UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 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 001-39310

ZoomInfo Technologies Inc.

(Exact name of registrant as specified in its charter)

Delaware	87-3037521
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
805 Broadway Street, Suite 900 Vancouver, Washington	98660
(Address of principal executive offices)	(Zip Code)

(800) 914-1220

(Registrant's telephone number, including area code)

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

Title of Each Class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.01 per share	ZI	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	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

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

As of October 31, 2024, there were 343,368,755 shares of the registrant's common stock outstanding.

ZoomInfo Technologies Inc.

Quarterly Report on Form 10-Q

For the Quarterly Period Ended September 30, 2024

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

From time to time we make statements concerning our expectations, beliefs, plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements that are not historical facts. These statements are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those expressed or implied by these statements. You can generally identify our forward-looking statements by the words "anticipate," "believe," "can," "continue," "could," "estimate," "expect," "forecast," "goal," "intend," "may," "might," "objective," "outlook," "plan," "potential," "predict," "projection," "seek," "should," "target," "trend," "will," "would" or the negative version of these words or other comparable words.

We have based our forward-looking statements on beliefs and assumptions based on information available to us at the time the statements are made. We caution you that assumptions, beliefs, expectations, intentions and projections about future events may, and often do, vary materially from actual results. Therefore, we cannot assure you that actual results will not differ materially from those expressed or implied by our forward-looking statements.

The following are some of the factors that could cause actual results to differ from those expressed or implied by our forward-looking statements, including forward-looking statements contained in this Quarterly Report on Form 10-Q, other factors described under "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K of ZoomInfo Technologies Inc. for the fiscal year ended December 31, 2023 as filed with the Securities and Exchange Commission ("SEC") on February 15, 2024 ("2023 Form 10-K"), and in other reports we file from time to time with the SEC:

Risks Related to Our Business and Industry

- Our current and potential customers may reduce spending on sales, marketing, recruiting and other technology and information as a result of weaker economic conditions, which could harm our revenue, results of operations, and cash flows;
- We may be unable to attract new customers, renew existing subscriptions, expand existing subscriptions, and collect revenue from our customers, which could harm our revenue growth and profitability;
- If we are not able to obtain and maintain accurate, comprehensive, or reliable data, we could experience reduced demand for our products and services and have an adverse effect on our business, results of operations, and financial condition;
- Larger, well-funded companies with significant resources may shift their existing business models to become more competitive with us;
- We experience competition from other companies and technologies that allow companies to gather and aggregate sales, marketing, recruiting, and other data, and competing products and services could provide greater appeal to customers;
- The markets in which we compete are rapidly evolving, which make it difficult to forecast demand for our services;
- Our platform integrates or otherwise works with third-party systems that we do not control;
- Our business could be negatively affected by changes in search engine algorithms and dynamics or other traffic-generating arrangements;
- We depend on our executive officers and other key employees, and the loss of or inability to attract, integrate and retain these and other highly skilled employees could harm our business;
- If we fail to maintain, upgrade, or implement adequate operational and financial resources, including our IT systems, we may be unable to execute our business plan; and
- We may be unable to successfully integrate acquired businesses, services, databases, and technologies into our operations, which could have an adverse effect on our business.

Risks Related to Privacy, Technology, and Security

- Changes in laws, regulations, and public perception concerning data privacy, or changes in the patterns of enforcement of existing laws and regulations, could impact our ability to efficiently gather, process, update, and/or provide some or all of the information we currently provide or the ability of our customers and users to use some or all of our products or services;
- We may be subject to litigation for any of a variety of claims, which could harm our reputation and adversely affect our business, results of operations, and financial condition;
- New or changing laws and regulations may diminish the demand for our platform, restrict access to our platform, constrain the range of services we can provide, or require us to disclose or provide access to information in our possession, which could harm our business, results of operations, and financial condition;
- We may not be able to adequately protect or enforce our proprietary and intellectual property rights in our data or technology;
- Investing in our artificial intelligence ("AI") capability introduces risks, which, if realized, could adversely impact our business;
- Third-parties could use our products and services in a manner that is unlawful or contrary to our values or applicable law;
- Cyber-attacks and security vulnerabilities could result in serious harm to our reputation, business, and financial condition; and
- Technical problems or disruptions that affect our customers' ability to access our services could damage our reputation and brands and lead to reduced demand for our products and services, lower revenues, and increased costs.

Risks Related to Credit and Financial Factors

- We generate revenue from sales of subscriptions to our platform and data, and any decline in demand for the types of products and services we offer would negatively impact our business;
- Our failure to raise additional capital or generate cash flows necessary to expand our operations and invest in new technologies in the future could reduce our ability to compete successfully and harm our results of operations;
- Downturns or upturns in new sales and renewals are not immediately reflected in full within our results of operations;
- We anticipate increasing operating expenses in the future, and we may not be able to maintain profitability;
- Our indebtedness could adversely affect our financial position and our ability to raise additional capital and prevent us from fulfilling our obligations;
- We may not be able to generate sufficient cash to service all of our indebtedness;
- Interest rate fluctuations may affect our results of operations and financial condition;
- Changes in our credit and other ratings could adversely impact our operations and lower our profitability;
- Global tax developments applicable to multinational businesses may have a material impact to our business, cash flows, or financial results. The Organization for Economic Co-operation and Development has proposed significant changes to the international tax law framework in the form of the Pillar Two model rules which seek to implement a global minimum tax. The potential effects of Pillar Two may vary depending on the specific provisions and rules implemented by each country that adopts Pillar Two;
- Unanticipated changes in our effective tax rate and additional tax liabilities may impact our financial results; and
- Changes in tax laws or regulations in the various tax jurisdictions we are subject to that are applied adversely to us or our paying customers could increase the costs of our products and services and harm our business.

Risks Related to Geopolitical Factors

- Operations and sales outside the United States expose us to risks inherent in international operations; and
- Global economic uncertainty and catastrophic events, including global pandemics, continued hostilities such as those between Russia and Ukraine, Israel and Hamas, Israel and Iran, and other conflicts in the Middle East, have and may disrupt our business and adversely impact our business and future results of operations and financial condition.

Risks Related to Our Organizational Structure and Ownership of Our Common Stock

- Our corporate structure and our tax receivable agreements may restrict our ability to make certain payments, increase the costs to consummate certain transactions, and limit our ability to realize the value of certain tax attributes; and
- The parties to our stockholders agreement have special rights and interests that may conflict with ours or yours in the future.

These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this Form 10-Q and our other filings with the SEC. Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, our actual results may vary in material respects from those projected in our forward-looking statements. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures, investments, or other strategic transactions we may make.

You should not place undue reliance on our forward-looking statements. Each forward-looking statement speaks only as of the date of the particular statement, and we undertake no obligation to update or revise any forward-looking statements whether as a result of new information, future developments or otherwise, except as required by law.

Website Disclosure

The Company intends to use the investor relations portion of its website as a distribution channel of material company information. Financial and other important information regarding the Company is routinely posted on and accessible at https://ir.zoominfo.com. Accordingly, you should monitor that investor relations portion of our website in addition to following our press releases, SEC filings, and public conference calls and webcasts (which are not incorporated herein or otherwise a part of this Form 10-Q). In addition, you may automatically receive email alerts and other information about the Company when you enroll your email address by visiting the "Email Alerts" section of our investor relations page at https://ir.zoominfo.com. The information on our website is not incorporated herein or otherwise a part of this Form 10-Q.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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Unaudited Consolidated Financial Statements of ZoomInfo Technologies Inc. and Subsidiaries

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ZoomInfo Technologies Inc.
Consolidated Balance Sheets
(in millions, except share data)

	September 30, 2024 (unaudited)	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 147.7	$ 447.1
Short-term investments	—	82.2
Restricted cash, current	—	0.2
Accounts receivable, net	163.0	272.0
Prepaid expenses and other current assets	73.9	59.6
Income tax receivable	6.1	3.2
Total current assets	$ 390.7	$ 864.3
Restricted cash, non-current	8.9	8.9
Property and equipment, net	99.5	65.1
Operating lease right-of-use assets, net	108.5	80.7
Intangible assets, net	290.8	334.6
Goodwill	1,692.7	1,692.7
Deferred tax assets	3,692.9	3,707.1
Deferred costs and other assets, net of current portion	110.9	114.9
Total assets	**$ 6,394.9**	**$ 6,868.3**
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 21.1	$ 34.4
Accrued expenses and other current liabilities	109.5	113.8
Unearned revenue, current portion	417.0	439.6
Income taxes payable	0.3	2.0
Current portion of tax receivable agreements liability	58.9	31.4
Current portion of operating lease liabilities	11.4	11.2
Current portion of long-term debt	5.9	6.0
Total current liabilities	$ 624.1	$ 638.4
Unearned revenue, net of current portion	2.2	2.3
Tax receivable agreements liability, net of current portion	2,736.0	2,786.6
Operating lease liabilities, net of current portion	135.8	89.9
Long-term debt, net of current portion	1,222.9	1,226.4
Deferred tax liabilities	2.5	1.9
Other long-term liabilities	3.0	3.5
Total liabilities	$ 4,726.5	$ 4,749.0
Commitments and Contingencies (Note 9)		
Stockholders' Equity:		
Common stock, par value $0.01; 3,300,000,000 shares authorized as of September 30, 2024 and December 31, 2023; 342,905,049 and 384,830,529 issued and outstanding as of September 30, 2024 and December 31, 2023, respectively	$ 3.4	$ 3.8
Preferred stock, par value $0.01; 200,000,000 shares authorized as of September 30, 2024 and December 31, 2023; zero issued and outstanding as of September 30, 2024 and December 31, 2023	—	—
Additional paid-in capital	1,351.3	1,804.9
Accumulated other comprehensive income	15.9	27.3
Retained earnings	297.8	283.3
Total stockholders' equity	$ 1,668.4	$ 2,119.3
Total liabilities and stockholders' equity	**$ 6,394.9**	**$ 6,868.3**

See accompanying Notes to Consolidated Financial Statements.

ZoomInfo Technologies Inc.
Consolidated Statements of Operations
(in millions, except per share amounts; unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Revenue	$ 303.6	$ 313.8	$ 905.2	$ 923.1
Cost of service:				
Cost of service[1]	37.7	35.3	107.9	104.4
Amortization of acquired technology	9.6	9.5	28.7	29.5
Gross profit	$ 256.3	$ 269.0	$ 768.6	$ 789.2
Operating expenses:				
Sales and marketing[1]	99.1	102.4	299.2	310.1
Research and development[1]	47.7	47.6	139.7	143.2
General and administrative[1]	60.6	50.5	247.0	130.4
Amortization of other acquired intangibles	5.4	5.4	16.2	16.5
Total operating expenses	$ 212.8	$ 205.9	$ 702.1	$ 600.2
Income from operations	$ 43.5	$ 63.1	$ 66.5	$ 189.0
Interest expense, net	9.6	11.9	29.5	33.8
Loss on debt modification and extinguishment	—	—	0.7	2.2
Other income, net	(1.0)	(8.0)	(3.5)	(29.1)
Income before income taxes	$ 34.9	$ 59.2	$ 39.8	$ 182.1
Provision for income taxes	11.1	29.0	25.3	69.3
Net income	**$ 23.8**	**$ 30.2**	**$ 14.5**	**$ 112.8**
Net income per share of common stock:				
Basic	$ 0.07	$ 0.08	$ 0.04	$ 0.28
Diluted	0.07	0.08	0.04	0.28

[1] Amounts include equity-based compensation expense, as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Cost of service	$ 2.7	$ 4.3	$ 7.9	$ 11.8
Sales and marketing	12.3	17.5	38.1	54.6
Research and development	10.5	11.7	29.5	34.0
General and administrative	11.1	9.4	28.7	26.5
Total equity-based compensation expense	$ 36.6	$ 42.9	$ 104.2	$ 126.9

See accompanying Notes to Consolidated Financial Statements.

ZoomInfo Technologies Inc.
Consolidated Statements of Comprehensive Income

(in millions; unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income	$ 23.8	$ 30.2	$ 14.5	$ 112.8
Other comprehensive loss, net of tax:				
Unrealized gain (loss) on cash flow hedges	(5.1)	3.9	4.1	12.1
Realized gain on settlement of cash flow hedges	(6.3)	(6.3)	(19.4)	(17.9)
Amortization of deferred losses related to the dedesignated Interest Rate Swap	—	0.1	0.1	0.2
Other comprehensive loss before tax	$ (11.4)	$ (2.3)	$ (15.2)	$ (5.6)
Tax effect	2.8	0.6	3.8	1.4
Other comprehensive loss, net of tax	$ (8.6)	$ (1.7)	$ (11.4)	$ (4.2)
Comprehensive income	$ 15.2	$ 28.5	$ 3.1	$ 108.6

See accompanying Notes to Consolidated Financial Statements.

ZoomInfo Technologies Inc.
Consolidated Statements of Changes in Stockholders' Equity
(in millions, except share data; unaudited)

	Common Stock		Additional paid-in capital	Accumulated other comprehensive income	Retained earnings	Total stockholders' equity
	Shares	Amount				
Balance, December 31, 2023	384,830,529	$ 3.8	$ 1,804.9	$ 27.3	$ 283.3	$ 2,119.3
Issuance of common stock upon vesting of RSUs	1,359,913	—	—	—	—	—
Shares withheld related to net share settlement	(410,537)	—	(7.0)	—	—	(7.0)
Repurchase of common stock	(9,623,255)	(0.1)	(154.3)	—	—	(154.4)
Net income	—	—	—	—	15.1	15.1
Other comprehensive income	—	—	—	0.2	—	0.2
Equity-based compensation	—	—	32.7	—	—	32.7
Balance at March 31, 2024	376,156,650	$ 3.7	$ 1,676.3	$ 27.5	$ 298.4	$ 2,005.9
Issuance of common stock upon vesting of RSUs	1,672,136	—	—	—	—	—
Issuance of common stock related to ESPP	248,742	—	2.8	—	—	2.8
Shares withheld related to net share settlement	(505,710)	—	(7.5)	—	—	(7.5)
Repurchase of common stock	(10,799,791)	(0.1)	(148.6)	—	—	(148.7)
Net loss	—	—	—	—	(24.4)	(24.4)
Other comprehensive loss	—	—	—	(3.0)	—	(3.0)
Equity-based compensation	—	—	37.8	—	—	37.8
Balance at June 30, 2024	366,772,027	$ 3.6	$ 1,560.8	$ 24.5	$ 274.0	$ 1,862.9
Issuance of common stock upon vesting of RSUs	936,974	—	—	—	—	—
Shares withheld related to net share settlement	(304,844)	—	(3.4)	—	—	(3.4)
Forfeitures / cancellations	(20,412)	—	—	—	—	—
Repurchase of common stock	(24,478,696)	(0.2)	(244.3)	—	—	(244.5)
Net income	—	—	—	—	23.8	23.8
Other comprehensive loss	—	—	—	(8.6)	—	(8.6)
Equity-based compensation	—	—	38.2	—	—	38.2
Balance at September 30, 2024	**342,905,049**	**$ 3.4**	**$ 1,351.3**	**$ 15.9**	**$ 297.8**	**$ 1,668.4**

ZoomInfo Technologies Inc.
Consolidated Statements of Changes in Stockholders' Equity
(in millions, except share data; unaudited)

	Common Stock		Additional paid-in capital	Accumulated other comprehensive income	Retained earnings	Total stockholders' equity
	Shares	Amount				
Balance, December 31, 2022	404,083,262	$ 4.0	$ 2,052.1	$ 39.7	$ 176.0	$ 2,271.8
Issuance of common stock upon vesting of RSUs	648,570	—	—	—	—	—
Shares withheld related to net share settlement and other	(163,965)	—	(4.1)	—	—	(4.1)
Exercise of stock options	11,236	—	0.2	—	—	0.2
Forfeitures / cancellations	(6,733)	—	—	—	—	—
Repurchase of common stock	(1,058,291)	—	(24.3)	—	—	(24.3)
Net income	—	—	—	—	44.5	44.5
Other comprehensive loss	—	—	—	(6.5)	—	(6.5)
Equity-based compensation	—	—	37.7	—	—	37.7
Balance at March 31, 2023	403,514,079	$ 4.0	$ 2,061.6	$ 33.2	$ 220.5	$ 2,319.3
Issuance of common stock upon vesting of RSUs	668,323	—	—	—	—	—
Issuance of common stock related to ESPP	181,931	—	4.6	—	—	4.6
Shares withheld related to net share settlement and other	(216,700)	—	(5.4)	—	—	(5.4)
Exercise of stock options	6,086	—	0.2	—	—	0.2
Forfeitures / cancellations	(4,035)	—	—	—	—	—
Repurchase of common stock	(2,847,121)	—	(62.7)	—	—	(62.7)
Net income	—	—	—	—	38.1	38.1
Other comprehensive income	—	—	—	4.0	—	4.0
Equity-based compensation	—	—	48.9	—	—	48.9
Balance at June 30, 2023	401,302,563	$ 4.0	$ 2,047.2	$ 37.2	$ 258.6	$ 2,347.0
Issuance of common stock upon vesting of RSUs	1,183,324	—	—	—	—	—
Shares withheld related to net share settlement and other	(380,329)	—	(7.5)	—	—	(7.5)
Exercise of stock options	1,126	—	—	—	—	—
Forfeitures / cancellations	(209)	—	—	—	—	—
Repurchase of common stock	(8,800,000)	(0.1)	(161.8)	—	—	(161.9)
Net income	—	—	—	—	30.2	30.2
Other comprehensive loss	—	—	—	(1.7)	—	(1.7)
Equity-based compensation	—	—	44.3	—	—	44.3
Balance at September 30, 2023	393,306,475	$ 3.9	$ 1,922.2	$ 35.5	$ 288.8	$ 2,250.4

See accompanying Notes to Consolidated Financial Statements.

