common stock on December 22, 2025, unless converted prior to such date. As of September 30, 2023 [March 31, 2024], stockholders who held shares of Class B common stock, including our executive officers, employees, and directors and their affiliates, together held approximately 49.7% of the voting power of our outstanding capital stock. This concentrated control limits or precludes your ability to influence corporate matters, as the holders

of Class B common stock are able to influence or substantially control matters requiring approval by our stockholders, including the election of the directors, excluding the director we have designated as a Class A director, and the approval of mergers, acquisitions or other extraordinary transactions. Their interests may differ from yours and they may vote in a manner that is adverse to your interests. This ownership concentration may deter, delay or prevent a change of control of our company, deprive our stockholders of an opportunity to receive a premium for their common stock as part of a sale of our company and may ultimately affect the market price of our common stock. Furthermore, in connection with the amendments to our certificate of incorporation and related matters voted on at the Special Meeting of Stockholders held on December 22, 2020, we have become subject to legal proceedings and could become involved in additional litigation, including securities class action claims and/or derivative litigation. Any such legal proceedings, regardless of outcome or merit, may divert management's time and attention and may result in the incurrence of significant expense, including legal fees. For additional information regarding the pending legal proceeding, refer to **"Item 1. Legal Proceedings."**

Transfers by holders of Class B common stock will generally result in those shares converting to Class A common stock, subject to limited exceptions, such as transfers effected for estate planning or charitable purposes. However, until the conversion of all outstanding shares of Class B common stock, the conversion of Class B common stock to Class A common stock will have the effect, over time, of increasing the voting power of those holders of Class B common stock who retain their shares in the long term.

Our charter documents and Delaware law could discourage takeover attempts and other corporate governance changes.

Our **amended and restated** certificate of incorporation and **amended and restated** bylaws contain provisions that could delay or prevent a change in control of our company. These provisions could also make it difficult for stockholders to elect directors that are not nominated by the current members of our board of directors or take other corporate actions, including effecting changes in our management. These provisions include the following provisions:

- permit the board of directors to establish the number of directors and fill any vacancies and newly created directorships;
- provide that our board of directors will be classified into three classes with staggered, three-year terms and that directors may only be removed for cause;
- require super-majority voting to amend certain provisions in our certificate of incorporation and bylaws;
- authorize the issuance of "blank check" preferred stock that our board of directors could use to implement a stockholder rights plan;
- specify that special meetings of our stockholders can be called only by our board of directors, the chairman of our board of directors, our chief executive officer, or a stockholder that has held at least 20% of our outstanding shares of common stock continuously for one year;
- provide that the board of directors is expressly authorized to make, alter or repeal our bylaws;
- provide that vacancies on our board of directors may be filled only by a majority of directors then in office, even though less than a quorum;
- prohibit cumulative voting in the election of directors;
- restrict the forum for certain litigation against us to Delaware;
- restrict the forum for certain litigation against us to the federal district courts of the United States;
- permit our board of directors to alter our bylaws without obtaining stockholder approval;
- reflect the dual class structure of our common stock, as discussed above; and
- establish advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

In addition, as a Delaware corporation, we are subject to Section 203 of the Delaware General Corporation Law. These provisions may prohibit large stockholders, in particular those owning 15% or more of our outstanding voting stock, from merging or combining with us for a period of time.

Our amended and restated certificate of incorporation and amended and restated bylaws designate certain state or federal courts as the exclusive forum for certain litigation that may be initiated by our stockholders, which could limit stockholders' ability to obtain a favorable judicial forum for disputes with us.

Our amended and restated certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware **is** will be, to the **exclusive** forum for substantially all disputes between us and our stockholders, which limits our stockholders' ability to choose other forums for disputes with us or our directors, officers or employees.

Our certificate of incorporation provides that the Court of Chancery of the State of Delaware **is** fullest extent permitted by law, the sole and exclusive forum for any state law claim for: (1)

- any derivative action or proceeding brought on our behalf; (2)
- any action asserting a claim of breach of a fiduciary duty **owed** by any of our directors, officers, **other** employees, or **our** stockholders **owed** to us or our stockholders; (3)
- any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, our **amended and restated** certificate of incorporation or our **amended and restated** bylaws, or as to which the Delaware General Corporation Law confers jurisdiction on the Court of Chancery of the State of Delaware; or (4)
- any action asserting a claim governed by the internal affairs **doctrine**. This choice **doctrine** (collectively, the "Delaware Forum Provision").

The Delaware Forum Provision will not apply to any causes of action arising under the Securities Act or the Exchange Act. Further, our amended and restated bylaws provide that, unless we consent in writing to the selection of an alternative forum, **provision** the federal district courts of the United States of America will be the sole and exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act (the "Federal Forum Provision"). In addition, our amended and restated certificate of incorporation and amended and restated bylaws provide that any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock is deemed to have notice of and consented to the Delaware Forum Provision and the Federal Forum Provision, respectively; provided, however, that stockholders cannot and will not be deemed to have waived our compliance with the U.S. federal securities laws and the rules and regulations thereunder.

The Delaware Forum Provision and the Federal Forum Provision in our amended and restated certificate of incorporation and amended and restated bylaws may impose additional litigation costs on stockholders in pursuing any such claims. Additionally, these forum selection clauses may limit a stockholder's our stockholders' ability to bring a claim in **other** a judicial forums forum that they find favorable for disputes with us or our directors, officers or **other** employees (including, without limitation, any claims in respect of stockholder nominations of directors as permitted under our amended and restated bylaws), which may discourage the filing of lawsuits against us and our directors, officers and employees, even though an action, if successful, might benefit our stockholders. In addition, while the Delaware Supreme Court ruled in March 2020 that federal forum selection provisions purporting to require claims under the Securities Act be brought in federal court are "facially valid" under Delaware law, there is uncertainty as to whether other employees in jurisdictions other than Delaware. Alternatively, if a court were to find courts will enforce our Federal Forum Provision. If the choice of forum provision contained in our certificate of incorporation Federal Forum Provision is found to be **inapplicable or unenforceable, in an action**, we may incur additional costs associated with resolving such action in other jurisdictions, which could have a material adverse effect our business, financial condition, matters. The Federal Forum Provision may also impose additional litigation costs on stockholders who assert that the provision is not enforceable or invalid. The Court of Chancery of the State of Delaware and the federal district courts may also reach different judgments or results of operations. than would other courts, including courts where a stockholder considering an action may be located or would otherwise choose to bring the action, and such judgments may be more or less favorable to us than our stockholders

We cannot guarantee that our share repurchase program will be fully consummated, that it will enhance long-term stockholder value, or that it will successfully mitigate the dilutive effect of employee equity awards. Share repurchases diminish our cash reserves and could also increase the volatility of the trading price of our Class A common stock.

While our board of directors authorized a share repurchase program that does not have an expiration date, the program does not obligate us to acquire any particular amount of Class A common stock and it may be terminated at any time. We cannot guarantee that the program will be fully consummated, that it will enhance long-term stockholder value, or that it will successfully mitigate the dilutive effect of employee equity awards. Any repurchases will reduce the amount of cash we have available to fund working capital, capital expenditures, strategic acquisitions or business opportunities, and other general corporate requirements. In addition, the program could affect the trading price of our Class A common stock and increase volatility, and any announcement of a termination of this program may result in a decrease in the trading price of our Class A common stock.

General Risk Factors

If we fail to maintain an effective system of internal control over financial reporting in the future, we may not be able to accurately or timely report our financial condition or results of operations. If our internal control over financial reporting is not effective, it may adversely affect investor confidence in us and the price of our common stock.

As a public company, we are required to maintain internal control over financial reporting and to report any material weaknesses in such internal control. Section 404 of the Sarbanes-Oxley Act of 2002, as amended (the "Sarbanes-Oxley Act") requires that we evaluate and determine the effectiveness of our internal control over financial reporting and provide a management report on internal control over financial reporting.

Our platform system applications are complex, multi-faceted and include applications that are highly customized in order to serve and support our clients, advertising inventory and data suppliers, as well as support our financial reporting obligations. We regularly make improvements to our platform to maintain and enhance our competitive position. In the future, we may implement new offerings and engage in business transactions, such as acquisitions, reorganizations or implementation of new information systems.

These factors require us to develop and maintain our internal controls, processes and reporting systems, and we expect to incur ongoing costs in this effort. We may not be successful in developing and maintaining effective internal controls, and

any failure to develop or maintain effective controls, or any difficulties encountered in their implementation or improvement, could harm our operating results or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods.

If we identify material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal control over financial reporting is effective. If we are unable to assert that our internal control over financial reporting is effective, if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal control over financial reporting, or if we are unable to comply with the requirements of the Sarbanes-Oxley Act in a timely manner, then, we may be late with the filing of our periodic reports, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common stock could be negatively affected. Such failures could also subject us to investigations by Nasdaq, the stock exchange on which our securities are listed, the SEC or other regulatory authorities, and to litigation from stockholders, which could harm our reputation, financial condition or divert financial and management resources from our core business.