ZoomInfo Technologies Inc.
Consolidated Statements of Cash Flows
(in millions; unaudited)

	Nine Months Ended September 30,	
	2024	**2023**
Operating activities:		
Net income	$ 14.5	$ 112.8
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	63.3	60.5
Amortization of debt discounts and issuance costs	1.7	1.8
Amortization of deferred commissions costs	49.5	57.2
Asset impairments and lease abandonment charges	57.4	5.2
Gain on lease modification	(1.5)	—
Loss on debt modification and extinguishment	0.7	2.2
Equity-based compensation expense	104.2	126.9
Deferred income taxes	11.0	68.5
Tax receivable agreement remeasurement	9.9	(13.8)
Provision for bad debt expense	39.3	22.0
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable, net	69.7	(17.7)
Prepaid expenses and other current assets	(21.1)	(4.5)
Deferred costs and other assets, net of current portion	(30.4)	(53.0)
Income tax receivable	(2.9)	(2.4)
Accounts payable	(17.6)	(15.2)
Accrued expenses and other liabilities	(64.7)	(27.6)
Unearned revenue	(22.6)	(16.8)
Net cash provided by operating activities	$ 260.4	$ 306.1
Investing activities:		
Purchases of short-term investments	$ —	$ (145.0)
Maturities of short-term investments	82.2	151.5
Purchases of property and equipment and other assets	(41.5)	(17.6)
Right of use asset initial direct costs	(3.4)	—
Cash paid for acquisitions, net of cash acquired	(0.5)	—
Net cash provided by (used in) investing activities	$ 36.8	$ (11.1)
Financing activities:		
Payments of deferred consideration	$ (0.7)	$ (0.4)
Repayment of debt	(4.5)	(4.5)
Payments of debt issuance and modification costs	(2.1)	(2.7)
Proceeds from exercise of stock options	—	0.4
Taxes paid related to net share settlement of equity awards	(18.1)	(17.0)
Proceeds from issuance of common stock under the ESPP	2.8	4.6
Tax receivable agreement payments	(31.6)	—
Repurchase of common stock	(542.6)	(247.0)
Net cash used in financing activities	$ (596.8)	$ (266.6)

ZoomInfo Technologies Inc.
Consolidated Statements of Cash Flows
(in millions; unaudited) (continued)

	Nine Months Ended September 30,	
	2024	**2023**
Net increase (decrease) in cash, cash equivalents, and restricted cash	$ (299.6)	$ 28.4
Cash, cash equivalents, and restricted cash at beginning of period	456.2	424.1
Cash, cash equivalents, and restricted cash at end of period	$ 156.6	$ 452.5
Cash, cash equivalents, and restricted cash at end of period:		
Cash and cash equivalents	$ 147.7	$ 442.6
Restricted cash, non-current	8.9	9.9
Total cash, cash equivalents, and restricted cash	$ 156.6	$ 452.5
Supplemental disclosures of cash flow information:		
Interest paid in cash	$ 39.6	$ 43.0
Cash paid for taxes	11.9	7.5
Supplemental disclosures of non-cash investing activities:		
Property and equipment included in accounts payable and accrued expenses and other current liabilities	$ 8.9	$ 0.2
Equity-based compensation included in capitalized software	4.5	4.0

See accompanying Notes to Consolidated Financial Statements.

ZoomInfo Technologies Inc.
Notes to Unaudited Consolidated Financial Statements
(In millions, except share/unit data and per share/unit amounts, unless otherwise noted)

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Note 1 - Business, Basis of Presentation, and Summary of Significant Accounting Policies

Business

ZoomInfo Technologies Inc., through its operating subsidiaries, (the "Company", "we", "us", "our", and "ZoomInfo") provides a go-to-market intelligence and engagement platform for sales and marketing teams. The Company's cloud-based platform provides workflow tools with integrated, accurate, and comprehensive information on organizations and professionals to help users identify target customers and decision makers, obtain continually updated predictive lead and company scoring, monitor buying signals and other attributes of target companies, craft messages, engage via automated sales tools, and track progress through the deal cycle.

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") pertaining to interim financial information. Certain information in footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") has been condensed or omitted pursuant to those rules and regulations. The financial statements included in this report should be read in conjunction with the Company's 2023 Form 10-K.

The results of operations for the three and nine months ended September 30, 2024 are not necessarily indicative of the operating results that may be expected for the full fiscal year ending December 31, 2024 or any future period.

The accompanying unaudited consolidated financial statements contain all adjustments necessary for a fair statement of financial position as of September 30, 2024, and results of operations for the three and nine months ended September 30, 2024 and 2023, and cash flows for the nine months ended September 30, 2024 and 2023.

Effective the second quarter of 2024, the Company removed the presentation of *Restructuring and transaction-related expenses* from the Consolidated Statements of Operations. These expenses will be allocated to the remaining financial statement line items. For comparability, the prior period amounts have been recast to reflect the current period presentation with no impact to net income or comprehensive income previously reported.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires us to make certain estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements, as well as the reported amounts of revenue and expenses during the reporting period. We base these estimates on historical and anticipated results, trends, and other assumptions with respect to future events that we believe are reasonable and evaluate our estimates on an ongoing basis. Given that estimates and judgments are required, actual results may differ from our estimates and such differences could be material to our consolidated financial position and results of operations.

Principles of Consolidation

The consolidated financial statements include the accounts of ZoomInfo Technologies Inc. and its subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation.

Revenue Recognition

The Company derives revenue primarily from subscription services. Our subscription services consist of our SaaS applications and related access to our platform. Subscription contracts are generally based on the number of users that access our applications, the level of functionality that they can access, and the amount of data that a customer integrates with their systems. Our subscription contracts typically have a term of one to three years and are non-cancelable. We typically bill for services annually, semi-annually, or quarterly in advance of delivery.

Note 1 - Business, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

The Company accounts for revenue contracts with customers through the following steps:

(1) Identify the contract with a customer;

(2) Identify the performance obligations in the contract;

(3) Determine the transaction price;

(4) Allocate the transaction price; and

(5) Recognize revenue when or as the Company satisfies a performance obligation.

We recognize revenue for subscription contracts on a ratable basis over the contract term based on the number of calendar days in each period, beginning on the date that our service is made available to the customer. Unearned revenue results from revenue amounts billed to customers in advance or cash received from customers in advance of the satisfaction of performance obligations. Determining the transaction price often involves judgment and making estimates that can have a significant impact on the timing and amount of revenue reported. At times, the Company may adjust billing under a contract based on the addition of services or other circumstances, which are accounted for as variable consideration. The Company estimates these amounts based on historical experience and adjusts revenue recognized.

Cash, Cash Equivalents, and Short-term Investments

Cash equivalents consist of highly liquid marketable debt securities with remaining maturities of three months or less at the date of purchase. We classify our investments in marketable securities as "available-for-sale." We carry these investments at fair value, based on quoted market prices or other readily available market information. Unrealized gains and losses, net of taxes, are included in *Accumulated other comprehensive income*, which is reflected as a separate component of stockholders' equity on our Consolidated Balance Sheets. Gains and losses are determined using the specific identification method and recognized when realized on our Consolidated Statements of Operations. If we were to determine that an other-than-temporary decline in fair value has occurred, the amount of the decline related to a credit loss will be recognized in income.

Fair Value Measurements

The Company measures assets and liabilities at fair value based on an expected exit price, which represents the amount that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value may be based on assumptions that market participants would use in pricing an asset or liability. The authoritative guidance on fair value measurements establishes a consistent framework for measuring fair value on either a recurring or nonrecurring basis whereby inputs, used in valuation techniques, are assigned a hierarchical level. The following are the hierarchical levels of inputs to measure fair value:

Level 1 - Observable inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 - Other inputs that are directly or indirectly observable in the marketplace

Level 3 - Unobservable inputs that are supported by little or no market activity, including the Company's own assumptions in determining fair value

The inputs or methodology used for valuing financial assets and liabilities are not necessarily an indication of the risk associated with investing in them.

Note 1 - Business, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

Concentrations of Credit Risk and Significant Customers

Financial instruments that potentially subject us to concentrations of credit risk consist principally of cash and cash equivalents, short-term investments, and accounts receivable. The Company holds cash at major financial institutions that often exceed Federal Deposit Insurance Corporation ("FDIC") insured limits. The Company manages its credit risk associated with cash concentrations by concentrating its cash deposits in high-quality financial institutions and by periodically evaluating the credit quality of the primary financial institutions holding such deposits. The carrying value of cash approximates fair value. Our investment portfolio is comprised of highly rated securities with a weighted-average maturity of less than 12 months in accordance with our investment policy which seeks to preserve principal and maintain a high degree of liquidity. Historically, the Company has not experienced any losses due to such cash concentrations. The Company does not have any off-balance sheet credit exposure related to its customers. Concentrations of credit risk with respect to accounts receivable and revenue are limited due to a large, diverse customer base. We do not require collateral from clients. We maintain an allowance for credit losses based upon the expected collectibility of accounts receivable. The Company performs ongoing credit evaluations of its customers and maintains allowances for possible losses. No single customer accounted for 10% or more of our revenue for the three and nine months ended September 30, 2024 and 2023, or accounted for more than 10% of accounts receivable as of September 30, 2024 and December 31, 2023.

Accounts Receivable and Contract Assets

Accounts receivable represents billed transaction price from revenue contracts, reflecting adjustments for variable consideration, and is presented net of allowance for expected credit losses. It does not bear interest. We consider receivables past due based on the contractual payment terms. Management's evaluation of the adequacy of the allowance for credit losses considers historical collection experience, changes in customer payment profiles, the aging of receivable balances, as well as current economic conditions, all of which may impact a customer's ability to pay. Account balances are written-off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. As of September 30, 2024, the allowance for expected credit losses was $14.7 million. The Company reassesses the adequacy of the allowance each reporting period.

The assessment of variable consideration to be constrained is based on estimates, and actual consideration may vary from current estimates. As adjustments to these estimates become necessary, they are reported in earnings in the periods in which they become known. Changes in variable consideration are recorded as a component of net revenue.

Contract assets represent a contractual right to consideration in the future. Contract assets are generated when contractual billing schedules differ from revenue recognition timing.

Property and Equipment, Net

Property and equipment is stated at cost, net of accumulated depreciation and amortization. All repairs and maintenance costs are expensed as incurred. Depreciation and amortization costs are expensed on a straight-line basis over the lesser of the estimated useful life of the asset or the remainder of the lease term for leasehold improvements. Qualifying internal use software costs incurred during the application development stage, which consist primarily of internal product development costs, outside services, personnel costs (including equity-based compensation), and purchased software license costs, are capitalized and amortized over the estimated useful life of the asset. Estimated useful lives range from three to ten years.

Note 1 - Business, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

Deferred Commissions

Certain sales commissions earned by our sales force are considered incremental and recoverable costs of obtaining a contract with a customer. These sales commissions for initial contracts are capitalized and included in *Deferred costs and other assets, net of current portion* on our Consolidated Balance Sheets. Deferred sales commissions are amortized on a straight-line basis over the estimated period of benefit from the customer relationship which we have determined to be two and four years for renewals and new clients, respectively. We determined the period of benefit by taking into consideration our customer contracts, our technology, and other factors. Amortization expense related to these capitalized commissions is included in *Sales and marketing* on our Consolidated Statements of Operations.

Commissions payable at September 30, 2024 were $27.4 million, of which the current portion of $24.7 million was included in *Accrued expenses and other current liabilities* on our Consolidated Balance Sheets, and the long-term portion of $2.7 million was included in *Other long-term liabilities* on our Consolidated Balance Sheets. Commissions payable at December 31, 2023 were $37.7 million, of which the current portion of $34.4 million was included in *Accrued expenses and other current liabilities* on our Consolidated Balance Sheets, and the long-term portion of $3.3 million was included in *Other long-term liabilities* on our Consolidated Balance Sheets.

Certain commissions are not capitalized as they do not represent incremental costs of obtaining a contract. Such commissions are expensed as incurred.

Advertising and Promotional Expenses

The Company expenses advertising costs as incurred. Advertising expenses of $9.2 million and $28.5 million were recorded for the three and nine months ended September 30, 2024. Advertising expenses of $8.8 million and $24.7 million were recorded for the three and nine months ended September 30, 2023. Advertising expenses are included in *Sales and marketing* on our Consolidated Statements of Operations.

Research and Development

Research and development expenses consist primarily of compensation expense for our employees, including employee benefits, certain IT program expenses, facilities and related overhead costs. We continue to focus our research and development efforts on developing new products, adding new features and services, integrating acquired technologies, and increasing functionality. Expenditures for software developed or obtained for internal use are capitalized and amortized over a four-year period on a straight-line basis.

Business Combinations

We allocate purchase consideration to the tangible assets acquired, liabilities assumed, and intangible assets acquired based on their estimated fair values. The purchase price is determined based on the fair value of the assets transferred, liabilities assumed and equity interests issued, after considering any transactions that are separate from the business combination. The fair value of equity issued as part of a business combination is determined based on grant date stock price of the Company. The excess of fair value of purchase consideration over the fair values of the identifiable assets and liabilities is recorded as goodwill. Such valuations require management to make significant estimates and assumptions, especially with respect to intangible assets and contingent liabilities. Significant estimates in valuing certain intangible assets include, but are not limited to, future expected cash flows from acquired customer bases, acquired technology and acquired trade names, useful lives, royalty rates, and discount rates.

The estimates are inherently uncertain and subject to revision as additional information is obtained during the measurement period for an acquisition, which may last up to one year from the acquisition date. During the measurement period, we may record adjustments to the fair value of tangible and intangible assets acquired and liabilities assumed, with a corresponding offset to goodwill. After the conclusion of the measurement period or the final determination of the fair value of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to earnings.

Note 1 - Business, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

In addition, uncertain tax positions and tax-related valuation allowances assumed in connection with a business combination are initially estimated as of the acquisition date. We re-evaluate these items based upon the facts and circumstances that existed as of the acquisition date, with any revisions to our preliminary estimates being recorded to goodwill, provided that the timing is within the measurement period. Subsequent to the measurement period, changes to uncertain tax positions and tax-related valuation allowances will be recorded to earnings.

Goodwill and Acquired Intangible Assets

Goodwill is calculated as the excess of the purchase consideration paid in a business combination over the fair value of the assets acquired less liabilities assumed. Goodwill is not amortized and is tested for impairment at least annually during the fourth quarter of our fiscal year or when events and circumstances indicate that the fair value of a reporting unit may be below its carrying value. The company has one reporting unit.

We first assess qualitative factors to evaluate whether it is more likely than not that the fair value of a reporting unit is less than the carrying amount or elect to bypass such assessment. If it is determined that it is more likely than not that the fair value of the reporting unit is less than its carrying value, or we elect to bypass the qualitative assessment, we perform a quantitative test by determining the fair value of the reporting unit. If the carrying value of the reporting unit exceeds the fair value, then an impairment loss is recognized for the difference.

Acquired technology, customer relationships, trade names or brand portfolios, and other intangible assets are related to historical acquisitions (refer to Note 5 - Goodwill and Acquired Intangible Assets). Acquired intangible assets are amortized on a straight-line basis over the estimated period over which we expect to realize economic value related to the intangible asset. The amortization periods generally range from 2 years to 15 years. Any costs incurred to renew or extend the life of an intangible or long-lived asset are reviewed for capitalization.

Indefinite-lived intangible assets consist of brand portfolios acquired from Pre-Acquisition ZI and represent costs paid to legally register phrases and graphic designs that identify and distinguish products sold by the Company. Indefinite-lived intangible assets are not subject to amortization. Instead, they are subject to an annual assessment for potential impairment, or more frequently upon the occurrence of a triggering event when circumstances indicate that the book value is greater than its fair value. The Company first assesses qualitative factors to determine whether it is more likely than not that the fair value of the indefinite-lived intangible asset is less than the carrying value as a basis to determine whether further impairment testing is necessary. The Company conducts its impairment assessment during the fourth quarter of each fiscal year. No impairment charges relating to acquired goodwill or indefinite lived intangible assets were recorded for the three and nine month periods ended September 30, 2024 and 2023.

Impairment and Abandonment of Long-lived Assets

Long-lived assets, such as property and equipment, acquired intangible assets, and right-of-use assets, are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the undiscounted future cash flows expected to be generated by the asset or group of assets. If the carrying amount of the asset exceeds the estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the estimated fair value of the asset. The estimated future cash flows associated with the right-of-use assets under Accounting Standards Codification (“ASC”) 842 were developed by incorporating current market data and forecasts provided by reputable external real estate brokers and data sources. These projections consider prevailing rental rates, anticipated lease renewals, expected vacancy periods, and other relevant market factors that contribute to the estimation of recoverable cash flows for the impaired office spaces we do not intend to occupy. During the three and nine months ended September 30, 2024, we recorded impairment charges of $8.7 million and $53.3 million, respectively, to reduce the carrying values of our existing right-of-use assets associated with our Ra’anana, Waltham, Vancouver, and Grand Rapids offices. During the three and nine month periods ended September 30, 2023, we recorded impairment charges of $4.6 million and $5.2 million, respectively, to reduce the carrying value of the right-of-use assets associated with certain of our office spaces.

Note 1 - Business, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

When a lease right-of-use asset has been abandoned, the estimated useful life of the asset is updated to reflect the cease use date, and the remaining carrying value of the asset is amortized ratably over the period between the commitment date and the cease use date. During the three and nine months ended September 30, 2024, we recorded lease abandonment charges of zero and $4.1 million, respectively, related to the accelerated amortization of right-of-use assets. No lease abandonment charges were recorded for the three and nine month periods ended September 30, 2023.

Long-lived Assets

Long-lived assets by geographical region are based on the location of the legal entity that owns the assets, which includes property and equipment, net and operating lease right-of-use assets, net. As of September 30, 2024, long-lived assets held in the United States and Israel were $183.3 million and $19.9 million, respectively, representing approximately 98% of the consolidated total. As of December 31, 2023, long-lived assets held in the United States and Israel were $120.2 million and $20.2 million, respectively, representing approximately 96% of the consolidated total.

Leases

We determine if an arrangement is or contains a lease at contract inception. For these arrangements, primarily those related to our data center arrangements, there is judgment in evaluating if the arrangement involves an identified asset that is physically distinct or whether we have the right to substantially all of the capacity of an identified asset that is not physically distinct. In arrangements that involve an identified asset, there is also judgment in evaluating if we have the right to direct the use of that asset.

We do not have any finance leases. Operating leases are recorded on our Consolidated Balance Sheets. Right-of-use assets and lease liabilities are measured at the lease commencement date based on the present value of the fixed minimum remaining lease payments over the lease term, determined using the discount rate for the lease at the commencement date. Because the rates implicit in our leases are not readily determinable, we use our incremental borrowing rate as the discount rate for each respective lease, which approximates the interest rate at which we could borrow on a collateralized basis with similar terms and payments and in similar economic environments. Some leases include options to extend or options to terminate the lease prior to the stated lease expiration. Optional periods to extend a lease, including by not exercising a termination option, are included in the lease term when it is reasonably certain that the option will be exercised (or not exercised in the case of termination options). Operating lease expense is recognized on a straight-line basis over the lease term. We account for lease and non-lease components, principally common area maintenance and related taxes for our facilities leases, as a single lease component. Short-term leases, defined as leases having an original lease term less than or equal to one year, are excluded from our right-of-use assets and lease liabilities.

Derivative Instruments and Hedging Activities

FASB's ASC 815—Derivatives and Hedging ("ASC 815"), provides the disclosure requirements for derivatives and hedging activities with the intent to provide users of financial statements with an enhanced understanding of: (a) how and why an entity uses derivative instruments, (b) how the entity accounts for derivative instruments and related hedged items, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. Further, qualitative disclosures are required that explain the Company's objectives and strategies for using derivatives, as well as quantitative disclosures about the fair value of and gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative instruments.

Note 1 - Business, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

As required by ASC 815, the Company records all derivatives as either assets or liabilities on our Consolidated Balance Sheets and measures them at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the Company has elected to designate a derivative in a hedging relationship and apply hedge accounting, and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Derivatives may also be designated as hedges of the foreign currency exposure of a net investment in a foreign operation. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk in a fair value hedge or the earnings effect of the hedged forecasted transactions in a cash flow hedge. The Company may enter into derivative contracts that are intended to economically hedge certain of its risk, even though hedge accounting does not apply or the Company elects not to apply hedge accounting. To receive hedge accounting treatment, all hedging relationships are formally documented at the inception of the hedge, and the hedges must be highly effective in offsetting changes to future cash flows on hedged transactions.

Unearned Revenue

Unearned revenue consists of customer payments and billings in advance of revenue being recognized from our subscription services. Unearned revenue that is anticipated to be recognized within the next 12 months is recorded as *Unearned revenue, current portion* and the remaining portion is included in *Unearned revenue, net of current portion* on our Consolidated Balance Sheets.

Debt Issuance Costs

Costs incurred in connection with the issuance of long-term debt are deferred and amortized as interest expense over the terms of the related debt using the effective interest method for term debt and on a straight-line basis for revolving debt. Debt issuance costs are generally presented on our Consolidated Balance Sheets as a direct deduction from the carrying amount of the outstanding borrowings, consistent with debt discounts. However, the Company classifies the debt issuance costs related to its first lien revolving credit facility within *Deferred costs and other assets, net of current portion* on our Consolidated Balance Sheets regardless of whether the Company has any outstanding borrowings on our first lien revolving credit facility. Upon a refinancing or amendment, the Company evaluates the modified debt instrument in accordance with ASC 470-50-40-10. When the present value of the cash flows under the modified debt instrument has changed by greater than 10 percent from the present value of the remaining cash flows under the terms of the original debt instrument, the Company accounts for the amendment as a debt extinguishment and all previously-capitalized debt issuance costs are expensed and included in *Loss on debt modification and extinguishment*. If the change in the present value of cash flows is less than 10 percent, any previously-capitalized debt issuance costs are amortized as interest expense over the term of the new debt instrument. The Company performs assessments of debt modifications at a lender-specific level for all syndicated financing arrangements.

Note 1 - Business, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

Tax Receivable Agreements

In connection with our initial public offering, we entered into two Tax Receivable Agreements ("TRA" or "TRAs") with certain non-controlling interest owners (the "TRA Holders"). The TRAs generally provide for payment by the Company to the TRA Holders of 85% of the net cash savings, if any, in U.S. federal, state and local income tax or franchise tax that the Company actually realizes or is deemed to realize in certain circumstances. The Company will retain the benefit of the remaining 15% of these net cash savings.

We account for amounts payable under the TRA in accordance with ASC Topic 450, *Contingencies*. Amounts payable under the TRA are accrued by a charge to income when it is probable that a liability has been incurred and the amount is estimable. TRA related liabilities are classified as current or noncurrent based on the expected date of payment and are included on our Consolidated Balance Sheets under the captions *Current portion of tax receivable agreements liability* and *Tax receivable agreements liability, net of current portion,* respectively. Subsequent changes to the measurement of the TRA liability are recognized on our Consolidated Statements of Operations as a component of *Other income, net*. Refer to Note 13 - Tax Receivable Agreements for further details on the TRA liability.

Income Taxes

The Company recognizes deferred tax assets and liabilities based on temporary differences between the financial statement and tax basis of assets and liabilities. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax law is recognized in the Consolidated Statements of Operations in the period that includes the enactment date.

The need for valuation allowances is regularly evaluated for deferred tax assets for which future realization is uncertain. In assessing the realizability of deferred tax assets, we consider both positive and negative evidence, including scheduled reversals of deferred tax assets and liabilities, projected future taxable income, tax planning strategies and results of recent operations. If, based on the weight of available evidence, it is more likely than not that the deferred tax assets will not be realized, a valuation allowance is recorded.

The Company recognizes the tax benefit of an uncertain tax position only if it is more likely than not that the position is sustainable upon examination by the taxing authority, solely based on its technical merits. The tax benefit recognized is measured as the largest amount of benefit which is greater than 50 percent likely to be realized upon settlement with the taxing authority. The Company recognizes interest accrued and penalties related to unrecognized tax benefits within *Provision for income taxes* on the Consolidated Statements of Operations.

Equity-Based Compensation Expense

The Company periodically grants incentive awards to employees and non-employees, which generally vest over periods of up to four years. Incentive awards may be in the form of various equity-based awards such as restricted stock and restricted stock units, and common stock options.

Compensation expense for incentive awards is measured at the estimated fair value of the incentive units and is included as compensation expense over the vesting period during which an employee provides service in exchange for the award. Compensation expense for performance-based restricted stock units is measured at the estimated fair value of the units and is recognized using the accelerated attribution method over the service period when it is probable that the performance condition will be satisfied. Compensation expense for market-based restricted stock units is measured at the estimated fair value using a Monte Carlo simulation model, which requires the use of various assumptions, including the stock price volatility and risk-free interest rate as of the valuation date corresponding to the length of time remaining in the performance period. This expense is recognized using the accelerated attribution method over the service period and is not reversed if the market condition is not met.

Note 1 - Business, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

The Company uses a Black-Scholes option pricing model to determine the fair value of stock options and profits interests, as profits interests have certain economic similarities to options. The Black-Scholes option pricing model includes various assumptions, including the expected term of incentive units, the expected volatility, and the expected risk-free interest rate. These assumptions reflect the Company's best estimates, but they involve inherent uncertainties based on market conditions generally outside the control of the Company. As a result, if other assumptions are used, compensation cost could differ.

Compensation expense related to the Company's Employee Stock Purchase Plan is measured at the estimated fair value using the Black-Scholes option pricing model using the estimated number of awards as of the beginning of the offering period.

The Company measures employee, non-employee, and board of director equity-based compensation on the grant date fair value basis. Equity-based compensation expense is recognized over the requisite service period of the awards. For equity awards that have a performance condition, the Company recognizes compensation expense based on its assessment of the probability that the performance condition will be achieved. The Company has elected to account for forfeitures as they occur.

The Company classifies equity-based compensation expense on our Consolidated Statements of Operations in the same manner in which the award recipient's salary and related costs are classified or in which the award recipient's service payments are classified.

Share Repurchase Program

In March 2023, the Board authorized a program to repurchase the Company's common stock (the "Share Repurchase Program"). The total authorizations in 2023 and 2024 were $600.0 million and $500.0 million, respectively, of which $157.2 million remained available and authorized for repurchases as of September 30, 2024. Shares of common stock may be repurchased under the Share Repurchase Program from time to time through open market purchases, block trades, private transactions or accelerated or other structured share repurchase programs. The extent to which the Company repurchases shares of common stock, and the timing of such purchases, will depend upon a variety of factors, including market conditions, regulatory requirements and other corporate considerations, as determined by the Company. The Share Repurchase Program may be suspended or discontinued at any time.

During the three months ended September 30, 2024, the Company repurchased and subsequently retired 24,478,696 shares of common stock at an average price of $9.89, for an aggregate $242.1 million. During the nine months ended September 30, 2024, the Company repurchased and subsequently retired 44,901,742 shares of common stock at an average price of $12.08, for an aggregate $542.6 million.

In August 2024, the Company entered into an accelerated share repurchase agreement (the "ASR Transaction") with a financial institution. The Company settled the ASR Transaction in September 2024 resulting in a total repurchase and subsequent retirement of 12,431,216 shares of the Company's common stock for $125.0 million at an average price of $10.06 per share, recorded as a reduction of *Additional paid-in capital*. The total number of shares delivered was determined at the settlement date based on the volume weighed average price, less an agreed upon discount. The ASR Transaction was completed under the Company's previously announced Share Repurchase Program.

During the three months ended September 30, 2023, the Company repurchased and subsequently retired 8,800,000 shares of common stock at an average price of $18.19, for an aggregate $160.1 million. During the nine months ended September 30, 2023, the Company repurchased and subsequently retired 12,705,412 shares of common stock at an average price of $19.44, for an aggregate $247.0 million.

Note 1 - Business, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

The Inflation Reduction Act of 2022, enacted into law on August 16, 2022, imposed a nondeductible 1% excise tax on the net value of certain stock repurchases made after December 31, 2022. The Company calculates excise tax due based on the year-to-date amount repurchased in excess of the fair market value of shares issued and is included within *Accrued expenses and other current liabilities* on our Consolidated Balance Sheets. During the nine months ended September 30, 2024 and 2023, the Company recorded the associated excise taxes of $5.0 million and $2.0 million, respectively. Excise taxes associated with these share repurchases are presented within *Repurchase of common stock* on our Consolidated Statements of Changes in Stockholders' Equity, as a reduction to *Additional paid-in capital*.

Recent Accounting Pronouncements

Recently Issued Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The amendments in this ASU are intended to increase transparency through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. This standard is effective for annual periods beginning after December 15, 2024 (i.e., a January 1, 2025 effective date), with early adoption permitted. The Company is currently evaluating the disclosure impacts of ASU 2023-09 on its consolidated financial statements as well as the impacts to its financial reporting process and related internal controls.

In October 2023, the FASB issued ASU 2023-06, *Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative*. The amendments in this ASU incorporate into the FASB's ASC certain SEC disclosure requirements that were referred to the FASB and overlap with, but require incremental information to, U.S. GAAP. The effective date for each amendment will be the date on which the SEC's removal of that related disclosure from Regulation S-X or Regulation S-K becomes effective, with early adoption prohibited, and applied prospectively. If by June 30, 2027, the SEC has not removed the applicable requirement from Regulation S-X or Regulation S-K, the pending content of the related amendment will be removed from FASB's ASC and will not become effective for any entity. The Company does not expect this ASU to have a material impact on its consolidated financial statements.

Recently Adopted Accounting Pronouncements

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. The amendments in this ASU are intended to improve reportable segment disclosure primarily through enhanced disclosures about significant segment expenses. This standard is effective for fiscal years beginning after December 15, 2023 (i.e., a January 1, 2024 effective date), and interim periods within fiscal years beginning after December 15, 2024 (i.e., the first quarter of 2025). The amendments in this ASU should be applied retrospectively to all prior periods presented in the financial statements. Early adoption is permitted. The Company adopted this standard beginning in 2024 and expects to provide incremental qualitative segment-related disclosures beginning with the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2024. However, there was no impact to the consolidated financial statements upon adoption.

Note 2 - Revenue from Contracts with Customers

Revenue comprised the following service offerings:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**2024**	**2023**	**2024**	**2023**
Subscription[1]	$ 300.4	$ 309.8	$ 895.0	$ 912.8
Usage-based	2.6	2.6	7.7	7.3
Other	0.6	1.4	2.5	3.0
Total revenue	$ 303.6	$ 313.8	$ 905.2	$ 923.1

(1) The nine months ended September 30, 2024 include a $15.3 million reduction associated with the change in accounting estimate.

Go-To-Market business intelligence tools are subscription services that allow customers access to our SaaS tools to support sales and marketing processes, which include data, analytics, and insights to provide accurate and comprehensive intelligence on organizations and professionals. Our customers use our platform to identify target customers and decision makers, obtain continually updated predictive lead and company scoring, monitor buying signals and other attributes of target companies, craft messages, engage via automated sales tools, and track progress through the deal cycle.

Usage-based revenue is comprised largely of email verification and facilitation of online advertisements, which are charged to our customers on a per unit basis based on their usage. We regularly observe that customers integrate our usage-based services into their internal workflows and use our services on an ongoing basis. We recognize usage-based revenue at the point in time the services are consumed by the customer, thereby satisfying our performance obligation.

Other revenue is comprised largely of implementation and professional services fees. We recognize other revenue as services are delivered.

Of the total revenue recognized in the three and nine months ended September 30, 2024, $59.2 million and $407.2 million, respectively, were included in the unearned revenue balance as of December 31, 2023. Of the total revenue recognized in the three and nine months ended September 30, 2023, $59.1 million and $375.8 million, respectively, were included in the unearned revenue balance as of December 31, 2022. Revenue recognized from performance obligations satisfied (or partially satisfied) in previous periods was not material.