The requirements of being a public company may strain our resources, divert our management's attention and affect our ability to attract and retain qualified board members.

As a public company, we are subject to the reporting requirements of the Exchange Act, and are required to comply with the applicable requirements of the Sarbanes-Oxley Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of Nasdaq, and other applicable securities rules and regulations. Compliance with these rules and regulations increases our legal and financial compliance costs, make some activities more difficult, time-consuming or costly and increase demand on our systems and resources. Among other things, the Exchange Act requires that we file annual, quarterly and current reports with respect to our business and results of operations and maintain effective disclosure controls and procedures and internal controls over financial reporting. Significant resources and management oversight are required to maintain and, if

required, improve our disclosure controls and procedures and internal controls over financial reporting to meet this standard. As a result, management's attention may be diverted from other business concerns, which could harm our business and results of operations.

Exposure to foreign currency exchange rate fluctuations could negatively impact our results of operations.

While the majority of the transactions through our platform are denominated in U.S. Dollars, we have transacted in foreign currencies, both for inventory and data and for payments by clients from use of our platform. We also have expenses denominated in currencies other than the U.S. Dollar. Given our anticipated international growth, we expect the number of transactions in a variety of foreign currencies to continue to grow in the future. While we generally require a fee from our clients that pay in non-U.S. currency, this fee may not always cover foreign currency exchange rate fluctuations. In addition, for those clients that pay in non-U.S. currency, we often pay for the advertising inventory and data purchased by such clients in U.S. Dollars. As a result, any increase in the value of the U.S. Dollar against these foreign currencies could cause our revenue to decline relative to our costs. Although we currently have a program to hedge exposure to foreign currency fluctuations, the use of hedging instruments may not be available for all currencies or may not always offset losses resulting from foreign currency exchange rate fluctuations. Moreover, the use of hedging instruments can itself result in losses if we are unable to structure effective hedges with such instruments.

Future acquisitions, strategic investments or alliances could disrupt our business and harm our business, financial condition and results of operations.

We explore, on an ongoing basis, potential acquisitions of companies or technologies, strategic investments, or alliances to strengthen our business, business; however, we have limited experience in acquiring and integrating businesses, products and technologies. Even if we identify an appropriate acquisition candidate, we may not be successful in negotiating the terms or financing of the acquisition, and our due diligence may fail to identify all of the problems, liabilities or other shortcomings or challenges of an acquired business, product or technology, including issues related to intellectual property, product quality or architecture, regulatory compliance practices, revenue recognition or other accounting practices or employee or client issues. Acquisitions involve numerous risks, any of which could harm our business, including:

- regulatory hurdles;
- anticipated benefits may not materialize;
- diversion of management time and focus from operating our business to addressing acquisition integration challenges;

- retention of employees from the acquired company;
- cultural challenges associated with integrating employees from the acquired company into our organization;
- integration of the acquired company's products and technology;
- integration of the acquired company's accounting, management information, human resources and other administrative systems;
- the need to implement or improve controls, procedures and policies at a business that, prior to the acquisition, may have lacked effective controls, procedures and policies;
- coordination of product development and sales and marketing functions;
- liability for activities of the acquired company before the acquisition, including relating to privacy and data security, patent and trademark infringement claims, violations of laws, commercial disputes, tax liabilities and other known and unknown liabilities; and
- litigation or other claims in connection with the acquisition, including claims from terminated employees, users, former stockholders or other third parties.

Failure to appropriately mitigate these risks or other issues related to such acquisitions and strategic investments could result in reducing or completely eliminating any anticipated benefits of transactions, and harm our business generally. Future acquisitions could also result in dilutive issuances of our equity securities, the incurrence of debt, contingent liabilities, amortization expenses or the impairment of goodwill, any of which could harm our business, financial condition and results of operations.

We may not be able to secure additional financing on favorable terms, or at all, to meet our future capital needs, which may in turn impair our growth.

We intend to continue to grow our business, which will require additional capital to develop new features or enhance our platform, improve our operating infrastructure, finance working capital requirements, or acquire complementary businesses and technologies. We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us under our existing credit facility in an amount sufficient to fund our working capital needs. Accordingly, we may need to engage in additional equity or debt financings to secure additional capital. We cannot assure you that we would be able to locate additional financing on commercially reasonable terms or at all. Any debt financing that we secure in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities. If our cash flows and credit facility borrowings are insufficient to fund our working capital requirements, we may not be able to grow at the rate we currently expect or at all. In addition, in the absence of sufficient cash flows from operations, we might be unable to meet our obligations under our credit facility, and we may therefore be at risk of default thereunder. If we raise additional funds through future issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. If we are unable to secure additional funding on favorable terms, or at all, when we require it, our ability to continue to grow our business to react to market conditions could be impaired and our business may be harmed.

Our tax liabilities may be greater than anticipated.

The U.S. and non-U.S. tax laws applicable to our business activities are subject to interpretation and are changing. We are subject to audit by the Internal Revenue Service and by taxing authorities of the state, local and foreign jurisdictions in which we operate. Our tax obligations are based in part on our corporate operating structure, including the manner in which we develop, value, use and hold our intellectual property, the jurisdictions in which we operate, how tax authorities assess revenue-based taxes such as sales and

use taxes, the scope of our international operations and the value we ascribe to our intercompany transactions. Taxing authorities may challenge, and have challenged, our tax positions and methodologies for valuing developed technology or intercompany arrangements, positions regarding the collection of sales and use taxes, and the jurisdictions in which we are subject to taxes, which could expose us to additional taxes. Any adverse outcomes of such challenges to our tax positions could result in additional taxes for prior periods, interest and penalties, as well as higher future taxes. In addition, our future tax expense could increase as a result of changes in tax laws, regulations or accounting principles, or as a result of earning income in jurisdictions that have higher tax rates. For example, the European Commission has proposed, and various jurisdictions, including a number of states in the United

States, are considering enacting or have enacted laws that impose separate taxes on specified digital services, which may increase our tax obligations in such jurisdictions. Any increase in our tax expense could have a negative effect on our financial condition and results of operations. Moreover, the determination of our provision for income taxes and other tax liabilities requires significant estimates and judgment by management, and the tax treatment of certain transactions is uncertain. Any changes, ambiguity, or uncertainty in taxing jurisdictions' administrative interpretations, decisions, policies and positions, including, the position of taxing authorities with respect to revenue generated by reference to certain digital services, could also materially impact our income tax liabilities. Although we believe we will make reasonable estimates and judgments, the ultimate outcome of any particular issue may differ from the amounts previously recorded in our financial statements and any such occurrence could materially affect our financial condition and results of operations.

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

Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities

The following table summarizes share repurchase activity for the three months ended September 30, 2023 March 31, 2024:

	Total Number of Shares Purchased ⁽¹⁾ (in thousands)	Average Price Paid Per Share ⁽²⁾ (\$)	Total Number of Shares Purchased as Part of Publicly Announced Programs ⁽¹⁾ (in thousands)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ⁽¹⁾ (in millions)	
				(\$)	(\$)
July 1-31	—	\$ —	—	—	\$ 364
August 1-31	983	\$ 73.53	983	\$ 291	
September 1-30	211	\$ 84.78	211	\$ 273	
	1,194		1,194		

	Total Number of Shares Purchased ⁽¹⁾ (in thousands)	Average Price Paid Per Share ⁽²⁾ (\$)	Total Number of Shares Purchased as Part of Publicly Announced Programs ⁽¹⁾ (in thousands)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ⁽¹⁾ (in millions)	
				(\$)	(\$)
January 1-31	—	\$ —	—	—	\$ 53
February 1-29	392	\$ 84.87	392	\$ 667	
March 1-31	1,135	\$ 81.06	1,135	\$ 575	
	1,527		1,527		

(1) On February 15, 2023, we announced that our board of directors approved a share repurchase program with authorization to repurchase up to \$700 million our Class A common stock, which commenced in February 2023 and has no expiration date. On February 15, 2024, we announced that our board of directors authorized an additional \$647 million under this program, bringing the total amount available for future repurchases back to \$700 million. The share repurchase program is designed to help offset the impact of future share dilution from employee stock issuances. Repurchases under the program may be made in the open market, in privately negotiated transactions or otherwise, with the amount and timing of repurchases determined at our discretion, depending on market conditions and corporate needs. Open market repurchases are structured to occur in accordance with applicable federal securities laws, including within the pricing and volume requirements of Rule 10b-18 under the Exchange Act. We may also, from time to time, enter into Rule 10b5-1 plans to facilitate repurchases of its shares under this authorization. The program does not obligate us to acquire a minimum amount of Class A common stock, and may be modified, suspended or terminated at any time at the discretion of our board of directors. See Note 7—Capitalization in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional information related to share repurchases.

(2) Excludes other costs such as broker commissions and the accrued excise tax imposed by the IRA.

Item 5. Other Information

Rule 10b5-1 Trading Plans

Our Section 16 officers and directors (as defined in Rule 16a-1 under the Securities Exchange Act of 1934, or the "Exchange Act") may from time to time enter into plans for the purchase or sale of Company stock that are intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act. During Act ("Rule 10b5-1(c)").