Revenues derived from customers and partners located outside the United States, as determined based on the address provided by our customers and partners, accounted for approximately 12% and 13% of our total revenues for the three months ended September 30, 2024 and 2023, respectively. Revenues derived from customers and partners located outside the United States, as determined based on the address provided by our customers and partners, accounted for approximately 12% and 13% of our total revenues for the nine months ended September 30, 2024 and 2023, respectively. Contracts denominated in currencies other than U.S. Dollar were not material for the three and nine months ended September 30, 2024 and 2023.

Contract Assets and Unearned Revenue

The Company's standard billing terms typically require payment at the beginning of each annual, semi-annual, or quarterly period. Subscription revenue is generally recognized ratably over the contract term starting with when our service is made available to the customer. Usage-based revenue is recognized in the period services are utilized by our customers. The amount of revenue recognized reflects the consideration the Company expects to be entitled to receive in exchange for these services.

Note 2 - Revenue from Contracts with Customers (continued)

The Company records a contract asset when revenue recognized on a contract exceeds the billings to date for that contract. Unearned revenue results from cash received or amounts billed to customers in advance of revenue recognized upon the satisfaction of performance obligations. The unearned revenue balance is influenced by several factors, including seasonality, the compounding effects of renewals, invoice duration, invoice timing, dollar size, and new business timing within the quarter. The unearned revenue balance does not represent the total contract value of annual or multi-year, non-cancelable subscription agreements.

As of September 30, 2024 and December 31, 2023, the Company had contract assets of $5.8 million and $5.9 million, respectively, which are recorded within *Prepaid expenses and other current assets* on our Consolidated Balance Sheets. As of September 30, 2024 and December 31, 2023, the Company had unearned revenue of $419.2 million and $441.9 million, respectively.

ASC 606 requires the allocation of the transaction price to the remaining performance obligations of a contract. Transaction price allocated to remaining performance obligations represents contracted revenue that has not yet been recognized, which includes unearned revenue and unbilled amounts that will be recognized as revenue in future periods. Transaction price allocated to remaining performance obligations is influenced by several factors, including seasonality, the timing of renewals, and disparate contract terms. Revenue allocated to remaining performance obligations represents contracted revenue that has not yet been recognized, which includes unearned revenue and backlog. The Company's backlog represents installment billings for periods beyond the current billing cycle. The majority of the Company's noncurrent remaining performance obligations will be recognized in the next 13 to 36 months.

The remaining performance obligations consisted of the following:

(in millions)	Recognized within one year	Noncurrent	Total
As of September 30, 2024	$ 780.1	$ 268.0	$ 1,048.1
As of December 31, 2023	856.4	296.5	1,152.9

Note 3 - Cash, Cash Equivalents, and Short-term Investments

Cash and cash equivalents consisted of the following as of September 30, 2024:

(in millions)	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Cash	$ 144.8	$ —	$ —	$ 144.8
Cash equivalents:				
Certificates of deposit	$ 1.9	$ —	$ —	$ 1.9
Money market mutual funds	1.0	—	—	1.0
Total cash equivalents	$ 2.9	$ —	$ —	$ 2.9
Total cash and cash equivalents	$ 147.7	$ —	$ —	$ 147.7

Note 3 - Cash, Cash Equivalents, and Short-term Investments (continued)

Cash, cash equivalents, and short-term investments consisted of the following as of December 31, 2023:

(in millions)	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Cash	$ 201.9	$ —	$ —	$ 201.9
Cash equivalents:				
Money market mutual funds	$ 245.2	$ —	$ —	$ 245.2
Total cash equivalents	$ 245.2	$ —	$ —	$ 245.2
Total cash and cash equivalents	$ 447.1	$ —	$ —	$ 447.1
Short-term investments:				
Corporate debt securities	$ 37.4	$ —	$ —	$ 37.4
Securities guaranteed by U.S. government	26.7	—	—	26.7
Other government securities	18.1	—	—	18.1
Total short-term investments	$ 82.2	$ —	$ —	$ 82.2
Total cash, cash equivalents, and short-term investments	$ 529.3	$ —	$ —	$ 529.3

Refer to Note 8 - Fair Value for further information regarding the fair value of our financial instruments.

Gross unrealized losses on our available-for sale securities were immaterial at September 30, 2024 and December 31, 2023.

The following table summarizes the cost and estimated fair value of the securities classified as short-term investments based on stated effective maturities as of September 30, 2024 and December 31, 2023:

	September 30, 2024		December 31, 2023	
(in millions)	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due within one year	$ —	$ —	$ 82.2	$ 82.2
Total	$ —	$ —	$ 82.2	$ 82.2

Note 4 - Property and Equipment

The Company's property and equipment consist of the following:

(in millions)	September 30, 2024	December 31, 2023
Computer equipment	$ 14.0	$ 17.1
Furniture and fixtures	4.1	3.7
Leasehold improvements	37.5	13.1
Internal use developed software	112.1	84.0
Construction in progress	8.6	7.8
Property and equipment, gross	$ 176.3	$ 125.7
Less: accumulated depreciation	(76.8)	(60.6)
Property and equipment, net	$ 99.5	$ 65.1

Note 4 - Property and Equipment (continued)

Depreciation expense was $7.4 million and $4.9 million for the three months ended September 30, 2024 and 2023, respectively. Depreciation expense was $18.4 million and $14.5 million for the nine months ended September 30, 2024 and 2023, respectively. Depreciation expense for the three and nine months ended September 30, 2024 includes $1.1 million of accelerated depreciation associated with the Waltham Lease Restructuring (refer to Note 11 - Leases for further information).

Note 5 - Goodwill and Acquired Intangible Assets

Intangible assets, other than goodwill, consisted of the following as of September 30, 2024 and December 31, 2023, respectively:

(in millions)	Gross Carrying Amount	Accumulated Amortization	Net	Weighted Average Amortization Period in Years
Intangible assets subject to amortization:				
Customer relationships	$ 288.1	$ (127.9)	$ 160.2	14.5
Acquired technology	331.3	(237.1)	94.2	6.3
Brand portfolio	11.5	(8.1)	3.4	7.8
Total intangible assets subject to amortization	$ 630.9	$ (373.1)	$ 257.8	
Intangible assets not subject to amortization				
Pre-Acquisition ZI brand portfolio	$ 33.0	$ —	$ 33.0	
Total intangible assets not subject to amortization	$ 33.0	$ —	$ 33.0	
Total intangible assets	$ 663.9	$ (373.1)	$ 290.8	

(in millions)	Gross Carrying Amount	Accumulated Amortization	Net	Weighted Average Amortization Period in Years
Intangible assets subject to amortization:				
Customer relationships	$ 287.6	$ (112.5)	$ 175.1	14.5
Acquired technology	330.8	(208.4)	122.4	6.3
Brand portfolio	11.5	(7.4)	4.1	7.9
Total intangible assets subject to amortization	$ 629.9	$ (328.3)	$ 301.6	
Intangible assets not subject to amortization:				
Pre-Acquisition ZI brand portfolio	$ 33.0	$ —	$ 33.0	
Total intangible assets not subject to amortization	$ 33.0	$ —	$ 33.0	
Total intangible assets	$ 662.9	$ (328.3)	$ 334.6	

Note 5 - Goodwill and Acquired Intangible Assets (continued)

Amortization expense was $15.0 million and $14.9 million for the three months ended September 30, 2024 and 2023, respectively. Amortization expense was $44.9 million and $46.0 million for the nine months ended September 30, 2024 and 2023, respectively.

Goodwill was $1,692.7 million as of September 30, 2024 and December 31, 2023.

There were no events or circumstances indicating that goodwill might be impaired as of September 30, 2024.

Note 6 - Financing Arrangements

As of September 30, 2024 and December 31, 2023, the carrying values of the Company's borrowings were as follows (in millions):

Instrument	Date of Issuance	Maturity Date	Elected Interest Rate	September 30, 2024	December 31, 2023
First Lien Term Loan	February 1, 2019	February 28, 2030	SOFR + 1.75%	$ 586.0	$ 590.7
First Lien Revolver	February 1, 2019	February 28, 2028	SOFR + 2.10%	—	—
Senior Notes	February 2, 2021	February 1, 2029	3.875%	642.8	641.7
Total debt				$ 1,228.8	$ 1,232.4
Less: current portion				(5.9)	(6.0)
Total Long-term debt, net of current portion				$ 1,222.9	$ 1,226.4

First Lien Credit Agreement

Performance of obligations under the First Lien Credit Agreement is secured by substantially all the productive assets of the Company. The First Lien Credit Agreement contains a number of covenants that restrict, subject to certain exceptions, the Company's ability to, among other things:

- Incur additional indebtedness;
- Create or incur liens;
- Engage in certain fundamental changes, including mergers or consolidations;
- Sell or transfer assets;
- Pay dividends and distributions on our subsidiaries' capital stock;
- Make acquisitions, investments, loans or advances;
- Engage in certain transactions with affiliates; and
- Enter into negative pledge clauses and clauses restricting subsidiary distributions.

If the Company draws more than $87.5 million of the revolving credit loan, the revolving credit loan is subject to a springing financial covenant pursuant to which the consolidated first lien net leverage ratio must not exceed 5.00 to 1.00. The credit agreements also contain certain customary affirmative covenants and events of default, including a change of control. If an event of default occurs, the lenders under the credit agreements will be entitled to take various actions, including the acceleration of amounts due under the credit agreements and all actions permitted to be taken by a secured creditor.

Note 6 - Financing Arrangements (continued)

First Lien Term Loan

In June 2024, we entered into an amendment to our existing First Lien Credit Agreement (the "Seventh Amendment"), pursuant to which the Company completed a repricing of its First Lien Term Loan Facility, which decreased the applicable rate for Base Rate loans from 1.25% to 0.75% and SOFR based loans from 2.25% to 1.75%. The Company recognized an immaterial loss in connection with the repricing during the nine months ended September 30, 2024 within *Loss on debt modification and extinguishment* on the Consolidated Statements of Operations. Under the terms of the Seventh Amendment, the Company is obligated to make principal payments in the amount of 0.25% of the aggregate outstanding amount as of the latest amendment.

In December 2023, we entered into an amendment to our existing First Lien Credit Agreement (the "Sixth Amendment"), pursuant to which the Company completed a repricing of its First Lien Term Loan Facility, which decreased the applicable rate for Base Rate loans from 1.75% to 1.25% and SOFR based loans from 2.85% to 2.25%, and included the removal of the 0.1% credit spread adjustment.

In February 2023, we entered into an amendment to our existing First Lien Credit Agreement (the "Fifth Amendment"), pursuant to which the Company completed a repricing of its First Lien Term Loan Facility, which provided for an extension of the maturity date to February 28, 2030. The first lien term debt had a variable interest rate whereby the Company can elect to use a Base Rate or SOFR plus an applicable rate. Pursuant to the Fifth Amendment, the applicable rate decreased for Base Rate loans from 2.00% to 1.75% and from 3.10% to 2.85% for SOFR based loans.

The Company recognized an immaterial loss in connection with the repricing in the fiscal year ending December 31, 2023 within *Loss on debt modification and extinguishment* on the Consolidated Statements of Operations.

The effective interest rate on the first lien debt was 7.24% and 7.83% as of September 30, 2024 and December 31, 2023, respectively.

First Lien Revolving Credit Facility

Pursuant to the Fifth Amendment, the Company also extended the maturity date of $213.0 million of our $250.0 million existing commitments of the first lien revolving credit facility to February 28, 2028. Pursuant to the Sixth Amendment, $26.0 million of the non-extended commitments were extended to February 28, 2028. With respect to the $11.0 million commitments which were not extended, the maturity date is November 2, 2025. Debt issuance costs were incurred in connection with the repricing of the revolving credit facility. These debt issuance costs are amortized into interest expense over the expected life of the arrangement. Unamortized debt issuance costs are immaterial and included in *Deferred costs and other assets, net of current portion* on our Consolidated Balance Sheets.

The first lien revolving debt has a variable interest rate whereby the Company can elect to use a Base Rate or SOFR, plus an applicable rate. The applicable margin is 1.00% to 1.25% for Base Rate loans. The applicable margin for SOFR loans is 2.10% to 2.35%, which includes the credit spread adjustment of 0.1%, depending on the Company's Consolidated First Lien Net Leverage Ratio.

Note 7 - Derivatives and Hedging Activities

Interest Rate Hedges

We are exposed to risks from changes in interest rates related to the first lien term loan (See Note 6 - Financing Arrangements). The Company uses derivative financial instruments, specifically, interest rate swap contracts, in order to manage its exposure to interest rate movements. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. Our primary objective in holding derivatives is to reduce the volatility of cash flows associated with changes in interest rates. The Company does not enter into derivative transactions for speculative or trading purposes.

During the second quarter of 2024, the Company's interest rate cap contract matured. As of September 30, 2024, the Company had the following outstanding interest rate derivatives that were designated as cash flow hedges of interest rate risk (in millions):

Interest Rate Derivatives (Level 2)	Number of Instruments	Notional Aggregate Principal Amount	Interest Swap Rate	Maturity Date
Interest rate swap contracts	Two	500.0	0.370 %	January 30, 2026

The derivative interest rate swaps are designated and qualify as cash flow hedges. Consequently, the change in the estimated fair value of the effective portion of the derivative is recognized in *Accumulated other comprehensive income* on our Consolidated Balance Sheets and reclassified to *Interest expense, net*, when the underlying transaction has an impact on earnings. The Company expects to recognize approximately $17.0 million of net pre-tax gains from accumulated other comprehensive income as a reduction of interest expense in the next twelve months associated with its interest rate swap.

Refer to the Company's Consolidated Statements of Comprehensive Income (Loss) for amounts reclassified from *Accumulated other comprehensive income* into earnings related to the Company's derivative instruments designated as cash flow hedging instruments for each of the reporting periods.

Foreign Currency Hedges

We are exposed to changes in currency exchange rates, primarily relating to changes in the Israeli Shekel. Consequently, from time to time, we may use foreign exchange forward contracts or other financial instruments to manage our exposure to foreign exchange rate movements. Our primary objective in holding derivatives is to reduce the volatility of cash flows associated with changes in foreign exchange rates. We do not enter into derivative transactions for speculative or trading purposes.

In the second quarter of 2024, the Company engaged in foreign currency forward contract activities. For the three and nine months ended September 30, 2024, we have settled forward currency contracts with a cumulative notional amount of $11.9 million and $20.5 million respectively. These transactions resulted in an immaterial gain due to favorable changes in the foreign currency. At September 30, 2024, our derivative financial instruments consisted of foreign currency forward contracts with a total notional value of $11.4 million with maturities extending to December 2024.

The derivative foreign currency forward contracts are designated and qualify as cash flow hedges. Consequently, the change in the estimated fair value of the effective portion of the derivative is recognized in *Accumulated other comprehensive income* on our Consolidated Balance Sheets and reclassified to revenue or operating expenses depending on the nature of the underlying transaction, when the underlying transaction has an impact on earnings. Impacts on *Cash and cash equivalents* are presented as operating cash flows on our Consolidated Statements of Cash Flows in the period contracts are settled.

Note 7 - Derivatives and Hedging Activities (continued)

The following table summarizes the fair value and presentation on our Consolidated Balance Sheets for derivatives as of September 30, 2024 and December 31, 2023 (in millions):

	September 30, 2024		December 31, 2023	
Instrument	**Derivative Assets**	**Derivative Liabilities**	**Derivative Assets**	**Derivative Liabilities**
Derivatives designated as hedging instruments:				
Interest rate cap contract[1]	$ —	$ —	$ 0.6	$ —
Interest rate swap contracts[1]	17.1	—	21.2	—
Interest rate swap contracts[2]	4.4	—	15.0	—
Foreign currency forward contracts[3]	—	0.1	—	—
Total designated derivative fair value	$ 21.5	$ 0.1	$ 36.8	$ —

(1) Included in *Prepaid expenses and other current assets* on our Consolidated Balance Sheets.
(2) Included in *Deferred costs and other assets, net of current portion* on our Consolidated Balance Sheets.
(3) Included in *Accrued expenses and other current liabilities* on our Consolidated Balance Sheets.

Refer to the Company's Consolidated Statements of Comprehensive Income (Loss) for amounts reclassified from *Accumulated other comprehensive income* into earnings related to the Company's derivative instruments designated as cash flow hedging instruments for each of the reporting periods.

Note 8 - Fair Value

The Company's financial instruments consist principally of cash and cash equivalents, short-term investments, prepaid expenses and other current assets, accounts receivable, and accounts payable, accrued expenses, and long-term debt. The carrying value of cash and cash equivalents, prepaid expenses and other current assets, accounts receivable, accounts payable, and accrued expenses approximate fair value, primarily due to short maturities. We classify our money market mutual funds as Level 1 within the fair value hierarchy. We classify our corporate debt securities, securities guaranteed by the U.S. government, certificates of deposits, and other governmental securities as Level 2 within the fair value hierarchy. The fair value of our first term lien debt and Senior Notes was $582.2 million and $599.6 million as of September 30, 2024, and $595.5 million and $588.3 million as of December 31, 2023, respectively, based on observable market prices in less active markets and categorized as Level 2 within the fair value measurement framework.

The Company has elected to use the income approach to value the interest rate derivatives using observable Level 2 market expectations at measurement date and standard valuation techniques to convert future amounts to a single present amount (discounted) reflecting current market expectations about those future amounts. Level 2 inputs for the derivative valuations are limited to quoted prices for similar assets or liabilities in active markets (specifically futures contracts) and inputs other than quoted prices that are observable for the asset or liability (specifically SOFR cash and swap rates, implied volatility for options, caps and floors, basis swap adjustments, overnight indexed swap ("OIS") short term rates and OIS swap rates, when applicable, and credit risk at commonly quoted intervals). Mid-market pricing is used as a practical expedient for most fair value measurements. Key inputs, including the cash rates for very short-term, futures rates and swap rates beyond the derivative maturity, are interpolated to provide spot rates at resets specified by each derivative (reset rates are then further adjusted by the basis swap, if necessary). Derivatives are discounted to present value at the measurement date at SOFR rates unless they are fully collateralized. Fully collateralized derivatives are discounted to present value at the measurement date at OIS rates (short-term OIS rates and long-term OIS swap rates).

Inputs are collected from SuperDerivatives, an independent third-party derivative pricing data provider, as of the close on the last day of the period. The valuation of the interest rate swaps also take into consideration estimates of our own, as well as our counterparty's, risk of non-performance under the contract.

Note 8 - Fair Value (continued)

We estimate the value of other long-lived assets that are recorded at fair value on a non-recurring basis based on a market valuation approach. We use prices and other relevant information generated primarily by recent market transactions involving similar or comparable assets, as well as our historical experience in divestitures, acquisitions and real estate transactions. Additionally, we may use a cost valuation approach to value long-lived assets when a market valuation approach is unavailable. Under this approach, we determine the cost to replace the service capacity of an asset, adjusted for physical and economic obsolescence. When available, we use valuation inputs from independent valuation experts, such as real estate appraisers and brokers, to corroborate our estimates of fair value. Real estate appraisers' and brokers' valuations are typically developed using one or more valuation techniques including market, income, and replacement cost approaches. Because these valuations contain unobservable inputs, we classify the measurement of fair value of long-lived assets as Level 3.

The fair value of our financial assets (liabilities) was determined using the following inputs (in millions):

Fair Value at September 30, 2024	Level 1	Level 2	Level 3
Measured on a recurring basis:			
Assets:			
Cash equivalents:			
Certificates of deposit	$ 1.9	$ —	—
Money market mutual funds	1.0	—	—
Prepaid expenses and other current assets:			
Interest rate swap contracts	$ —	$ 17.1	$ —
Deferred costs and other assets, net of current portion:			
Interest rate swap contracts	$ —	$ 4.4	$ —
Total assets	$ 2.9	$ 21.5	$ —
Liabilities:			
Accrued expenses and other current liabilities:			
Foreign currency forward contracts	$ —	$ (0.1)	$ —
Total liabilities	$ —	$ (0.1)	$ —
Measured on a non-recurring basis:			
Impaired lease-related assets	$ —	$ —	$ 26.6
Total	$ —	$ —	$ 26.6

Note 8 - Fair Value (continued)

Fair Value at December 31, 2023	Level 1	Level 2	Level 3
Measured on a recurring basis:			
Assets:			
Cash equivalents:			
Money market mutual funds	$ 245.2	$ —	$ —
Short-term investments:			
Corporate debt securities	$ —	$ 37.4	$ —
Securities guaranteed by U.S. government	—	26.7	—
Other governmental securities	—	18.1	—
Prepaid expenses and other current assets:			
Interest rate cap contract	$ —	$ 0.6	$ —
Interest rate swap contracts	—	21.2	—
Deferred costs and other assets, net of current portion			
Interest rate swap contracts	$ —	$ 15.0	$ —
Total assets	$ 245.2	$ 119.0	$ —
Measured on a non-recurring basis:			
Impaired lease-related assets	$ —	$ —	$ 13.6
Total	$ —	$ —	$ 13.6

There were no transfers between fair value measurements levels during the nine months ended September 30, 2024.

Refer to Note 3 - Cash, Cash Equivalents, and Short-term Investments for further information regarding the fair value of our financial instruments. Refer to Note 7 - Derivatives and Hedging Activities for further information regarding the fair value of our derivative instruments.

Note 9 - Commitments and Contingencies

Non-cancelable purchase obligations

As of September 30, 2024, we had additional outstanding non-cancelable purchase obligations of $77.1 million over the corresponding amount disclosed in the audited financial statements in our 2023 Form 10-K, mainly related to third-party cloud hosting and software as a service arrangements. For information regarding financing-related obligations, refer to Note 6 - Financing Arrangements. For information regarding lease-related obligations, refer to Note 11 - Leases.

Contingent earnout payments

In connection with the acquisition of Dogpatch Advisors, LLC in April 2022, the Company could be required to issue remaining equity awards up to $0.6 million. As of September 30, 2024, the Company has paid $1.9 million. Refer to Note 4 - Business Combinations in our 2023 Form 10-K for additional information.

Deferred acquisition-related payments

In connection with the acquisition of Insent, the Company paid $2.0 million during the nine months ended September 30, 2024, of which $0.7 million represents deferred consideration. Refer to Note 4 - Business Combinations in our 2023 Form 10-K for additional information.

Note 9 - Commitments and Contingencies (continued)

Legal matters

We are subject to various legal proceedings, claims, and governmental inspections, audits, or investigations that arise in the ordinary course of our business. There are inherent uncertainties in these matters, some of which are beyond management's control, making the ultimate outcomes difficult to predict. Moreover, management's views and estimates related to these matters may change in the future, as new events and circumstances arise and the matters continue to develop. Based on the information known by the Company as of the date of this filing, except where otherwise indicated, it is not possible to provide an estimated amount of any loss or range of loss that may occur with respect to these matters, including without limitation the matters described below.

On April 15, 2021, a putative class action lawsuit was filed against ZoomInfo Technologies LLC in the United States District Court for the Northern District of Illinois (Eastern Division) alleging ZoomInfo's use of Illinois residents' names in public-facing web pages violates the Illinois Right of Publicity Act, and seeking statutory, compensatory and punitive damages, costs, and attorneys' fees. Additionally, on September 30, 2021, a putative class action lawsuit was filed against ZoomInfo Technologies Inc. in the United States District Court for the Western District of Washington alleging ZoomInfo's use of California residents' names in public-facing web pages violates California statutory and common law regarding the right of publicity as well as misappropriation, and seeking compensatory and punitive damages, restitution, injunctive relief, declaratory relief, costs, and attorneys' fees. In June 2024, the Illinois District Court preliminarily approved a settlement agreement between ZoomInfo and the plaintiffs in the Illinois class action that, if granted final approval, will resolve the Illinois class action, the California class action and similar, unfiled claims in the states of Indiana and Nevada (the "Class Actions"). Under the terms of settlement, ZoomInfo has agreed to pay approximately $29.5 million, equal to 3% of the statutory damages for each eligible class member in the affected states. The Company had 30 days after the preliminary approval to move the settlement amount into an escrow account, which occurred during the third quarter of 2024. Upon final approval, the settlement would release all claims by any class member against ZoomInfo based on the alleged use of such class member's identity, persona, name, image, likeness, or personal information for any commercial purpose without consent, including any claims alleging a violation of any right of publicity law. The settlement is not an admission of fault or wrongdoing by ZoomInfo. However, it believes that a resolution of these claims at this time is in the best interest of the Company given the costs and risks inherent in litigation. The Company recorded a benefit associated with legal costs of $0.2 million during the three months ended September 30, 2024. During the nine months ended September 30, 2024, the Company incurred charges $30.0 million, which includes both the settlement amount and other legal costs, all of which has been paid as of September 30, 2024.

On February 10, 2023, a putative class action lawsuit was filed against Datanyze, LLC, one of the Company's subsidiaries, in the Circuit Court of Cook County, Illinois alleging Datanyze's use of Illinois residents' names in a free trial violates the Illinois Right of Publicity Act, and seeking statutory, compensatory and punitive damages, costs, and attorneys' fees. The case is pending in the United States District Court for the Northern District of Illinois (Eastern Division). The Company intends to vigorously defend against this lawsuit.

On March 8, 2023, a putative class action lawsuit was filed against Datanyze, LLC in the United States District Court for the Northern District of Ohio alleging Datanyze's use of Ohio residents' names in a free trial violates the Ohio Right of Publicity Statute, and seeking statutory damages, costs, and attorneys' fees. On November 17, 2023, the court dismissed the plaintiffs' claims with prejudice, and the plaintiffs have since appealed the dismissal. The Company intends to continue to vigorously defend against this lawsuit.

On September 4, 2024, a putative class action lawsuit was filed against ZoomInfo Technologies Inc. and certain of its current and former officers and affiliates in the U.S. District Court for the Western District of Washington. The suit, brought on behalf of purchasers of Company common stock between November 10, 2020, and August 5, 2024, alleges that the defendants made false and/or misleading statements related to the Company's business, operations, and prospects, including in respect of the effects of the COVID-19 pandemic on the Company's performance, in violation of §10(b) and §20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. The complaint seeks, among other relief, unspecified compensatory damages, equitable relief, and costs and expenses. The Company intends to vigorously defend against this lawsuit.

Note 9 - Commitments and Contingencies (continued)

On September 5, 2024, a putative class action lawsuit was filed against ZoomInfo Technologies LLC in the U.S. District Court for the Western District of Washington alleging ZoomInfo's use of individuals' names in public-facing web pages violates the Washington Personality Rights Act, and seeking statutory, compensatory and punitive damages, costs, and attorneys' fees. The Company intends to vigorously defend against this lawsuit.

Note 10 - Earnings Per Share

The following tables set forth the computation of basic and diluted net income per share of common stock:

	Three Months Ended September 30,	
(in millions, except shares and per share amounts)	**2024**	**2023**
Basic net income per share attributable to common stockholders		
Numerator:		
Net income	$ 23.8	$ 30.2
Denominator:		
Weighted average number of shares of common stock outstanding	354,940,772	396,852,350
Basic net income per share attributable to common stockholders	$ 0.07	$ 0.08
Diluted net income per share attributable to common stockholders		
Numerator:		
Allocation of undistributed earnings	$ 23.8	$ 30.2
Denominator:		
Number of shares used in basic computation	354,940,772	396,852,350
Add: weighted-average effect of dilutive securities exchangeable for common stock:		
Restricted stock awards	13,638	251,397
Employee Stock Purchase Plan	176,683	124,423
Weighted average shares of common stock outstanding used to calculate diluted net income per share	355,131,093	397,228,170
Diluted net income per share attributable to common stockholders	$ 0.07	$ 0.08

Note 10 - Earnings Per Share (continued)

(in millions, except shares and per share amounts)	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Basic net income per share attributable to common stockholders		
Numerator:		
Net income	$ 14.5	$ 112.8
Denominator:		
Weighted average number of shares of common stock outstanding	368,446,379	400,485,107
Basic net income per share attributable to common stockholders	$ 0.04	$ 0.28
Diluted net income per share attributable to common stockholders		
Numerator:		
Allocation of undistributed earnings	$ 14.5	$ 112.8
Denominator:		
Number of shares used in basic computation	368,446,379	400,485,107
Add: weighted-average effect of dilutive securities exchangeable for common stock:		
Restricted stock awards	83,995	345,694
Exercise of common stock options	—	31,992
Employee Stock Purchase Plan	179,936	158,627
Weighted average shares of common stock outstanding used to calculate diluted net income per share	368,710,310	401,021,420
Diluted net income per share attributable to common stockholders	$ 0.04	$ 0.28

In periods of loss, the number of shares used to calculate diluted net loss per share is the same as basic net loss per share. The following weighted-average potentially dilutive securities were evaluated under the treasury stock method for potentially dilutive effects and have been excluded from diluted net income per share in the periods presented due to their anti-dilutive effect:

	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Restricted stock units	15,207,584	12,762,335	15,381,553	13,359,864
Exercise of common stock options	248,956	6,544	150,791	—
Total anti-dilutive securities	15,456,540	12,768,879	15,532,344	13,359,864

Note 11 - Leases

The Company has operating leases for corporate offices under non-cancelable agreements with various expiration dates. Our leases do not have significant rent escalation, holidays, concessions, material residual value guarantees, material restrictive covenants, or contingent rent provisions. Our leases include both lease (e.g., fixed payments including rent, taxes, and insurance costs) and non-lease components (e.g., common-area or other maintenance costs) which are accounted for as a single lease component. In addition, we have elected the practical expedient to exclude short-term leases, which have an original lease term of one year or less, from our right-of-use assets and lease liabilities as well as the package of practical expedients relating to adoption of Topic 842.

Note 11 - Leases (continued)

The Company subleases two offices. The subleases have remaining lease terms of less than seven years. Sublease income, which is recorded as a reduction of rent expense and allocated to the appropriate financial statement line items to arrive at *Income from operations* on our Consolidated Statements of Operations, was immaterial for the three and nine months ended September 30, 2024 and 2023.

The following are additional details related to operating leases recorded on our Consolidated Balance Sheets as of September 30, 2024 and December 31, 2023:

(in millions)	September 30, 2024	December 31, 2023
Assets		
Operating lease right-of-use assets, net	$ 108.5	$ 80.7
Liabilities		
Current portion of operating lease liabilities	$ 11.4	$ 11.2
Operating lease liabilities, net of current portion	135.8	89.9
Total lease liabilities	$ 147.2	$ 101.1

Rent expense was $12.1 million, inclusive of $6.0 million related to the Waltham Lease Restructuring, and $4.5 million for the three months ended September 30, 2024 and 2023, respectively. Rent expense was $28.8 million, inclusive of $6.0 million related to the Waltham Lease Restructuring and $4.1 million accelerated amortization of right-of-use assets, and $12.1 million for the nine months ended September 30, 2024 and 2023, respectively.

Other information related to leases was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2024	2023	2024	2023
Supplemental Cash Flow Information				
Cash paid for amounts included in the measurement of operating lease liabilities	$ 49.0	$ 2.4	$ 58.4	$ 9.5
Cash received for tenant incentive reimbursement	1.5	—	2.4	—
Lease liabilities arising from obtaining right-of-use assets				
From new and existing lease agreements and modifications	$ 31.5	$ 16.0	$ 123.7	$ 25.8

	As of	
	September 30, 2024	December 31, 2023
Weighted average remaining lease term (in years)	12.8	10.3
Weighted average discount rate	7.5 %	6.2 %

Note 11 - Leases (continued)

The table below reconciles the undiscounted future minimum lease payments under non-cancelable leases to the total lease liabilities recognized as of September 30, 2024 (in millions):

Year Ending December 31,		Operating Leases
2024 (excluding nine months ended September 30, 2024)	$	(19.0)
2025		(0.5)
2026		22.2
2027		29.2
2028		30.8
Thereafter		307.8
Total future minimum lease payments	$	370.5
Less: Effects of discounting		223.3
Total lease liabilities	$	147.2

The table above does not include any legally binding minimum lease payments for leases signed but not yet commenced. Included in the undiscounted future minimum lease payments for the years ended December 31, 2024, 2025, and 2026 are future tenant improvement allowance reimbursements related to our Ra'anana, Israel and Vancouver, Washington leases.

Expense associated with short-term leases and variable lease costs were immaterial for the three and nine months ended September 30, 2024 and 2023. The expense related to short-term leases reasonably reflected our short-term lease commitments.

Undiscounted lease payments under all leases executed and not yet commenced are anticipated to be $72.6 million, of which $10.5 million relate to leases expected to commence in the three months ended December 31, 2024 and $62.1 million relate to leases expected to commence in 2025. These payments are not included in the tabular disclosure of undiscounted future minimum lease payments under non-cancelable leases above.