On March 8, 2024, our Chief Legal Officer, Jay Grant, adopted a trading plan intended to satisfy the quarter ended September 30, 2023, none affirmative defense conditions of Rule 10b5-1(c) for the sale of up to 194,461 shares of our Section 16 officers Class A common stock. The plan will terminate at the earlier of the execution of all trading orders in the plan or directors March 8, 2025.

On March 15, 2024, our Chief Executive Officer, Jeff T. Green, through a personal trust over which he is a trustee, adopted modified a trading plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) for the sale of up to 1,700,000 shares of our Class A common stock. The plan will terminate at the earlier of the execution of all trading orders in the plan or terminated "Rule 10b5-1 December 27, 2024.

On March 15, 2024, our Chief Financial Officer, Laura Schenkein, adopted a trading arrangements" (as defined) plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) for the sale of up to 164,737 shares of our Class A common stock. The plan will terminate at the earlier of the execution of all trading orders in Item 408 the plan or December 1, 2024.

On March 15, 2024, our Class II Director, Gokul Rajaram, adopted a trading plan intended to satisfy the affirmative defense conditions of Regulation S-K) Rule 10b5-1(c) for the sale of up to 21,321 shares of our Class A common stock. The plan will terminate at the earlier of the execution of all trading orders in the plan or May 30, 2025.

During the quarter ended September 30, 2023 March 31, 2024, none of our Section 16 officers or directors adopted or terminated a "non-Rule 10b5-1 trading arrangement" (as defined in Item 408 of Regulation S-K).

Item 6. Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Filing Date	Number	
3.1	Amended and Restated Certificate of Incorporation.	10-K	2/19/2021	3.1	
3.2	Amended and Restated Bylaws.	8-K	10/31/2023	3.1	
4.1	Reference is made to Exhibits 3.1 and 3.2 .				
4.2	Form of Class A Common Stock Certificate.	S-1/A	9/6/2016	4.2	
4.3	Form of Class B Common Stock Certificate.	S-8	9/22/2016	4.4	
31.1	Certification of Principal Executive Officer Pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.2	Certification of Principal Financial Officer Pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
32.1(t)	Certifications of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
101.ins	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.				X
101.sch	Inline XBRL Taxonomy Schema Document.				X
101.cal	Inline XBRL Taxonomy Calculation Linkbase Document.				X
101.def	Inline XBRL Taxonomy Definition Linkbase Document.				X
101.lab	Inline XBRL Taxonomy Label Linkbase Document.				X
101.pre	Inline XBRL Taxonomy Presentation Linkbase Document.				X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).				X

Exhibit Number	Exhibit Description	Incorporated by Reference	Filed Herewith

		Form	Filing Date	Number
3.1	Amended and Restated Certificate of Incorporation.	10-K	2/19/2021	3.1
3.2	Amended and Restated Bylaws.	8-K	10/31/2023	3.1
4.1	Reference is made to Exhibits 3.1 and 3.2 .			
4.2	Form of Class A Common Stock Certificate.	S-1/A	9/6/2016	4.2
4.3	Form of Class B Common Stock Certificate.	S-8	9/22/2016	4.4
10.1+	Employment Agreement, dated March 22, 2024 between The Trade Desk, Inc. and Samantha Jacobson.			X
31.1	Certification of Principal Executive Officer Pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			X
31.2	Certification of Principal Financial Officer Pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			X
32.1(i)	Certifications of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			X
101.ins	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.			X
101.sch	Inline XBRL Taxonomy Schema Document.			X
101.cal	Inline XBRL Taxonomy Calculation Linkbase Document.			X
101.def	Inline XBRL Taxonomy Definition Linkbase Document.			X
101.lab	Inline XBRL Taxonomy Label Linkbase Document.			X
101.pre	Inline XBRL Taxonomy Presentation Linkbase Document.			X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).			X

+ Indicates a management contract or compensatory plan or arrangement.

(1) The information in this exhibit is furnished and deemed not filed with the SEC for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is not to be incorporated by reference into any filing of The Trade Desk, Inc. under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

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.

THE TRADE DESK, INC.
(Registrant)

Dated: November 9, 2023 May 10, 2024

/s/ Laura Schenkein

Laura Schenkein
Chief Financial Officer
(Principal Financial and Accounting Officer)

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EMPLOYMENT AGREEMENT

This Employment Agreement ("Agreement") is made as of the 22nd day of March 2024, between The Trade Desk, Inc., a Delaware corporation (the "Company"), and Samantha Jacobson (the "Executive").

WHEREAS, effective as of January 17, 2024, (the "Effective Date"), the Company desires to employ the Executive and the Executive desires to be employed by the Company on the terms and conditions contained herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Employment.

(a) Term. The term of this Agreement shall commence on the Effective Date and continue until terminated in accordance with the provisions hereof (the "Term").

(b) Position and Duties. During the Term, the Executive shall serve as the Chief Strategy Officer and Executive Vice President of the Company, reporting to the Chief Executive Officer of the Company, and shall serve in such other or additional positions as the Company may determine from time to time. Executive shall perform such duties as are usual and customary for Executive's position(s) and Company as may from time to time be prescribed by the Board of Directors (the "Board") or the Chief Executive Officer (the "CEO"), provided that such duties are consistent with the Executive's position or other positions that she may hold from time to time. The Executive shall devote substantially all of her full working time and efforts to the business and affairs of the Company. Notwithstanding the foregoing, the Executive may (i) serve on other boards of directors, with the approval of the Board, or (ii) engage in religious, charitable or other community activities, or fulfill limited teaching, speaking and writing engagements, in each case, as long as such services and activities do not, individually or in the aggregate, materially interfere with the Executive's performance of her duties to the Company as provided in this Agreement.

2. Compensation and Related Matters.

(a) Base Salary. The Executive's initial annual base salary shall be \$525,000. The Executive's base salary shall be reviewed annually by the Board or designated committee thereof. The base salary in effect at any given time is referred to herein as "Base Salary." The Base Salary shall be payable in a manner that is consistent with the Company's usual payroll practices for executive officers, but no less often than monthly.

(b) Incentive Compensation. The Executive shall be eligible to receive cash incentive compensation as determined by the Board or designated committee thereof from time to time. The Executive's initial target annual incentive compensation is \$250,000. Cash incentive compensation will be paid to the Executive in quarterly installments no later than sixty (60) days after the end of each relevant calendar quarter, subject to the Executive's continued employment by the Company through the end of such calendar quarter.

(c) Expenses. The Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by her during the Term in performing services hereunder, in accordance with the policies and procedures then in effect and established by the Company for its executive officers.

(d) Other Benefits. During the Term, the Executive shall be eligible to participate in or receive benefits under the Company's employee benefit plans in effect from time to time, subject to the terms of such plans.

(e) Vacations. During the Term, the Executive shall be entitled to participate in any Company paid-time-off program applicable to its senior executives, as in effect from time to time. The Executive shall also be entitled to all paid holidays given by the

Company to its executive officers.

3. Termination. During the Term, the Executive's employment hereunder may be terminated without any breach of this Agreement under the following circumstances:

(a) Death. The Executive's employment hereunder shall terminate upon her death.

(b) Disability. The Company may terminate the Executive's employment if she is disabled and unable to perform the essential functions of the Executive's then existing position or positions under this Agreement with or without reasonable accommodation for a period of 180 days (which need not be consecutive) in any 12-month period. If any question shall arise as to whether during any period the Executive is disabled so as to be unable to perform the essential functions of the Executive's then existing position or positions with or without reasonable accommodation, the Executive may, and at the request of the Company shall, submit to the Company a certification in reasonable detail by a physician selected by the Company to whom the Executive or the Executive's guardian has no reasonable objection as to whether the Executive is so disabled or how long such disability is expected to continue, and such certification shall for the purposes of this Agreement be conclusive of the issue. The Executive shall cooperate with any reasonable request of the physician in connection with such certification. If such question shall arise and the Executive shall fail to submit such certification, the Company's determination of such issue shall be binding on the Executive. Nothing in this Section 3(b) shall be construed to waive the Executive's rights, if any, under existing law including, without limitation, the Family and Medical Leave Act of 1993, 29 U.S.C. §2601 et seq. and the Americans with Disabilities Act, 42 U.S.C. §12101 et seq.

(c) Termination by Company for Cause. The Company may terminate the Executive's employment hereunder for Cause. For purposes of this Agreement, "Cause" shall mean: (i) the Executive's conviction of or plea of no contest to a felony or a crime involving any financial dishonesty against the Company; (ii) the Executive's willful misconduct that causes material harm or loss to the Company, including, but not limited to, misappropriation or conversion of Company assets; (iii) the Executive's gross negligence or refusal or willful failure to act in accordance with any specific lawful direction or order of the Company (or a parent or subsidiary of the Company) which causes material harm or loss to the Company (and the Executive's failure to cure the same, to the extent capable of cure, within 30 days of receiving written notice from the Company (or any acquirer or successor)); (iv) the Executive's material breach of any agreement with the Company (or a parent or subsidiary of the Company) which causes material harm or loss to the Company (and the Executive's failure to cure the same, to the extent capable of cure, within 30 days of receiving written notice from the Company (or any acquirer or successor)); (v) the Executive's unauthorized use or disclosure of the Company's confidential information or trade secrets, which use or disclosure causes material harm to the

Company; or (vi) the Executive's failure to cooperate with a bona fide internal investigation or an investigation by regulatory or law enforcement authorities, after being instructed by the Company to cooperate, or the willful destruction or failure to preserve documents or other materials known to be relevant to such investigation or the inducement of others to fail to cooperate or to produce documents or other materials in connection with such investigation.

(d) Termination Without Cause. The Company may terminate the Executive's employment hereunder at any time without Cause. Any termination by the Company of the Executive's employment under this Agreement which does not constitute a termination for Cause under Section 3(c) and does not result from the death or disability of the Executive under Section 3(a) or (b) shall be deemed a termination without Cause.

(e) Termination by the Executive. The Executive may terminate her employment hereunder at any time for any reason, including but not limited to, Good Reason. For purposes of this Agreement, "Good Reason" shall mean that the Executive has complied with the "Good Reason Process" (hereinafter defined) following the occurrence of any of the following events: (i) a material diminution in the Executive's responsibilities, authority or duties; (ii) a material diminution in the Executive's Base Salary except for across-the-board salary reductions based on the Company's financial performance similarly affecting all or substantially all senior management employees of the Company; (iii) a material change in the geographic location at which the Executive provides services to the Company; or (iv) the material breach of this Agreement by the Company. "Good Reason Process" shall mean that (i) the Executive reasonably determines in good faith that a "Good Reason" condition has occurred; (ii) the Executive notifies the Company in writing of the first occurrence of the Good Reason condition within 60 days of the first occurrence of such condition; (iii) the Executive cooperates in good faith with the Company's efforts, for a period not less than 30 days following such notice (the "Cure Period"), to remedy the

condition; (iv) notwithstanding such efforts, the Good Reason condition continues to exist; and (v) the Executive terminates her employment within 60 days after the end of the Cure Period. If the Company cures the Good Reason condition during the Cure Period, Good Reason shall be deemed not to have occurred.

(f) Notice of Termination. Except for termination as specified in Section 3(a), any termination of the Executive's employment by the Company or any such termination by the Executive shall be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon.

(g) Date of Termination. "Date of Termination" shall mean: (i) if the Executive's employment is terminated by her death, the date of her death; (ii) if the Executive's employment is terminated on account of disability under Section 3(b) or by the Company for Cause under Section 3(c), the date on which Notice of Termination is given; (iii) if the Executive's employment is terminated by the Company under Section 3(d), the date on which a Notice of Termination is given; (iv) if the Executive's employment is terminated by the Executive under Section 3(e) without Good Reason, 30 days after the date on which a Notice of Termination is given, and (v) if the Executive's employment is terminated by the Executive under Section 3(e) with Good Reason, the date on which a Notice of Termination is given after the end of the Cure Period. Notwithstanding the foregoing, in the event that the Executive gives a Notice of Termination to the Company, the Company may unilaterally accelerate the Date of Termination and such acceleration shall not result in a termination by the Company for purposes of this Agreement.

4. Compensation Upon Termination.

(a) Termination Generally. If the Executive's employment with the Company is terminated for any reason, the Company shall pay or provide to the Executive (or to her authorized representative or estate) (i) any Base Salary earned through the Date of Termination, unpaid expense reimbursements (subject to, and in accordance with, Section 2(c) of this Agreement) and unused vacation that accrued through the Date of Termination on or before the time required by law but in no event more than 30 days after the Executive's Date of Termination; and (ii) any vested benefits the Executive may have under any employee benefit plan of the Company through the Date of Termination, which vested benefits shall be paid and/or provided in accordance with the terms of such employee benefit plans (collectively, the "Accrued Benefit").

(b) Termination by the Company Without Cause or by the Executive with Good Reason. During the Term, if the Executive's employment is terminated by the Company without Cause as provided in Section 3(d), or the Executive terminates her employment for Good Reason as provided in Section 3(e), then the Company shall pay the Executive her Accrued Benefit. In addition, subject to the Executive signing a separation agreement containing, among other provisions, a general release of claims in favor of the Company and related persons and entities, confidentiality, return of property and non-disparagement, in a form and manner satisfactory to the Company (the "Separation Agreement and Release") and the Separation Agreement and Release becoming fully effective, all within the time frame set forth in the Separation Agreement and Release:

(i) the Company shall pay the Executive an amount equal to: (A) the sum of (1) the Executive's then current Base Salary plus (2) the Executive's target annual incentive compensation for the then-current year (the "Cash Severance"); and (B) a prorated portion of the annual incentive compensation based on actual achievement of performance objectives for the quarter of termination which shall be pro-rated as set forth in the Executive Bonus Plan (the "Incentive Amount"). The Incentive Amount shall not include, and Executive shall not be entitled to, any payment for subsequent quarters of the year, true-up payment, or payment of uncapped amounts for past quarters, regardless of achievement of performance objectives in subsequent quarters. Notwithstanding the foregoing, if the Executive breaches any of the provisions contained in the Confidentiality Agreement (as defined below), all payments of each of the Cash Severance and Incentive Amount shall immediately cease; and

(ii) upon the Date of Termination, all stock options and other stock-based awards that are subject to time-based vesting in which the Executive would have vested if she had remained employed for an additional 12 months following the Date of Termination shall vest and become exercisable or nonforfeitable as of the Date of Termination; provided, however that

accelerated vesting of any such equity awards that are subject to performance-based vesting shall be subject to the terms and conditions of the award agreement governing a particular equity award; and

(iii) if the Executive was participating in the Company's group health plan immediately prior to the Date of Termination and elects COBRA health continuation, then the Company shall pay to the Executive a monthly cash payment for 12 months or the Executive's COBRA health continuation period, whichever ends earlier, in an amount equal to the monthly employer contribution that the Company would have

made to provide health insurance to the Executive if the Executive had remained employed by the Company (the "COBRA Amount"); and

(iv) the Cash Severance and the COBRA Amount shall be paid out in substantially equal installments in accordance with the Company's payroll practice over 12 months commencing within 60 days after the Date of Termination; provided, however, that if the 60-day period begins in one calendar year and ends in a second calendar year, the Cash Severance and the COBRA Amount shall begin to be paid in the second calendar year by the last day of such 60-day period; provided, further, that the initial payment shall include a catch-up payment to cover amounts retroactive to the day immediately following the Date of Termination. The Incentive Amount shall be paid at the same time such annual incentive compensation is otherwise paid by the Company.

5. **Change in Control Payment.** The provisions of this Section 5 set forth certain terms of an agreement reached between the Executive and the Company regarding the Executive's rights and obligations upon the occurrence of a Change in Control of the Company. These provisions are intended to assure and encourage in advance the Executive's continued attention and dedication to her assigned duties and her objectivity during the pendency and after the occurrence of any such event. These provisions shall apply in lieu of, and expressly supersede, the provisions of Section 4(b) regarding severance pay and benefits upon a termination of employment, if such termination of employment occurs within three months prior to the occurrence of the first event constituting a Change in Control through 24 months following a Change in Control. These provisions shall terminate and be of no further force or effect beginning 24 months after the occurrence of a Change in Control.

(a) **Change in Control.** During the Term, if within three months prior to a Change in Control through 24 months after a Change in Control, the Executive's employment is terminated by the Company without Cause as provided in Section 3(d) or the Executive terminates her employment for Good Reason as provided in Section 3(e), then, subject to the signing of the Separation Agreement and Release by the Executive and the Separation Agreement and Release becoming fully effective, all within the time frame set forth in the Separation Agreement and Release, (i) the Company shall pay the Executive a lump sum in cash in an amount equal to: (A) 2.0 times the sum of (1) the Executive's then current Base Salary (or the Executive's Base Salary in effect immediately prior to the Change in Control, if higher) plus (2) the Executive's target annual incentive compensation for the then-current year; and (B) the Incentive Amount; and

(ii) except as otherwise expressly provided in any applicable option agreement or other stock-based award agreement, all stock options and other stock-based awards that are subject to time-based vesting shall immediately accelerate and become fully exercisable or nonforfeitable as of the Date of Termination; provided, however, accelerated vesting of any such equity awards that are subject to performance-based vesting shall be subject to the terms and conditions of the award agreement governing a particular equity award; and

(iii) if the Executive was participating in the Company's group health plan immediately prior to the Date of Termination, a lump sum in cash in an amount equal to 24 months of the monthly employer contribution that the Company would have made to provide health insurance to the Executive if the Executive had remained employed by the Company; and

(iv) the amounts payable under this Section 5(a) shall be paid or commence to be paid within 60 days after the Date of Termination; provided, however, that if the 60-day period begins in one calendar year and ends in a second calendar year, such payment shall be paid or commence to be paid in the second calendar year by the last day of such 60-day period.