Recent Leasing Activity

Relating to our office space in Waltham, Massachusetts, the third and fourth phases of the lease commenced in April 2024 which, collectively, resulted in additional lease liabilities arising from obtaining right-of-use assets of $8.5 million. We recognized impairment charges of $4.3 million to reduce the carrying value of the associated right-of-use assets. Additionally, we recognized impairment charges of $4.8 million to reduce the carrying value of the right-of-use asset associated with the second phase of the lease. These charges were presented within *General and administrative* during the three and six months ended June 30, 2024 on the Consolidated Statements of Operations and relate to certain spaces which were intended to sublease. During the second quarter of 2024, the Company committed to the cease-use of all phases except for the first and second phases. As a result, we incurred lease abandonment charges of $4.1 million for the vacated spaces. These charges were allocated among the respective cost line items on the Consolidated Statements of Operations.

Note 11 - Leases (continued)

Subsequently, in July 2024, the Company executed an agreement to restructure its existing lease commitments ("Waltham Lease Restructuring"). Pursuant to the agreement, the Company made a payment of $59.1 million. In accordance with ASC 842, the Company remeasured its lease liabilities using the revised lease payments under the modified agreement, which included the $59.1 million, and reallocated the remaining minimum lease payments in the contract to the remaining lease components. This resulted in an increase in our operating lease right-of-use assets and, consequently, an increase in the future amortization of those assets. The reallocated portion of the minimum lease payments for the final phase, which has not yet commenced, of $13.1 million is recorded as a prepaid and presented within *Prepaid expenses and other current assets* on our Consolidated Balance Sheets. These charges will be recognized in rent expense over the remaining lease terms which range from December 31, 2024 to December 31, 2025. The Company also recorded a gain of $1.5 million as a result of the modification, which is presented within *General and administrative* on the Consolidated Statements of Operations during the three and nine months ended September 30, 2024. Additionally, the fifth phase of the lease commenced in the three months ended September 30, 2024, resulting in additional lease liabilities arising from obtaining right-of-use assets of $16.1 million.

Also in July 2024, the Company executed a new lease agreement for separate office space in Waltham, Massachusetts with the same landlord, with rent payments expected to commence in the fourth quarter of 2025. The lease will terminate on December 31, 2038. The lease is subject to fixed-rate rent escalations and provides for $7.6 million in tenant improvements and the option to extend the lease for two terms of five years each. The Company determined that it is the accounting owner of all tenant improvements. As the commencement of the lease is expected to occur in the future, the Company has not recorded an operating lease right-of-use asset or lease liability for this space as of September 30, 2024. Undiscounted lease payments are anticipated to be $62.1 million, and are not included in the tabular disclosure of undiscounted future minimum lease payments under non-cancelable leases above.

Relating to our new corporate headquarters in Vancouver, Washington, the sixth floor of the lease commenced in March 2024. The commencement of the floor resulted in additional lease liabilities arising from obtaining right-of-use assets of $27.5 million. The seventh, eighth, and ninth floors of the lease commenced in April, May, and June, respectively. The commencement of these floors resulted in additional lease liabilities arising from obtaining right-of-use assets of $59.2 million. The tenth floor and lobby of the lease commenced in September, resulting in additional lease liabilities arising from obtaining right-of-use assets of $15.4 million. As the commencement of the remaining space of this lease is expected to occur during the fourth quarter of 2024, the Company has not recorded operating lease right-of-use assets or lease liabilities for these floors as of September 30, 2024. During the three and nine months ended September 30, 2024, we recognized impairment charges of $8.7 million and $37.9 million, respectively, to reduce the carrying value of the right-of-use assets associated with certain spaces of the leased premises which were intended to sublease. These charges are presented within *General and administrative* on the Consolidated Statements of Operations.

Relating to our office space in Ra'anana, Israel, which commenced during the third quarter of 2023, we recognized additional impairment charges of $5.9 million during the nine months ended September 30, 2024 related to certain spaces of the leased premises which were intended to sublease. These charges are presented within *General and administrative* on the Consolidated Statements of Operations.

Note 12 - Equity-based Compensation

2020 Omnibus Incentive Plan - On May 26, 2020, the Board adopted the Omnibus Plan. The Omnibus Plan provides for potential grants of the following awards with respect to shares of the Company's common stock or securities valued by reference to, or otherwise determined by reference to or based on, shares of common stock: (i) incentive stock options qualified as such under U.S. federal income tax laws; (ii) non-qualified stock options or any other form of stock options; (iii) stock appreciation rights; (iv) restricted stock; (v) restricted stock units; (vi) interests in a limited liability company that is a subsidiary of the Company, and (vii) other equity-based and cash-based incentive awards as determined by the compensation committee of the Board or any properly delegated subcommittee.

Note 12 - Equity-based Compensation (continued)

The maximum aggregate number of shares of common stock that could be issued pursuant to awards under the Omnibus Plan was 18,650,000 shares (including other securities which have been issued under the plan and were converted into awards based on shares of common stock) (the "Plan Share Reserve"). The Omnibus Plan also contains a provision that will add an additional number of shares of common stock to the Plan Share Reserve on the first day of each year starting with January 1, 2021, equal to the lesser of (i) the positive difference between (x) 5% of the number of shares of common stock outstanding on the last day of the immediately preceding year, and (y) the Plan Share Reserve on the last day of the immediately preceding year, and (ii) a lower number of shares of common stock as may be determined by the Board.

The Company currently has equity-based compensation awards outstanding as follows: restricted stock units, common stock options, and restricted stock. In addition, the Company recognizes equity-based compensation expense from awards granted to employees as further described below under HSKB Phantom Units.

Except where indicated otherwise, the equity-based compensation awards described below are subject to time-based service requirements. For all grants issued, the service vesting condition is generally four years with 25% vesting on the one-year anniversary of the grant date of the award and 6.25% vesting quarterly thereafter; or three years with 33% vesting on the one-year anniversary of the grant date of the award and 8.375% vesting quarterly thereafter.

During the second quarter of 2024, the Company issued PRSUs which will vest in annual tranches over a three-year service period. Total PRSUs earned for grants made in 2024 may vary between 0% and 150% of the PRSUs granted based on the attainment of company specific-performance targets during the related performance period and continued service. During the year ended December 31, 2023, the Company issued PRSUs, which were recommended by the Compensation Committee of the Board and approved by the full Board. The service vesting condition for one of the issued awards is one year. Each of the remaining PRSUs will vest in annual tranches over a three-year service period. Total PRSUs earned for grants made in 2023 may vary between 0% and 200% of the PRSUs granted based on the attainment of company-specific performance targets during the related performance period and continued service. All of the PRSUs earned will be settled through the issuance of an equivalent number of shares of the Company's common stock based on the payout level achieved.

During the second quarter of 2024, the Company issued market-based RSUs, which were approved by the Board. These awards will vest over the performance period which commenced on June 20, 2024, and will conclude on April 1, 2027. The vesting is based on the attainment of an average 30-day closing price of the applicable stock price threshold of the Company's common stock at any time during the performance period and subject to continuous employment through the vesting dates.

Tranche	Company Stock Price Target	Number of Eligible Market-Based RSUs	Satisfaction of Minimum Service Requirement
1	$15.11	110,295	Service through and including January 1, 2025
2	17.61	110,294	Service through and including October 1, 2025
3	20.11	110,294	Service through and including July 1, 2026
4	22.61	110,294	Service through and including April 1, 2027

Certain additional grants have other vesting periods approved by the Compensation Committee of the Board.

Note 12 - Equity-based Compensation (continued)

Restricted Stock Units

Restricted stock unit activity was as follows during the periods indicated:

	Nine Months Ended September 30, 2024		Nine Months Ended September 30, 2023
	Restricted Stock Units	Weighted Average Grant Date Fair Value	Restricted Stock Units
Unvested at beginning of period	12,636,460	$ 29.23	10,377,568
Granted	9,149,767	13.88	6,502,057
Granted - performance-based	272,797	13.01	509,824
Granted - market-based	441,177	4.28	—
Vested	(3,969,023)	32.03	(2,484,984)
Forfeited	(3,323,594)	26.74	(2,142,130)
Unvested at end of period	15,207,584	18.79	12,762,335

Restricted Stock

Restricted stock activity was as follows during the periods indicated:

	Nine Months Ended September 30, 2024		Nine Months Ended September 30, 2023
	Restricted Stock	Weighted Average Grant Date Fair Value	Restricted Stock
Unvested at beginning of period	347,976	$ 34.55	858,560
Vested	(327,564)	35.93	(439,168)
Forfeited	(20,412)	12.39	(10,977)
Unvested at end of period	—	—	408,415

Common Stock Options

Options activity was as follows during the period indicated:

	Nine Months Ended September 30, 2024		Nine Months Ended September 30, 2023
	Options	Weighted Average Exercise Price	Options
Outstanding at beginning of period	279,553	$ 21.00	323,002
Exercised	—	—	(18,448)
Expired	(27,989)	21.00	(16,722)
Forfeited	—	—	(4,286)
Outstanding at end of period	251,564	21.00	283,546

Note 12 - Equity-based Compensation (continued)

Options have a maximum contractual term of ten years. The aggregate intrinsic value and weighted average remaining contractual terms of options outstanding and options exercisable were as follows as of September 30, 2024:

	September 30, 2024
Aggregate intrinsic value (in millions)[1]	
Options outstanding	$ —
Options exercisable	—
Weighted average remaining contractual term (in years)	
Options outstanding	5.0 years
Options exercisable	5.0 years

(1) The aggregate intrinsic value of options outstanding and exercisable is zero, as all options are out of the money.

Employee Stock Purchase Plan

On June 3, 2020, the Board adopted the ZoomInfo Technologies Inc. 2020 Employee Stock Purchase Plan (the "ESPP") that allows eligible employees to purchase shares of the Company's common stock at a discounted price, through payroll deductions of up to 15% of their eligible compensation and the IRS allowable limit per calendar year. The Compensation Committee of the Board administers the ESPP, including with respect to the frequency and duration of offering periods, the maximum number of shares that an eligible employee may purchase during an offering period, and, subject to certain limitations set forth in the ESPP, the per-share purchase price. Currently, the maximum number of shares that can be purchased by an eligible employee under the ESPP is 1,500 shares per offering period and there are two six-month offering periods that begin in the second and fourth quarter of each fiscal year. The purchase price for one share of common stock under the ESPP is currently equal to 90% of the fair market value of one share of common stock on the first trading day of the offering period or the purchase date, whichever is lower.

The maximum aggregate number of shares of the common stock that may be issued under the ESPP is no more than 7,500,000 shares (the "ESPP Plan Share Reserve"). The ESPP plan also contains a provision that will add an additional number of shares of common stock to the ESPP Plan Reserve on the first day of each year starting with January 1, 2021, equal to the lesser of (i) the positive difference between (x) 1% of the number of shares of common stock outstanding on the last day of the immediately preceding fiscal year, and (y) the ESPP Plan Share Reserve on the last day of the immediately preceding fiscal year, and (ii) a lower number of shares of common stock as may be determined by the Board.

Note 12 - Equity-based Compensation (continued)

The fair value of the ESPP purchase was determined using the Black-Scholes option pricing model.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Volatility	—%	—%	57.3%	50.4%
Expected term	0 years	0 years	0.5 years	0.5 years
Risk-free rate	—%	—%	5.4%	5.4%
Expected dividend yield	—%	—%	—%	—%
Weighted-average fair value per unit	$—	$—	$3.33	$6.72

The expected term for the purchases was based on the six-month offering period. We estimate the future stock price volatility based on the historical volatility of the Company with a lookback period commensurate with the expected term of the ESPP purchases. The risk-free rate is the implied yield available on U.S. Treasury zero-coupon bonds issued with a remaining term equal to the expected term.

The Company withheld $0.8 million and $3.5 million worth of ESPP contributions for the three and nine months ended September 30, 2024, respectively, on behalf of participating employees through payroll deductions included in *Accrued expenses and other current liabilities* on our Consolidated Balance Sheets. The Company withheld $1.5 million and $5.9 million worth of ESPP contributions for the three and nine months ended September 30, 2023, respectively, on behalf of participating employees through payroll deductions. The Company purchased 0 and 248,742 shares of Common Stock under the ESPP for the three and nine months ended September 30, 2024. The Company purchased 0 and 181,931 shares of Common Stock under the ESPP for the three and nine months ended September 30, 2023. The Company recognized $0.4 million and $1.6 million of equity-based compensation expense related to the ESPP for the three and nine months ended September 30, 2024. The Company recognized $0.7 million and $2.7 million of equity-based compensation expense related to the ESPP for the three and nine months ended September 30, 2023.

HSKB Phantom Units

For information related to the HSKB Phantom Units, refer to Note 15 — Equity-based Compensation in our 2023 Form 10-K.

Unamortized Equity-based Compensation

As of September 30, 2024, unamortized equity-based compensation costs related to each equity-based incentive award described above is the following:

(in millions)	Amount	Weighted Average Remaining Service Period (in years)
Restricted stock units	$ 250.1	2.3
HSKB Phantom Units	11.2	2.1
Employee Stock Purchase Plan	0.3	0.2
Total unamortized equity-based compensation cost	$ 261.6	2.3

Note 13 - Tax Receivable Agreements

For information related to our TRAs, refer to Note 17 - Tax Receivable Agreements in our 2023 Form 10-K.

As of September 30, 2024 and December 31, 2023, the Company had a liability of $2,794.9 million and $2,818.0 million, respectively, related to its projected obligations under the TRAs. This liability, or a portion thereof, becomes payable once the tax attributes under the TRAs reduce the Company's current income tax liability which would have been otherwise due absent such tax attributes. The liability will be reduced to the extent the tax attributes are expected to expire or otherwise cannot be applied to reduce the Company's tax liabilities. The liability is classified as current or noncurrent based on the expected date of payment and are included on our Consolidated Balance Sheets under the captions *Current portion of tax receivable agreements liability* and *Tax receivable agreements liability, net of current portion*, respectively.

No payment was made to TRA holders pursuant to the TRA during the three months ended September 30, 2024 and 2023. During the three months ended September 30, 2024, we recognized a TRA measurement loss of $0.7 million, principally due to updates to tax attributes, net of movement in our blended state tax rate within *Other income, net* on our Consolidated Statements of Operations. During the three months ended September 30, 2023, we recognized a TRA measurement gain of $2.6 million, principally due to updates to tax attributes and movements in our blended state tax rate within *Other income, net* on our Consolidated Statements of Operations.

During the nine months ended September 30, 2024, $31.6 million was paid to TRA holders pursuant to the TRA. No payment was made during the nine months ended September 30, 2023. During the nine months ended September 30, 2024, we recognized a TRA measurement loss of $9.9 million, principally due to revaluation for the blended state tax rate, an increase to the cumulative liability due to TRA Holders resulting from a reduction in the management allocation percent withheld, and interest expense accrued on the current portion of the TRA liability, within *Other income, net* on our Consolidated Statements of Operations. During the nine months ended September 30, 2023, we recognized a TRA measurement gain of $13.8 million, principally due to updates to tax attributes and movements in our blended state tax rate, within *Other income, net* on our Consolidated Statements of Operations.

Note 14 - Income Taxes

The Company's provision for income taxes for both the three and nine months ended September 30, 2024 and 2023 was based on our projected annual effective tax rate for fiscal year 2024 and 2023, respectively, adjusted for specific items that are required to be recognized in the period in which they occur.

The effective tax rate, inclusive of items specific to the period, for the three months ended September 30, 2024 and 2023 was 31.7% and 49.0%, respectively. The Company recorded income tax expense of $11.1 million and income tax expense of $29.0 million for the three months ended September 30, 2024 and 2023, respectively.

The effective tax rate, inclusive of items specific to the period, for the nine months ended September 30, 2024 and 2023 was 63.4% and 38.1%, respectively. The Company recorded income tax expense of $25.3 million and $69.3 million for the nine months ended September 30, 2024 and 2023, respectively.

The Company's projected 2024 annual effective tax rate differed from the U.S. federal statutory rate of 21.0% due to U.S. state taxes, foreign taxes and non-deductible equity compensation expense, offset by research and development credits. Further, the Company's annual effective tax rate included period specific costs associated with shortfalls in tax-deductible equity compensation compared to amounts recognized in our financial accounts, prior year research and development credits, and effects of changes in state tax law and apportionment.

The gross liabilities for unrecognized tax benefits, which are reflected as a reduction of deferred tax assets, were $15.0 million and $12.6 million as of September 30, 2024 and December 31, 2023, respectively. No interest or penalties are accrued with respect to the unrecognized tax benefits. If the unrecognized tax benefits as of September 30, 2024 were recognized, the entire balance would impact the effective tax rate. It is not anticipated any of the unrecognized tax benefit will be recognized within the next twelve months.