(b) Additional Limitation.

(i) Anything in this Agreement to the contrary notwithstanding, in the event that the amount of any compensation, payment or distribution by the Company to or for the benefit of the Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, calculated in a manner consistent with Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable regulations thereunder (the "Aggregate Payments"), would be subject to the excise tax imposed by Section 4999 of the Code, then the Aggregate Payments shall be reduced (but not below zero) so that the sum of all of the Aggregate Payments shall be \$1.00 less than the amount at which the Executive becomes subject to the excise tax imposed by Section 4999 of the Code; provided that such reduction shall only occur if it would result in the Executive receiving a higher After Tax Amount (as defined below) than the Executive would receive if the Aggregate Payments were not subject to such reduction. In such event, the Aggregate Payments shall be reduced in the following order, in each case, in reverse chronological order beginning with the Aggregate Payments that are to be paid the furthest in time from consummation of the transaction that is subject to Section 280G of the Code: (1) cash payments not subject to Section 409A of the Code; (2) cash payments subject to Section 409A of the Code; (3) equity-based payments and acceleration; and (4) non-cash forms of benefits; provided that in the case of all the foregoing Aggregate Payments all amounts or payments that are not subject to calculation under Treas. Reg. §1.280G-1, Q&A-24(b) or (c) shall be reduced before any amounts that are subject to calculation under Treas. Reg. §1.280G-1, Q&A24(b) or (c).

(ii) For purposes of this Section 5(b), the "After Tax Amount" means the amount of the Aggregate Payments less all federal, state, and local income, excise and employment taxes imposed on the Executive as a result of the Executive's receipt of the Aggregate Payments. For purposes of determining the After Tax Amount, the Executive shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation applicable to individuals for the calendar year in which the determination is to be made, and state and local income taxes at the highest marginal rates of individual taxation in each applicable state and locality, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

(iii) The determination as to whether a reduction in the Aggregate Payments shall be made pursuant to Section 5(b)(i) shall be made by a nationally recognized accounting firm selected by the Company (the "Accounting Firm"), which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days of the Date of Termination, if applicable, or at such earlier time as is reasonably requested by the Company or the Executive. Any determination by the Accounting Firm shall be binding upon the Company and the Executive.

(b) Definitions. For purposes of this Section 5, the following terms shall have the following meanings:

"Change in Control" shall mean any of the following:

(i) any "person," as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Act") (other than the Company, any of its subsidiaries, or any trustee, fiduciary or other person or entity holding securities under any employee benefit plan or trust of the Company or any of its subsidiaries), together with all "affiliates" and "associates" (as such terms are defined in Rule 12b-2 under the Act) of such person, shall become the "beneficial owner" (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Company representing 50 percent or more of the combined voting power of the Company's then outstanding securities having the right to vote in an election of the Board ("Voting Securities") (in such case other than as a result of an acquisition of securities directly from the Company); or

(ii) the date a majority of the members of the Board is replaced during any 12- month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of the appointment or election; or

(iii) the consummation of (A) any consolidation or merger of the Company where the stockholders of the Company, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, shares representing in the aggregate more than 50 percent

of the voting shares of the Company issuing cash or securities in the consolidation or merger (or of its ultimate parent corporation, if any), or

(B) any sale or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of the Company.

Notwithstanding the foregoing, a "Change in Control" shall not be deemed to have occurred for purposes of the foregoing clause (i) solely as the result of an acquisition of securities by the Company which, by reducing the number of shares of Voting Securities outstanding, increases the proportionate number of Voting Securities beneficially owned by any person to 50 percent or more of the combined voting power of all of the then outstanding Voting Securities; provided, however, that if any person referred to in this sentence shall thereafter become the beneficial owner of any additional shares of Voting Securities (other than pursuant to a stock split, stock dividend, or similar transaction or as a result of an acquisition of securities directly from the Company) and immediately thereafter beneficially owns 50 percent or more of the combined voting power of all of the then outstanding Voting Securities, then a "Change in Control" shall be deemed to have occurred for purposes of the foregoing clause (i).

6. Section 409A.

(a) Anything in this Agreement to the contrary notwithstanding, if at the time of the Executive's separation from service within the meaning of Section 409A of the Code, the Company determines that the Executive is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, then to the extent any payment or benefit that the Executive becomes entitled to under this Agreement on account of the Executive's separation from service would be considered deferred compensation otherwise subject to the 20 percent additional tax imposed pursuant to Section 409A(a) of the Code as a result of the application of Section 409A(a)(2)(B)(i) of the Code, such payment shall not be payable and such benefit shall not be provided until the date that is the earlier of (A) six months and one day after the

Executive's separation from service, or (B) the Executive's death. If any such delayed cash payment is otherwise payable on an installment basis, the first payment shall include a catch-up payment covering amounts that would otherwise have been paid during the six-month period but for the application of this provision, and the balance of the installments shall be payable in accordance with their original schedule.

(b) All in-kind benefits provided and expenses eligible for reimbursement under this Agreement shall be provided by the Company or incurred by the Executive during the time periods set forth in this Agreement. All reimbursements shall be paid as soon as administratively practicable, but in no event shall any reimbursement be paid after the last day of the taxable year following the taxable year in which the expense was incurred. The amount of in-kind benefits provided or reimbursable expenses incurred in one taxable year shall not affect the in-kind benefits to be provided or the expenses eligible for reimbursement in any other taxable year (except for any lifetime or other aggregate limitation applicable to medical expenses). Such right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

(c) To the extent that any payment or benefit described in this Agreement constitutes "non-qualified deferred compensation" under Section 409A of the Code, and to the extent that such payment or benefit is payable upon the Executive's termination of employment, then such payments or benefits shall be payable only upon the Executive's "separation from service." The determination of whether and when a separation from service has occurred shall be made in accordance with the presumptions set forth in Treasury Regulation Section 1.409A-1(h).

(d) The parties intend that this Agreement will be administered in accordance with Section 409A of the Code. To the extent that any provision of this Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner so that all payments hereunder comply with Section 409A of the Code. Each payment pursuant to this Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2). The parties agree that this Agreement may be amended, as reasonably requested by either party, and as may be necessary to fully comply with Section 409A of the Code and all related rules and regulations in order to preserve the payments and benefits provided hereunder without additional cost to either party.

(e) The Company makes no representation or warranty and shall have no liability to the Executive or any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy

an exemption from, or the conditions of, such Section.

7. Confidential Information, Noncompetition and Cooperation.

(a) Confidentiality Agreement. The terms of the Employee Confidentiality, Inventions and Use of Likeness Agreement, dated February 20, 2021 (the "Confidentiality Agreement"), between the Company and the Executive, attached hereto as Exhibit A, continue to be in full force and effect and are incorporated by reference in this Agreement. The Executive hereby reaffirms the terms of the Confidentiality Agreement as material terms of this Agreement.

(b) Third-Party Agreements and Rights. The Executive hereby confirms that the Executive is not bound by the terms of any agreement with any previous employer or other party which restricts in any way the Executive's use or disclosure of information or the Executive's engagement in any business. The Executive represents to the Company that the Executive's execution of this Agreement, the Executive's employment with the Company and the performance of the Executive's proposed duties for the Company will not violate any

obligations the Executive may have to any such previous employer or other party. In the Executive's work for the Company, the Executive will not disclose or make use of any information in violation of any agreements with or rights of any such previous employer or other party, and the Executive will not bring to the premises of the Company any copies or other tangible embodiments of non-public information belonging to or obtained from any such previous employment or other party.

(c) Litigation and Regulatory Cooperation. During and after the Executive's employment, the Executive shall cooperate fully with the Company in the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company which relate to events or occurrences that transpired while the Executive was employed by the Company. The Executive's full cooperation in connection with such claims or actions shall include, but not be limited to, being available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of the Company at mutually convenient times. During and after the Executive's employment, the Executive also shall cooperate fully with the Company in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while the Executive was employed by the Company. The Company shall reimburse the Executive for any reasonable out-of-pocket expenses incurred in connection with the Executive's performance of obligations pursuant to this Section 7(c).

(d) Relief. The Executive agrees that it would be difficult to measure any damages caused to the Company which might result from any breach by the Executive of the promises set forth in the Confidentiality Agreement or this Section 7, and that in any event money damages would be an inadequate remedy for any such breach. Accordingly, subject to Section 8 of this Agreement, the Executive agrees that if the Executive breaches, or proposes to breach, any portion of this Agreement, the Company shall be entitled, in addition to all other remedies that it may have, to an injunction or other appropriate equitable relief to restrain any such breach without showing or proving any actual damage to the Company. In addition, in the event the Executive breaches the Confidentiality Agreement or this Section 7 during a period when she is receiving severance payments pursuant to Section 4 or Section 5, the Company shall have the right to suspend or terminate such severance payments. Such suspension or termination shall not limit the Company's other options with respect to relief for such breach and shall not relieve the Executive of her duties under this Agreement.

(e) Protected Disclosures and Other Protected Action. Nothing contained in this Agreement limits the Executive's ability to file a charge or complaint with any federal, state or local governmental agency or commission (a "Government Agency"). In addition, nothing contained in this Agreement limits the Executive's ability to communicate with any Government Agency or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including the Executive's ability to provide documents or other information, without notice to the Company, nor do any of the provisions of the Confidentiality Agreement apply to truthful testimony in litigation. If the Executive files any charge or complaint with any Government Agency and if the Government Agency pursues any claim on the Executive's behalf, or if any other third party pursues any claim on the Executive's behalf, the Executive waives any right to monetary or other individualized relief (either individually, or as part of any collective or class action); provided that nothing in this Agreement limits any right the Executive may have to receive a whistleblower award or bounty for information provided to the Securities and Exchange Commission. Further, notwithstanding anything herein to the contrary, to the extent required under applicable law, nothing in this Agreement limits the ability

of the Executive to share compensation information concerning the Executive or others, except that the Executive may not disclose compensation information concerning others obtained because the Executive's job responsibilities require or allow access to such information.

8. Arbitration of Disputes. Any controversy or claim arising out of or relating to this Agreement or the breach thereof or otherwise arising out of the Executive's employment or the termination of that employment (including, without limitation, any claims of unlawful employment discrimination whether based on age or otherwise) shall, to the fullest extent permitted by law, be settled by arbitration in any forum and form agreed upon by the parties or, in the absence of such an agreement, under the auspices of the American Arbitration Association ("AAA") in Los Angeles, California, in accordance with the Employment Dispute Resolution Rules of the AAA, including, but not limited to, the rules and procedures applicable to the selection of arbitrators. In the event that any person or entity other than the Executive or the Company may be a party with regard to any such controversy or claim, such controversy or claim shall be submitted to arbitration subject to such other person or entity's agreement.

Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. This Section 8 shall be specifically enforceable. Notwithstanding the foregoing, this Section 8 shall not preclude either party from pursuing a court action for the sole purpose of obtaining a temporary restraining order or a preliminary injunction in circumstances in which such relief is appropriate; provided that any other relief shall be pursued through an arbitration proceeding pursuant to this Section 8.

9. Consent to Jurisdiction. To the extent that any court action is permitted consistent with or to enforce Section 8 of this Agreement, the parties hereby consent to the jurisdiction of the state and federal courts of the State of California. Accordingly, with respect to any such court action, the Executive (a) submits to the personal jurisdiction of such courts; (b) consents to service of process; and (c) waives any other requirement (whether imposed by statute, rule of court, or otherwise) with respect to personal jurisdiction or service of process.

10. Integration. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements between the parties concerning such subject matter, provided that the Confidentiality Agreement remains in full force and effect.

11. Withholding. All payments made by the Company to the Executive under this Agreement shall be net of any tax or other amounts required to be withheld by the Company under applicable law.

12. Successor to the Executive. This Agreement shall inure to the benefit of and be enforceable by the Executive's personal representatives, executors, administrators, heirs, distributees, devisees and legatees. In the event of the Executive's death after her termination of employment but prior to the completion by the Company of all payments due her under this Agreement, the Company shall continue such payments to the Executive's beneficiary designated in writing to the Company prior to her death (or to her estate, if the Executive fails to make such designation).

13. Enforceability. If any portion or provision of this Agreement (including, without limitation, any portion or provision of any section of this Agreement) shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion

and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

14. Survival. The provisions of this Agreement shall survive the termination of this Agreement and/or the termination of the Executive's employment to the extent necessary to effectuate the terms contained herein.

15. Waiver. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of any party to require the performance of any term or obligation of this Agreement, or the waiver by any party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

16. Notices. Any notices, requests, demands and other communications provided for by this Agreement shall be sufficient if in writing and delivered in person or sent by a nationally recognized overnight courier service or by registered or certified mail, postage prepaid, return receipt requested, to the Executive at the last address the Executive has filed in writing with the Company or, in the case of the Company, at its main offices, attention of the Board.

17. Amendment. This Agreement may be amended or modified only by a written instrument signed by the Executive and by a duly authorized representative of the Company.

18. Governing Law. This is a California contract and shall be construed under and be governed in all respects by the laws of the State of California, without giving effect to the conflict of laws principles thereof.

19. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be taken to be an original; but such counterparts shall together constitute one and the same document.

20. Successor to Company. The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company expressly to assume and agree to perform this Agreement to the same extent that the Company would be required to perform it if no succession had taken place. Failure of the Company to obtain an assumption of this Agreement at or prior to the effectiveness of any succession shall be a material breach of this Agreement.

21. Gender Neutral. Wherever used herein, a pronoun in the masculine gender shall be considered as including the feminine gender unless the context clearly indicates otherwise.

IN WITNESS WHEREOF, the parties have executed this Agreement effective on the date and year first above written.

THE TRADE DESK, INC.

/s/ Jeff Green
By: Jeff Green
Its: Chief Executive Officer

EXECUTIVE

/s/ Samantha Jacobson
Samantha Jacobson

Exhibit A
Confidentiality Agreement

Please acknowledge your acceptance of this offer of employment on the terms indicated by signing the enclosed copy of this letter and the Employee Confidentiality, Inventions and Use of Likeness Agreement and returning them to the Company as soon as possible.

We are very excited that you have chosen to join the Trade Desk team!

Sincerely,

/s/ Vina Leite

Vina Leite

Chief People Officer

Agreed and Accepted by Candidate

By signing below, I acknowledge that I have been furnished with a copy of this offer and that I understand and agree to the terms set forth above. I understand that I will be an at-will employee and that nothing in this document is intended to create a contract of employment or alter the at-will nature of my employment.

/s/ Samantha Jacobson

Samantha Jacobson

2/20/2021

Date

THE TRADE DESK, INC.

EMPLOYEE CONFIDENTIALITY, INVENTIONS AND USE OF LIKENESS AGREEMENT

This Agreement is entered by and between The Trade Desk, Inc. (the "Company"), and the undersigned individual, whose name appears on the last page of the Agreement ("Employee"), collectively referred to as "the parties." As a condition of Employee's initial or continued employment with the Company, and in consideration of the mutual promises and representations of the parties contained herein, the parties agree as follows:

1. Position of Confidence and Trust.

(a) In the course of Employee's employment, Employee will be placed in a position of special trust and confidence where the Company will provide Employee access to a portion of the Company's Confidential Information (as defined herein).

2. Confidential Information.

(a) **Definition of Confidential Information.** "Confidential Information" means an item of information or compilation of information in any form, tangible or intangible, related to the Company's business that the Company has not made public or authorized public disclosure of, and that is not readily available to persons outside the Company through proper means who are obligated to keep the item or compilation confidential and would benefit from its use or

disclosure. Confidential Information shall be presumed to include (without limitation) the following, unless otherwise indicated in writing by the Company:

- i. Customer lists and records of customers and customer contact information, as well as customer communications, private customer contract terms, unique customer preferences and historical transaction data;
- ii. Private bids, proposals, quotes, requests for proposal, and related analyses;
- iii. Financial records and analysis, and related non-public data regarding the Company's financial performance;
- iv. Business plans and strategies, forecasts and analyses;

v. Unpatented inventions and related information, patent applications, technological innovations, originally created and/or customized software (including but not limited to features, specifications, and source code), blueprints, design details and specifications, formulas, and research and development information regarding products and services of the Company;

vi. Internal business methods, procedures, and processes, know how, systems and innovations used to improve the Company's performance and operations;

vii. Marketing plans, research and analyses;

viii. Unpublished pricing information, and underlying pricing-related variables such as costs, volume discounting options, and profit margins;

ix. Joint venture, partnership, and business (stock and asset) sale and acquisition opportunities identified by the Company and related analyses;

x. Management analysis of the Company's resources (such as personnel, technology and real estate);

xi. Private contract terms with vendors and suppliers, and analysis of vendor and supplier business opportunities.

(b) Due to its special value and utility as a compilation, a confidential compilation of information will remain protected even if individual items of information in it are public or otherwise readily available. Authorized disclosure of Confidential Information to parties the Company is doing business with for business purposes shall not cause the information to lose its protected status under this Agreement. Employee acknowledges that items of Confidential Information are the Company's valuable assets and have economic value, actual or potential, because they are not generally known by the public or others who could use them to their own economic benefit and/or to the competitive disadvantage of the Company.

(c) Confidential Information does not include information lawfully acquired or created by a non-management employee of the Company about wages, hours or other terms and conditions of employment when used for purposes protected by Section 7 of the National Labor Relations Act (NLRA).