Note 15 - Subsequent Events

Management has evaluated subsequent events from September 30, 2024 through the date the financial statement was available to be issued and has determined there are no material subsequent events that require disclosure other than those below.

Legal Matters

On October 23, 2024, a putative class action lawsuit was filed against Datanyze, LLC in the United States District Court for the Northern District of California alleging Datanyze's use of individuals' names in a free trial violates the right of publicity statutes in the states of California, Nevada, Indiana, and Alabama, and seeking statutory damages, costs, and attorneys' fees. The Company intends to vigorously defend against this lawsuit.

Waltham Lease Restructuring Amendment

On November 5, 2024, the Company executed an amendment to our Waltham Lease Restructuring agreement ("Amended Waltham Lease Restructuring"). Refer to Note 11 - Leases for further information regarding the Waltham Lease Restructuring. Pursuant to the amendment, the Company agreed to lease 71,239 rentable square feet of separate office space in Waltham, Massachusetts with the same landlord in place of certain remaining lease components which constitute 74,479 rentable square feet of the existing space, whereby the existing space terminated immediately upon execution. As of September 30, 2024 the Company had operating lease liabilities of $1.4 million and right-of-use assets of $18.9 million associated with these components, as well as $13.1 million in prepaid rent resulting from the accounting treatment of the termination fee to a leased space which had not commenced as of the execution date. The Company expects to derecognize the associated assets and lease liabilities of the existing space during the fourth quarter of 2024. The remaining components which were not impacted by the amendment will terminate on December 31, 2024. Related to the Amended Waltham Lease Restructuring, the Company expects rent payments to commence in the first quarter of 2025. The lease ends on December 31, 2025, and undiscounted lease payments are anticipated to be $1.5 million.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the financial statements and related notes included in our 2023 Form 10-K, the information included under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of our 2023 Form 10-K, and the unaudited consolidated financial statements and related notes included in Part I, Item 1 of this Form 10-Q. In addition to historical data, the following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed in our forward-looking statements as a result of various factors, including but not limited to those discussed under "Cautionary Statement Regarding Forward-Looking Statements" in this Form 10-Q and under "Risk Factors" in Part I, Item 1A of our 2023 Form 10-K. Numerical figures included in this Form 10-Q have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in various tables may not be arithmetic aggregations of the figures that precede them.

Overview

ZoomInfo is a global leader in modern go-to-market software, data, and intelligence for sales, marketing, operations, and recruiting teams. Our cloud-based platform delivers comprehensive and high-quality intelligence and analytics to provide sales, marketing, operations, and recruiting professionals accurate information and insights on the organizations and professionals they target. This enables our customers to shorten sales cycles and increase win rates by empowering sellers, marketers, and recruiters to deliver the right message to the right person at the right time in the right way.

ZoomInfo defines the modern go-to-market technology stack across three distinct layers that build upon each other:

- Our Intelligence Layer is the foundation of our data-driven strategy. Our best-in-class data, curated through first- and third-party sources, includes billions of data points about companies and contacts, such as intent, hierarchy, location, and financial information.
- Our Orchestration Layer integrates and enriches our data sources. At this stage, our products assign and route data, leads, and insights to the appropriate people. This creates a dataset that is continuously updated and can be used to power automated business workflows. Our services connect with major CRM providers.
- Our Engagement Layer allows sales, marketing, operations, and recruiting professionals to put data-driven insights into action to identify and communicate with prospects and customers. In ZoomInfo Sales, frontline teams, managers, and leaders use Engage for multi-touch and multi-channel sales engagement, as well as Chorus for call and web meeting recording, transcription, insight generation, and coaching. In ZoomInfo Marketing, marketers drive awareness, lead generation, and deal acceleration campaigns through account-based marketing, advertising, and onsite conversion optimization solutions, along with ZoomInfo Chat for intelligent onsite experiences through live conversation and chatbots. In ZoomInfo Talent, recruiters and talent acquisition professionals access a platform that helps them efficiently find candidates. Recruiters can filter and reach more good-fit candidates, use pipeline management tools to collaborate and organize the hiring process, and automate the candidate outreach process. In ZoomInfo Operations, our sales operations customers use a suite of products, services, and solutions to ingest, match, enrich, and connect data feeds into multiple systems.

We generate substantially all of our revenue from sales of subscriptions to our platform. Subscriptions include the use of our platform and access to customer support. Subscriptions generally range from one to three years in length. Over 45% of customer contracts (based on annualized value) are multi-year agreements. We typically bill our customers at the beginning of each annual, semi-annual, or quarterly period and recognize revenue ratably over the term of the subscription period.

We sell access to our platform to both new and existing customers. We price our subscriptions based on the functionality, users, and records under management that are included in each product edition. Our paid products are ZoomInfo Sales, ZoomInfo Marketing, ZoomInfo Operations, and ZoomInfo Talent (with add-on options for some products). Additionally, customers can gain free access to ZoomInfo through ZoomInfo Lite (formerly Community Edition).

Recent Developments

Impact of Macroeconomic Conditions

Our business and financial condition have and may continue to be impacted by adverse macroeconomic conditions. See "Risk Factors - Geopolitical Risks" in Part I, Item 1A of our 2023 Form 10-K for further discussion of the possible impact of these issues on our business.

Waltham Lease Restructuring

In July 2024, the Company executed an agreement to restructure its existing lease commitments in Waltham, Massachusetts. Pursuant to the agreement, the Company made a payment of $59.1 million. The Company also executed a new lease agreement for separate office space in Waltham, Massachusetts with the same landlord, with rent payments expected to commence in the fourth quarter of 2025. The lease will terminate on December 31, 2038. See Note 11 - Leases for further information regarding these agreements.

Accelerated Share Repurchase

In August 2024, the Company entered into an accelerated share repurchase agreement (the "ASR Transaction") with a financial institution to repurchase an aggregate $125.0 million of the Company's common stock. The Company repurchased and retired in total 12,431,216 shares for $125.0 million at an average price of $10.06 per share as part of the ASR Transaction. See Note 1 - Business, Basis of Presentation, and Summary of Significant Accounting Policies for further information.

Key Factors Affecting Our Performance

We believe that the growth and future success of our business depends on many factors, including the following:

Acquiring New Customers

We are focused on continuing to grow the number of customers using our platform in the United States and around the world, and efficiently transacting with those customers. Acquiring new customers while optimizing the profile of those customers and the go-to-market channels we use to attract these customers will play a part in determining our operating results and growth prospects in the future. Acquiring new customers also strengthens the power of our contributory networks. We plan to continue to invest in our efficient go-to-market effort to expand our customer base.

Increasing Usage of Our Platform

We believe that expanding the value that we provide to our customers and the corresponding revenue generated as a result is an important measure of the health of our business. We monitor net revenue retention to measure that growth. Net revenue retention is a metric that we calculate based on customers of ZoomInfo at the beginning of the twelve-month period, and is calculated as: (a) the total annual contract value ("ACV") for those customers at the end of the twelve-month period, divided by (b) the total ACV for those customers at the beginning of the twelve-month period. Our net revenue retention rate was 85% as of September 30, 2024. In the near term, we expect our net retention rate to be impacted by macroeconomic conditions. See section "Recent Developments - Impact of Macroeconomic Conditions." Over the long term, we expect our net revenue retention rate to be influenced by our ability to move upmarket, as larger customers have historically exhibited higher net revenue retention. We also measure our success in expanding relationships with existing customers by the number of customers that contract for more than $100,000 in ACV. As of September 30, 2024, we had 1,809 customers with over $100,000 in ACV.

Factors Affecting the Comparability of Our Results of Operations

Our historical results of operations are not comparable from period to period and may not be comparable to our financial results of operations in future periods. Set forth below is a brief discussion of the key factor impacting the comparability of our results of operations.

Changing the Mix of Our Customer Base and Reducing Write-offs and Bad Debts

During the second quarter of 2024, we deployed a new business risk model to flag and require upfront pre-payment from prospects at the greatest risk of non-payment. This process was incorporated to mitigate the risk of future write-offs and invest in the long-term health of the Company. Concurrently, our efforts have shifted to customers more likely to pay, renew, and grow with us over time.

As a result, we recorded an incremental charge during the second quarter of 2024 impacting our reported *Revenue* and *General and administrative expenses*. The charge represents a revision to our reserves for uncollectible accounts receivable, made up primarily of historical transactions with our SMB customers from 2023.

Components of Our Results of Operations

Revenue

We derive primarily all of our revenue from subscription services and the remainder from recurring usage-based services and other revenue. Our subscription services consist of our SaaS applications. Pricing of our subscription contracts are generally based on the functionality provided, the number of users that access our applications, and the amount of data that the customer integrates into their systems. Our subscription contracts typically have a term ranging from one to three years and are non-cancelable. We typically bill for services in advance either annually, semi-annually, or quarterly, and we typically require payment at the beginning of each annual, semi-annual, or quarterly period.

Subscription revenue is generally recognized ratably over the contract term starting with when our service is made available to the customer. Recurring usage-based revenue is recognized in the period services are utilized by our customers. Other revenue, comprised largely of implementation and professional services fees, is recognized as services are delivered. The amount of revenue recognized reflects the consideration we expect to be entitled to receive in exchange for these services. We record a contract asset when revenue recognized on a contract exceeds the billings to date for that contract.

Unearned revenue results from cash received or amounts billed to customers in advance of revenue recognized upon the satisfaction of performance obligations. The unearned revenue balance is influenced by several factors, including seasonality, the compounding effects of renewals, invoice duration, invoice timing, dollar size, and contract timing within the period. The unearned revenue balance does not represent the total contract value of annual or multi-year, non-cancelable subscription agreements.

Cost of service

Cost of service, excluding amortization of acquired technology. Cost of service, excluding amortization of acquired technology, includes direct expenses related to the support and operations of our services and research teams including salaries, benefits, equity-based compensation, and related expenses, such as employer taxes, allocated overhead for facilities, technology, third-party hosting fees, third-party data costs, and amortization of internally developed capitalized software.

We anticipate continued investment in cost of service, with cost of service as a percentage of revenue expected to remain consistent or modestly increase. This is driven by rising AI consumption costs and customer onboarding expenses as we migrate existing customers to Copilot and acquire and onboard new Copilot customers.

Amortization of acquired technology. Amortization of acquired technology includes amortization expense for technology acquired in business combinations.

We anticipate that amortization of acquired technology will increase if we make additional acquisitions in the future.

Gross profit and Gross margin

Gross profit is revenue less cost of service, and gross margin is gross profit as a percentage of revenue. Gross profit has been and will continue to be affected by various factors, including leveraging economies of scale, the costs associated with third-party hosting services and third-party data, the level of amortization of acquired technology, and the extent to which we expand our customer support and research organizations. We expect that our gross margin will fluctuate from period to period depending on the interplay of these various factors.

Operating expenses

Our operating expenses consist of sales and marketing, research and development, general and administrative, and amortization of other acquired intangibles. The most significant component of our operating expenses is personnel costs, which consists of salaries, bonuses, sales commissions, equity-based compensation, and other employee-related benefits. Operating expenses also include overhead costs for facilities, technology, professional fees, depreciation and amortization expense, marketing, and restructuring and transaction-related expenses. We anticipate that restructuring and transaction-related expenses, including potential impairments, will be influenced by future acquisition activity, strategic restructuring activities, and the commencement of new leases. Specifically, as new leases commence, we may face increased impairment expenses for spaces that we do not intend to occupy and/or that we plan to sublease, which could cause these costs to vary, potentially significantly, from our historic levels. Refer to Note 11 - Leases for further information.

Sales and marketing. Sales and marketing expenses primarily consist of employee compensation such as salaries, bonuses, sales commissions, equity-based compensation, and other employee-related benefits for our sales and marketing teams, as well as overhead costs, technology, and marketing programs. Sales commissions and related payroll taxes directly related to contract acquisition are capitalized and recognized as expenses over the estimated period of benefit.

We anticipate that we will continue to invest in sales and marketing capacity to enable future growth. We anticipate that sales and marketing expense excluding equity-based compensation as a percentage of revenue will fluctuate from period to period depending on the interplay of our growing investments in sales and marketing capacity excluding equity-based compensation, the recognition of revenue, and the amortization of contract acquisition costs.

Research and development. Research and development expenses support our efforts to enhance our existing platform and develop new software products. Research and development expenses primarily consist of employee compensation such as salaries, bonuses, equity-based compensation, and other employee-related benefits for our engineering and product management teams, as well as overhead costs. Research and development expenses do not reflect amortization of internally developed capitalized software. We believe that our core technologies and ongoing innovation represent a significant competitive advantage for us.

We anticipate that we will continue to invest in research and development in order to develop new features and functionality to drive incremental customer value in the future and that research and development expense as a percentage of revenue will modestly increase in the short-term, but will modestly decrease in the long-term as we drive efficiencies in that organization.

General and administrative. General and administrative expenses primarily consist of employee-related costs such as salaries, bonuses, equity-based compensation, and other employee related benefits for our executive, finance, legal, human resources, IT, and business operations and administrative teams, as well as overhead costs. Additionally, we incur expenses related to bad debt and collections, as well as for professional fees including legal services, accounting, banking, and other consulting services. General and administrative expenses also include restructuring and transaction-related expenses, such as impairment charges associated with our leasing activity. Refer to Note 11 - Leases for further information. We also incur charges associated with litigation settlements, such as the Class Action settlement previously disclosed, which are presented within *General and administrative* on the Consolidated Statements of Operations.

General and administrative expenses as a percentage of revenue may fluctuate during periods when we incur non-recurring restructuring and transaction-related expenses, such as those associated with acquisitions or impairments. Excluding these non-recurring items, we expect a more stable or declining trend over time.

Amortization of other acquired intangibles. Amortization of acquired intangibles consists of amortization of customer relationships and brand portfolios.

We anticipate that amortization of other acquired intangibles will increase if we make additional acquisitions in the future.

Interest expense, net

Interest expense, net represents the interest payable on our debt obligations and the amortization of debt discounts and debt issuance costs, less interest income.

We anticipate that interest expense could be impacted by changes in variable interest rates, the issuance of additional debt, or changes in our interest rate hedging strategies, such as entering into new hedging arrangements or the expiration of existing interest rate swaps.

Loss on debt modification and extinguishment

Loss on debt modification and extinguishment consists of prepayment penalties and impairment of deferred financing costs associated with the modification or extinguishment of debt, as well as new fees incurred with third parties in connection with debt modifications.

We anticipate that losses related to debt modification and extinguishment will only occur if we extinguish indebtedness before the contractual repayment dates or amend our existing financing arrangements.

Other income, net

Other income, net consists primarily of the revaluation of TRA liabilities, investment income, and foreign currency realized and unrealized gains and losses related to the impact of transactions denominated in a foreign currency.

Changes to existing tax law including changes to the corporate income tax rates and the Company's state tax footprint could lead to substantial revaluations of the TRA liability recorded through *Other income, net*. Additionally, the magnitude of *Other income, net* may increase as we expand operations internationally and add complexity to our operations. Refer to the *Provision for income taxes* section below for further information.

Provision for income taxes

The Company recognizes deferred tax assets and liabilities based on temporary differences between the financial statement and tax basis of assets and liabilities, as well as from net operating loss and tax credit carryforwards. We evaluate the recoverability of these future deductible temporary differences, net operating losses and credits by assessing the carryforward period and adequacy of future expected taxable income from all sources, including reversing taxable temporary differences, future growth, and forecasted earnings, as well as historical earnings, taxable income in prior years, if carryback is permitted under the law, and prudent and feasible tax planning strategies. A valuation allowance is established if it is more likely than not that all or a portion of the deferred tax asset will not be realized.

The Company has significant U.S. deferred tax assets, including deferred tax assets created by various historical restructuring events. The preponderance of our deferred tax assets have long lives or are otherwise indefinite. We regularly review whether it is more likely than not that our U.S. deferred tax assets will be realizable. As of September 30, 2024, a valuation allowance continues to be recorded against certain state-level attributes.

The value of our deferred tax assets are regularly remeasured to consider the impact of statutory changes and other guidance, as well as changes in our state income apportionment factors. Given the amount of our deferred tax assets, minor changes can materially affect our *Provision for income taxes*. A significant portion of our deferred tax assets are associated with our TRA, and upon a remeasurement of our deferred tax assets, the TRA liability is typically concurrently remeasured with a partially offsetting impact within *Other income, net* on the Consolidated Statements of Operations.