(d) **Protection of Confidential Information.** Employee shall at all times during the term of Employee's employment with the Company and thereafter, hold in strictest confidence, and not use, except for the benefit of the Company, or disclose to any person, firm or corporation without written authorization of the Board, any Confidential Information of the Company, unless otherwise compelled by law. Employee will not disclose Confidential Information in private communications or to the public on the Internet or in any other media or form of communication except: (i) for the benefit of the Company, and (ii) not without advanced written authorization to engage in such disclosure by an authorized representative of the Company. Employee will not cause the copying, transmission, uploading, downloading, removal or transport of Confidential Information from the Company's premises or electronic equipment except to the extent necessary in the proper performance of Employee's duties. After the termination of Employee's employment, Employee shall not directly or indirectly use Company Records (as defined herein) or Employee's memory or notes to identify for the benefit of the Employee or for the benefit of another party, create, or attempt to reconstruct the Company's Confidential Information. If Employee loses or makes an unauthorized disclosure of Confidential Information, Employee shall immediately notify the Company of this event and use his/her best efforts to recover the

Confidential Information (including, but not limited to complying with and cooperating in any lawful actions taken by the Company to recover the Confidential Information). These obligations shall apply during employment and for so long thereafter as the information qualifies as Confidential Information under this Agreement. In the event an Employee is served with a subpoena, court order, or similar legal mandate requiring the disclosure of Confidential Information, Employee will provide the Company reasonable notice and opportunity to intervene and protect its Confidential Information prior to disclosure unless such notice is prohibited by law. If Employee learns during Employee's employment with the Company of any unauthorized use or disclosure of the Company's Confidential Information, Employee will immediate notify the head of the People Operations Department.

(e) **Former Employer Information.** Employee shall not, during Employee's employment with the Company, improperly use or disclose any proprietary information or trade secrets of any former or concurrent employer or other person or entity and Employee shall not bring onto the premises of the Company any unpublished document or proprietary information belonging to any such employer, person or entity unless consented to in writing by such employer, person or entity.

(f) **Third Party Information.** Subject to the terms under which it is provided to the Company, information entrusted to the Company by third parties in confidence that Employee has access to as a result of Employee's employment ("Third Party Confidential Information") shall be subject to the same restrictions, limitations, and requirements as the Company's Confidential Information and handled by Employee in accordance with these restrictions and requirements and any additional guidelines issued by the Company regarding such information.

3. **Inventions.** Employee hereby represents, warrants and covenants with respect to Prior Inventions or Inventions (each, as defined below), as the case may be, as follows:

(a) **Inventions Retained and Licensed.** Employee hereby represents that there are no inventions, original works of authorship, developments, improvements, and trade secrets which were made by Employee prior to Employee's employment with the Company (collectively referred to as "Prior Inventions"), which belong to Employee (and not to any prior employer), which relate to the Company's business, proposed business, products or research and development, and which are not assigned to the Company hereunder. If in the course of Employee's employment with the Company, Employee incorporates into a product, process or machine for the benefit of the Company or any of its wholly owned subsidiaries a Prior Invention owned by Employee or in which the Employee has an interest, the Company is hereby granted and shall have a nonexclusive, royalty-free, irrevocable, perpetual, worldwide license to make, have made, modify, use and sell such Prior Invention as part of or in connection with such product, process or machine.

(b) **Assignment of Inventions.** Employee shall make, or will promptly make, full written disclosure to the Company, will hold in trust for the sole right and benefit of the Company, and hereby assign to the Company, or its designee, all of Employee's right, title, and interest in and to any and all inventions, original works of authorship, developments, concepts, improvements, designs, discoveries, ideas, trademarks or trade secrets, whether or not patentable or registrable under copyright or similar laws, which Employee may solely or jointly conceive or develop or reduce to practice, or cause to be conceived or developed or reduced to practice, during the period of time Employee is employed by the Company (collectively referred to as "Inventions"). Employee hereby acknowledges that all original works of authorship that are made by Employee (solely or jointly with others) within the scope of and during the period of Employee's employment with the Company are (i) "works made for hire," as that term is defined in the United States Copyright Act (to the extent protectable by copyright); and (ii) together with all related intellectual property rights of any sort anywhere in the world, the sole property of the Company. Employee hereby understands and agrees that the decision whether or not to

commercialize or market any Inventions developed by Employee solely or jointly with others is within the Company's sole discretion and for the Company's sole benefit and that no royalty will be due to Employee as a result of the Company's efforts to commercialize or market any such Inventions.

(c) **Inventions Assigned to the United States.** Employee shall assign to the United States government all Employee's right, title, and interest in and to any and all Inventions whenever such full title is required to be in the United States by a contract between the Company and the United States or any of its agencies.

(d) **Maintenance of Records.** Employee shall keep and maintain adequate and current written records of all Inventions made solely or jointly with others during the term of Employee's employment with the Company. The records will be in the form of notes, sketches, drawings, and any other format that may be specified by the Company. The records will be available to and remain the sole property of the Company at all times.

(e) **Patent and Copyright Registrations.** Employee shall assist the Company, or its designee, at the Company's expense, in every proper way to secure the Company's rights in the Inventions and any copyrights, patents, mask work rights or other intellectual property rights relating thereto in any and all countries, including the disclosure to the Company of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments and all other instruments which the Company shall deem necessary in order to apply for and obtain such rights and in order to assign and convey to the Company, its successors, assigns, and nominees the sole and exclusive rights, title and interest in and to such Inventions, and any copyrights, patents, mask work rights or other intellectual property rights relating thereto. Employee agrees that it is Employee's obligation to execute or cause to be executed, when it is in Employee's power to do so, any such instrument or papers after the termination of this Agreement. If the Company is unable because of the Employee's mental or physical incapacity or for any other reason to secure Employee's signature to apply for or to pursue any application for any United States or foreign patents or copyright registrations covering Inventions or original works of authorship assigned to the Company as above, then Employee hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as Employee's agent and attorney in fact, to act for and in Employee's behalf and stead to execute and file any such applications and to do all other lawfully permitted acts to further the prosecution and issuance of letters patent or copyright registrations thereon with the same legal force and effect as if executed by Employee. Employee's obligations under this Paragraph will continue beyond the termination of my employment with the Company, provided that the Company either compensates me at a reasonable rate for my time or reimburses expenses actually spent by me on such assistance at the Company's request.

4. **Conflicting Employment.** Employee shall perform Employee's duties faithfully and to the best of Employee's ability and shall devote Employee's full business time and effort to the performance of Employee's duties hereunder. Employee shall not, during the term of Employee's employment with the Company, engage in any other employment, occupation, consulting or other business activity

directly related to the business in which the Company, or its subsidiaries are now involved or become involved during the term of Employee's employment, nor will Employee engage in any other activities that conflict with Employee's obligations to the Company.

5. **Returning Company Documents.** At the time of leaving the employ of the Company, Employee covenants that Employee shall deliver to the Company (and will not keep in Employee's possession, recreate or deliver to anyone else) any and all devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, other documents or property, or reproductions of any aforementioned items developed by Employee pursuant to Employee's employment with the Company or otherwise belonging to the Company, its successors or assigns, including, without limitation, those records maintained pursuant to paragraph 2(d).

6. **Notification of New Employer.** In the event that Employee leaves the employ of the Company, Employee agrees to grant consent to notification by the Company to Employee's new employer about Employee's rights and obligations under this Agreement.

7. **Non-Solicitation and Non-Competition.** Employee covenants that, during Employee's employment with Company and for a period of twelve months immediately following the termination of Employee's relationship with the Company for any reason, whether with or without cause, Employee shall not either directly or indirectly (a) solicit, induce, recruit or encourage any of the Company's employees or employees of any Company subsidiaries to leave their employment, or take away such employees, or attempt to solicit, induce, recruit, encourage or take away their employees, either for Employee or for any other person or entity; or (b) call upon, solicit, divert, or take away any of the customers, business or prospective customers of Company or any Company subsidiaries.

8. **Passwords, etc.; Expectation of Privacy.** Employee will not (i) reveal, disclose or otherwise make available to any person any Company password or key, whether or not the password or key is assigned to Employee or (ii) obtain, possess or use in any manner a Company password or key that is not assigned to Employee. Employee will use his or her best efforts to prevent the unauthorized use of any laptop or personal computer, peripheral device, software or related technical documentation that the Company issues to Employee and will not input, load or otherwise attempt any unauthorized use of software in any Company computer, whether or not such computer is assigned to Employee. Employee acknowledges and agrees that Employee has no expectation of privacy with respect to Company telecommunications, networking or information processing systems (including, without limitation, files, e-mail messages, and voice messages) and that activity and any files or messages on or using any of those systems may be monitored at any time without notice.

9. **Use of Voice, Image and Likeness.** Employee gives the Company permission to use his/her voice, image or likeness, with or without using his/her name, for the purposes of advertising and promoting the Company, or for other purposes deemed appropriate by the Company in its reasonable discretion, except to the extent expressly prohibited by law.

10. **Right to Advice of Counsel.** Employee acknowledges that Employee has had the right to consult with counsel and is fully aware of Employee's rights and obligations under this Agreement.

11. **Successors.**

(a) **Company's Successors.** Any successor to the Company (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets shall assume the obligations under this Agreement and agree expressly to perform the obligations under this Agreement in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term "Company," shall include any successor to the Company's business and/or assets which executes and delivers the assumption agreement described in this subsection (a) or which becomes bound by the terms of this Agreement by operation of law.

(b) **Employee's Successors.** Without the written consent of the Company, Employee shall not assign or transfer this Agreement or any right or obligation under this Agreement to any other person or entity. Notwithstanding the foregoing, the terms of this Agreement and all rights of Employee hereunder shall inure to the benefit of, and be enforceable by, Employee's personal

or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

12. Notice Clause. Any notice hereby required or permitted to be given shall be sufficiently given if in writing and delivered in person or sent by facsimile, electronic mail, overnight courier or First Class mail, postage prepaid, to either party at the address of such party or such other address as shall have been designated by written notice by such party to the other party. Any notice or other communication required or permitted to be given under this Agreement will be deemed given (i) upon personal delivery to the party to be notified, (ii) on the day when delivered by electronic mail to the proper electronic mail address, (iii) when sent by confirmed facsimile if sent during normal business hours of the recipient, if not, then on the next business day, (iv) the first business day after deposit with a nationally recognized overnight courier, specifying next day delivery, or (v) the third business day after the day on which such notice was mailed in accordance with this Section.

13. Arbitration.

(a) Except as provided in Section 13(e) below, this Agreement shall be governed by the Federal Arbitration Act. The parties hereby agree that a neutral arbitrator from the American Arbitration Association ("AAA") will administer any such arbitration(s) under the AAA's National Rules for the Resolution of Employee Disputes. The arbitration shall take place in (Insert the following: Chicago, IL/New York, NY/Denver, CO/Seattle, WA/ Home offices & Remote: capitol of the state)

(b) The parties may conduct only essential discovery (i.e., discovery sufficient to arbitrate the claim at issue) prior to the hearing, as defined by the AAA arbitrator. Following the hearing, the AAA arbitrator shall issue a written decision, which contains the essential findings and conclusions on which the decision is based. The parties agree that the result of arbitration hereunder shall be final and binding upon the parties, and judgment upon the award may be entered in any court having jurisdiction. The arbitration ruling may be subject to limited judicial review as provided by applicable law.

(c) Employee shall bear only those costs of arbitration he or she would otherwise bear had Employee brought a claim covered by this Agreement in court. The Company shall pay for the costs that are unique to the arbitration. Each party will be responsible for payment of its own attorneys' fees. However, if any party prevails on a statutory claim that affords the prevailing party attorneys' fees, the arbitrator may award reasonable attorneys' fees to the prevailing party.

(d) The arbitrator shall not have any power, authority or jurisdiction to change or modify any provision of this Agreement.

(e) The parties may apply to any court of competent jurisdiction for a temporary restraining order, preliminary injunction, or other interim or a conservatory relief, as necessary, without breach of this arbitration agreement and without abridgement of the powers of the arbitrator.

(f) The Company and Employee mutually agree that by entering into this Agreement, they both waive their right to have any dispute brought, heard or arbitrated as a class action, collective action and/or representative action, and an arbitrator shall not have any authority to hear or arbitrate any class, collective or representative action. All claims covered by this arbitration agreement will be pursued in an individual claimant proceeding and not as part of a representative, collective, or class action. Notwithstanding any other clause contained in this Agreement, any claim that all or part of this Class Action Waiver is unenforceable,

unconscionable, void or voidable may be determined only by a court of competent jurisdiction and not by an arbitrator. This Agreement does not prevent the filing of charges with a government agency like the Department of Labor or participation in any investigation or proceeding conducted by a government agency.

(g) EMPLOYEE HAS READ AND UNDERSTANDS THIS SECTION, WHICH DISCUSSES ARBITRATION. EMPLOYEE UNDERSTANDS THAT BY SIGNING THIS AGREEMENT, EMPLOYEE AGREES TO SUBMIT ANY CLAIMS ARISING OUT OF, RELATING TO, OR IN CONNECTION WITH THIS AGREEMENT, OR THE INTERPRETATION, VALIDITY, CONSTRUCTION, PERFORMANCE, BREACH OR TERMINATION THEREOF TO BINDING ARBITRATION, UNLESS OTHERWISE REQUIRED BY LAW, AND THAT THIS ARBITRATION CLAUSE CONSTITUTES A WAIVER OF EMPLOYEE'S RIGHT TO A JURY TRIAL AND RELATES TO THE RESOLUTION OF ALL DISPUTES RELATING TO EMPLOYEE'S RELATIONSHIP WITH THE COMPANY, INCLUDING, BUT NOT LIMITED TO, CLAIMS OF HARASSMENT, DISCRIMINATION, WRONGFUL TERMINATION AND ANY STATUTORY CLAIMS.

"I acknowledge that I have received and read or have had the opportunity to read this arbitration agreement. I understand that this arbitration agreement requires that disputes that involve the matters subject to the agreement be submitted to mediation or arbitration pursuant to the arbitration agreement rather than to a judge and jury in court.

Acknowledged:

/s/ Samantha Jacobson

Samantha Jacobson

2/20/2021

Date

14. Severability. If a court, arbitrator, or any other party duly authorized to interpret and enforce this Agreement, determines that a restriction provided for herein cannot be enforced as written for any reason, including, but not limited to, the fact that it is overbroad in some part (such as time, scope, or geography), the parties agree that a court shall enforce the restrictions to such lesser extent as is allowed by law and/or reform the overbroad part of the restriction to make it enforceable. If, despite the foregoing, any provision contained in this Agreement, or part thereof, is determined to be void, illegal or unenforceable, in whole or in part, then the other provisions contained herein shall remain in full force and effect.

15. Integration. This Agreement, together with the offer letter executed on or about the date hereof, represents the entire agreement and understanding between the parties as to the subject matter herein and supersedes all prior or contemporaneous agreements whether written or oral. No waiver, alteration, or modification of any of the provisions of this Agreement shall be binding unless in writing and signed by duly authorized representatives of the parties hereto.

16. Governing Law. This Agreement shall be governed by and construed in accordance with the internal substantive laws, but not the choice of law rules, of the State of Colorado.

17. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, and all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by their duly authorized officers, as of the day and year first above written.

The Trade Desk, Inc.

/s/ Vina Leite

Vina Leite

Chief People Officer

EMPLOYEE

/s/ Samantha Jacobson

Samantha Jacobson

The Trade Desk, Inc.

The Trade Desk, Inc.
TERMINATION CERTIFICATION

This is to certify that I do not have in my possession, nor have I failed to return, any devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, other documents or property, or reproductions of any aforementioned items belonging to The Trade Desk, Inc., its subsidiaries, affiliates, successors or assigns (together, the "Company").

I further certify that I have complied with all the terms of the Employee Confidentiality, Inventions and Use of Likeness Agreement signed by me, including the reporting of any inventions and original works of authorship (as defined therein), conceived or made by me (solely or jointly with others) covered by that agreement.

I further agree that, in compliance with the Employee Confidentiality, Inventions and Use of Likeness Agreement, I will preserve as confidential all trade secrets, confidential knowledge, data or other proprietary information relating to products, processes, know-how, designs, formulas, developmental or experimental work, computer programs, data bases, other original works of authorship, customer lists, business plans, financial information or other subject matter pertaining to any business of the Company or any of its employees, clients, consultants or licensees.

I further agree that for twelve months from this date, I will not solicit, induce, recruit or encourage any of the Company's employees or employees of any Company subsidiaries to leave their employment.

Date:

[TO BE SIGNED ONLY UPON TERMINATION OF EMPLOYMENT.]

Exhibit 31.1

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

I, Jeff T. Green, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Trade Desk, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, 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 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 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.

Date: **November 9, 2023** **May 10, 2024**

/s/ Jeff T. Green

Jeff T. Green

Chief Executive Officer

(Principal Executive Officer)

Exhibit 31.2

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

I, Laura Schenkein, certify that:

- 1. I have reviewed this quarterly report on Form 10-Q of The Trade Desk, Inc.;
- 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3. Based on my knowledge, the financial statements, and other financial information included in this report, 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 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 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.

Date: November 9, 2023 May 10, 2024

/s/ Laura Schenkein

Laura Schenkein

Chief Financial Officer

(Principal Financial and Accounting Officer)

Exhibit 32.1

Certifications of Principal Executive Officer and Principal 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 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, Jeff T. Green, Chief Executive Officer (Principal Executive Officer) of The Trade Desk, Inc. (the "Company"), and Laura Schenkein, Chief Financial Officer (Principal Financial Officer) of the Company, each hereby certifies that, to the best of his or her knowledge:

- 1) The Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024, to which this certification is attached as Exhibit 32.1 (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; 1934, as amended; and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 9, 2023 May 10, 2024

/s/ Jeff T. Green

Jeff T. Green

Chief Executive Officer

(Principal Executive Officer)

/s/ Laura Schenkein

Laura Schenkein

Chief Financial Officer

(Principal Financial and Accounting Officer)

The foregoing certifications are being furnished pursuant to 18 U.S.C. Section 1350. They are not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and are not to be incorporated by reference into any filing of the Company, regardless of any general incorporation language in such filing.

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

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