We have regularly taken tax positions, including with respect to our various corporate events and restructurings in the ordinary course of determining our *Provision for income taxes*. We recognize the tax benefit of an uncertain tax position only if it is more likely than not the position is sustainable upon examination by the taxing authority based on the technical merits. We regularly review our tax positions with consideration of a number of factors, including changes in facts or circumstances, changes in tax law or guidance, correspondence with tax authorities during the course of audits and effective settlement of audit issues. Changes in the recognition or measurement of uncertain tax positions could result in material increases or decreases in our *Provision for income taxes* in the period in which we make the change, which could have a material impact on our effective tax rate and operating results.

Results of Operations

The following table presents our results of operations for the three and nine months ended September 30, 2024 and 2023:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**2024**	**2023**	**2024**	**2023**
Revenue	$ 303.6	$ 313.8	$ 905.2	$ 923.1
Cost of service:				
Cost of service[(1)]	37.7	35.3	107.9	104.4
Amortization of acquired technology	9.6	9.5	28.7	29.5
Gross profit	$ 256.3	$ 269.0	$ 768.6	$ 789.2
Operating expenses:				
Sales and marketing[(1)]	$ 99.1	$ 102.4	$ 299.2	$ 310.1
Research and development[(1)]	47.7	47.6	139.7	143.2
General and administrative[(1)]	60.6	50.5	247.0	130.4
Amortization of other acquired intangibles	5.4	5.4	16.2	16.5
Total operating expenses	$ 212.8	$ 205.9	$ 702.1	$ 600.2
Income from operations	$ 43.5	$ 63.1	$ 66.5	$ 189.0
Interest expense, net	9.6	11.9	29.5	33.8
Loss on debt modification and extinguishment	—	—	0.7	2.2
Other income, net	(1.0)	(8.0)	(3.5)	(29.1)
Income before income taxes	$ 34.9	$ 59.2	$ 39.8	$ 182.1
Provision for income taxes	11.1	29.0	25.3	69.3
Net income	$ 23.8	$ 30.2	$ 14.5	$ 112.8

(1) Amounts include equity-based compensation expense, as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**2024**	**2023**	**2024**	**2023**
Cost of service	$ 2.7	$ 4.3	$ 7.9	$ 11.8
Sales and marketing	12.3	17.5	38.1	54.6
Research and development	10.5	11.7	29.5	34.0
General and administrative	11.1	9.4	28.7	26.5
Total equity-based compensation expense	$ 36.6	$ 42.9	$ 104.2	$ 126.9

Three Months Ended September 30, 2024 and 2023

Revenue. Revenue was $303.6 million for the three months ended September 30, 2024, a decrease of $10.2 million, or 3%, as compared to $313.8 million for the three months ended September 30, 2023. The decrease was primarily due to elevated write-off levels resulting from the operational changes implemented during the second quarter of 2024. Refer to the Factors Affecting the Comparability of Our Results of Operations section above.

Cost of service. Cost of service was $47.3 million for the three months ended September 30, 2024, an increase of $2.5 million, or 6%, as compared to $44.8 million for the three months ended September 30, 2023. Excluding equity-based compensation expense, cost of service was $44.6 million for three months ended September 30, 2024, an increase of $4.1 million, or 10%, as compared to $40.5 million for three months ended September 30, 2023, primarily due to charges incurred related to lease restructuring activities, amortization expense on internally developed capitalized software, and hosting fees.

Gross profit. Gross profit for three months ended September 30, 2024 was $256.3 million and represented a gross margin of 84%. Gross profit for three months ended September 30, 2023 was $269.0 million and represented a gross margin of 86%. The decrease in gross profit in the three months ended September 30, 2024 relative to the three months ended September 30, 2023 was $12.7 million, or 5%, primarily due to lower revenues, as described above, increased lease restructuring activities and increased amortization expense on internally developed capitalized software.

Operating expenses. Operating expenses were $212.8 million for the three months ended September 30, 2024, an increase of $6.9 million, or 3%, as compared to $205.9 million for the three months ended September 30, 2023. Excluding equity-based compensation expense, operating expenses were $178.9 million for the three months ended September 30, 2024, an increase of $11.6 million, or 7%, as compared to $167.3 million for the three months ended September 30, 2023.

- Sales and marketing for the three months ended September 30, 2024 was $99.1 million, representing a decrease of $3.3 million, or 3%, as compared to $102.4 million for the three months ended September 30, 2023. Sales and marketing, excluding equity-based compensation expense, for the three months ended September 30, 2024 was $86.8 million, representing an increase of $1.9 million, or 2%, as compared to $84.9 million for the three months ended September 30, 2023, primarily due to charges incurred related to lease restructuring activities, partially offset by decreased compensation costs.

- Research and development for the three months ended September 30, 2024 was $47.7 million representing an increase of $0.1 million, or less than 1%, as compared to $47.6 million for the three months ended September 30, 2023. Research and development, excluding equity-based compensation expense, for the three months ended September 30, 2024 was $37.2 million, representing an increase of $1.3 million, or 4%, as compared to $35.9 million for the three months ended September 30, 2023, primarily driven by charges related to lease restructuring activities, contractors, and employee benefits. These were partially offset by lower compensation costs due to increased capitalization from greater investments in product development.

- General and administrative for the three months ended September 30, 2024 was $60.6 million representing an increase of $10.1 million, or 20%, as compared to $50.5 million for the three months ended September 30, 2023. General and administrative, excluding equity-based compensation expense, for the three months ended September 30, 2024 was $49.5 million, representing an increase of $8.4 million, or 20%, as compared to $41.1 million for the three months ended September 30, 2023, primarily due to charges incurred related to lease impairment and lease restructuring activities, as well as increased compensation costs.

- Amortization of other acquired intangibles was $5.4 million for the three months ended September 30, 2024, flat as compared to $5.4 million for the three months ended September 30, 2023.

Equity-based compensation expense. Equity-based compensation expense was $36.6 million for the three months ended September 30, 2024, a decrease of $6.3 million, or 15%, as compared to $42.9 million for the three months ended September 30, 2023, due to lower weighted average grant date fair values of grants being amortized in the current period compared to those that were amortized in the prior year and higher capitalization of equity-based compensation, partially offset by decreased termination expense reversals.

Income from operations. Income from operations was $43.5 million for the three months ended September 30, 2024, a decrease of $19.6 million, or 31%, as compared to income from operations of $63.1 million for the three months ended September 30, 2023. The decrease is primarily due to charges incurred related to lease impairment and lease restructuring activities and the lower revenue as described above. Operating income margin was 14% for three months ended September 30, 2024 as compared to operating income margin of 20% for the three months ended September 30, 2023.

Other income, net. Other income, net was $1.0 million for the three months ended September 30, 2024, which primarily consists of $2.2 million of investment income partially offset by $0.7 million of TRA remeasurement loss, as compared to other income of $8.0 million for the three months ended September 30, 2023, which primarily consists of $6.7 million of investment income.

Interest expense, net. Interest expense, net was $9.6 million for the three months ended September 30, 2024, a decrease of $2.3 million, or 19%, as compared to $11.9 million for the three months ended September 30, 2023, primarily due to both lower interest rates and higher interest income.

Provision for income taxes. The Company is subject to income taxes in the United States and various foreign jurisdictions. Provision for income taxes for the three months ended September 30, 2024 was $11.1 million, representing an effective tax rate of 31.7%, as compared to provision for income taxes of $29.0 million, representing an effective tax rate of 49.0%, for the three months ended September 30, 2023. The effective tax rate differed from the U.S. federal statutory rate of 21.0% due to non-deductible equity compensation costs, U.S. state taxes, foreign taxes, partially offset by research and development credits. Refer to Note 14 - Income Taxes of our unaudited consolidated financial statements included in Part I, Item 1 of this Form 10-Q for additional information related to the components of our income tax provision.

Net income. Net income was $23.8 million for three months ended September 30, 2024, a decrease of $6.4 million or 21%, as compared to net income of $30.2 million for the three months ended September 30, 2023. The decrease was primarily due to costs incurred related to lease impairment charges and lease restructuring activities and the lower revenue as described above, partially offset by lower income tax expense.

Nine Months Ended September 30, 2024 and 2023

Revenue. Revenue was $905.2 million for the nine months ended September 30, 2024, a decrease of $17.9 million, or 2%, as compared to $923.1 million for the nine months ended September 30, 2023. The decrease was primarily due to the change in accounting estimate in the second quarter of 2024 resulting in reduced revenues of $15.3 million.

Cost of service. Cost of service was $136.6 million for the nine months ended September 30, 2024, an increase of $2.7 million, or 2%, as compared to $133.9 million for the nine months ended September 30, 2023. Excluding equity-based compensation expense, cost of service was $128.7 million for nine months ended September 30, 2024, an increase of $6.6 million, or 5%, as compared to $122.1 million for nine months ended September 30, 2023, primarily due to charges incurred related to lease restructuring activities, amortization expense on internally developed capitalized software, and hosting fees.

Gross profit. Gross profit for the nine months ended September 30, 2024 was $768.6 million and represented a gross margin of 85%. Gross profit for nine months ended September 30, 2023 was $789.2 million and represented a gross margin of 85%. The decrease in gross profit in the nine months ended September 30, 2024 relative to the nine months ended September 30, 2023 was $20.6 million, or 3%, primarily due to lower revenues, as described above, and increased amortization expense on internally developed capitalized software, charges incurred related to lease restructuring activities, and hosting fees.

Operating expenses. Operating expenses were $702.1 million for the nine months ended September 30, 2024, an increase of $101.9 million, or 17%, as compared to $600.2 million for the nine months ended September 30, 2023. Excluding equity-based compensation expense, operating expenses were $605.8 million for the nine months ended September 30, 2024, an increase of $120.7 million, or 25%, as compared to $485.1 million for the nine months ended September 30, 2023.

- Sales and marketing for the nine months ended September 30, 2024 was $299.2 million, representing a decrease of $10.9 million, or 4%, as compared to $310.1 million for the nine months ended September 30, 2023. Sales and marketing, excluding equity-based compensation expense, for the nine months ended September 30, 2024 was $261.1 million, representing an increase of $5.6 million, or 2%, as compared to $255.5 million for the nine months ended September 30, 2023, primarily due to charges incurred related to lease restructuring activities, and increased expenses relating to marketing, facilities, and employee-related benefits, offset by decreased compensation costs.

- Research and development for the nine months ended September 30, 2024 was $139.7 million representing a decrease of $3.5 million, or 2%, as compared to $143.2 million for the nine months ended September 30, 2023. Research and development, excluding equity-based compensation expense, for the nine months ended September 30, 2024 was $110.2 million, an increase of $1.0 million, or 1%, compared to $109.2 million for the nine months ended September 30, 2023.

- General and administrative for the nine months ended September 30, 2024 was $247.0 million representing an increase of $116.6 million, or 89%, as compared to $130.4 million for the nine months ended September 30, 2023. General and administrative, excluding equity-based compensation expense, for the nine months ended September 30, 2024 was $218.3 million, representing an increase of $114.4 million, or 110%, as compared to $103.9 million for the nine months ended September 30, 2023, primarily due to lease impairment and abandonment charges, lease restructuring activities, charges incurred related to the Class Actions (See Note 9 - Commitments and Contingencies for further information), and incremental bad debt expense resulting from the change in accounting estimate.

- Amortization of other acquired intangibles was $16.2 million, representing a decrease of $0.3 million, or 2%, for the nine months ended September 30, 2024 as compared to $16.5 million for the nine months ended September 30, 2023.

Equity-based compensation expense. Equity-based compensation expense was $104.2 million for the nine months ended September 30, 2024, a decrease of $22.7 million, or 18%, as compared to $126.9 million for the nine months ended September 30, 2023, due to lower weighted average grant date fair values of grants being amortized in the current period compared to those that were amortized in the prior year and higher capitalization of equity-based compensation, partially offset by decreased termination expense reversals.

Income from operations. Income from operations was $66.5 million for the nine months ended September 30, 2024, a decrease of $122.5 million, or 65%, as compared to $189.0 million for the nine months ended September 30, 2023. The decrease was primarily due to lease impairment and abandonment charges, lease restructuring activities, and costs incurred related to the Class Actions, as well as the change in accounting estimate of collectibility of accounts receivable. Operating income margin was 7% for the nine months ended September 30, 2024 as compared to 20% for the nine months ended September 30, 2023.

Other income, net. Other income was $3.5 million for the nine months ended September 30, 2024, which primarily consists of $9.5 million of investment income and $1.4 million of foreign currency gain, mostly offset by $9.9 million of TRA remeasurement loss, as compared to other income of $29.1 million for the nine months ended September 30, 2023, which primarily consists of $13.8 million of TRA remeasurement gain and $17.2 million of investment income.

Interest expense, net Interest expense, net was $29.5 million for the nine months ended September 30, 2024, a decrease of $4.3 million, or 13%, as compared to $33.8 million for the nine months ended September 30, 2023, primarily due to both lower interest rates and higher interest income.

Provision for income taxes. The Company is subject to income taxes in the United States and various foreign jurisdictions. Provision for income taxes for the nine months ended September 30, 2024 was $25.3 million, representing an effective tax rate of 63.4%, as compared to provision for income taxes of $69.3 million, representing an effective tax rate of 38.1%, for the nine months ended September 30, 2023. The decrease in income tax expense was primarily due to a reduction in income before taxes. The effective tax rate differed from the U.S. federal statutory rate of 21.0% due to non-deductible equity compensation costs, U.S. state taxes foreign taxes, partially offset by research and development credits. Refer to Note 14 - Income Taxes of our unaudited consolidated financial statements included in Part I, Item 1 of this Form 10-Q for additional information related to the components of our income tax provision.

Net income. Net income was $14.5 million for nine months ended September 30, 2024, a decrease of $98.3 million or 87%, as compared to net income of $112.8 million for the nine months ended September 30, 2023. The decrease was primarily due to lease impairment and abandonment charges, lease restructuring activities, charges incurred related to the Class Actions, and impacts resulting from revising our estimates of collectibility of accounts receivable.

Non-GAAP Financial Measures

In addition to our results determined in accordance with U.S. GAAP, we believe certain non-GAAP measures are useful in evaluating our operating performance. These measures include, but are not limited to, Adjusted Operating Income, Adjusted Operating Income Margin, Adjusted EBITDA, and Adjusted Net Income and are used by management in making operating decisions, allocating financial resources, internal planning and forecasting, and for business strategy purposes. We believe that non-GAAP financial information is useful to investors because it eliminates certain items that affect period-over-period comparability, and it provides consistency with past financial performance and additional information about our underlying results and trends by excluding certain items that may not be indicative of our business, results of operations, or outlook.

We view Adjusted Operating Income, Adjusted Operating Income Margin, Adjusted EBITDA, and Adjusted Net Income as operating performance measures. We believe that the most directly comparable U.S. GAAP financial measure to Adjusted Operating Income is U.S. GAAP operating income. We believe that the most directly comparable U.S. GAAP financial measure to Adjusted Operating Income Margin is U.S. GAAP operating income divided by U.S. GAAP revenue. We believe that the most directly comparable U.S. GAAP financial measure to Adjusted EBITDA and Adjusted Net Income is U.S. GAAP Net Income.

Non-GAAP financial measures are not meant to be considered in isolation or as a substitute for the comparable GAAP measures, but rather as supplemental information to our business results. This information should be read only in conjunction with our consolidated financial statements prepared in accordance with U.S. GAAP. There are limitations to these non-GAAP financial measures because they are not prepared in accordance with U.S. GAAP and may not be comparable to similarly titled measures of other companies due to potential differences in methods of calculation and items or events being adjusted. In addition, other companies may use different measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial measures as tools for comparison. A reconciliation is provided below for each non-GAAP financial measure to the most directly comparable financial measure stated in accordance with U.S. GAAP.

Adjusted Operating Income, Adjusted Operating Income Margin, and Adjusted Net Income

We define Adjusted Operating Income as income (loss) from operations adjusted for, as applicable, (i) the impact of fair value adjustments to acquired unearned revenue, (ii) amortization of acquired technology and other acquired intangibles, (iii) equity-based compensation expense, (iv) restructuring and transaction-related expenses, (v) integration costs and acquisition-related expenses, and (vi) legal settlement. We exclude the impact of fair value adjustments to acquired unearned revenue and amortization of acquired technology and other acquired intangibles, as well as equity-based compensation, because these are non-cash expenses or non-cash fair value adjustments and we believe that excluding these items provides meaningful supplemental information regarding performance and ongoing cash-generation potential. We exclude restructuring and transaction-related expenses, as well as integration costs and acquisition-related compensation, because such expenses are episodic in nature and have no direct correlation to the cost of operating our business on an ongoing basis. We have also excluded charges associated with the litigation settlement related to the Class Actions previously disclosed because we believe it represents an extraordinary litigation expense outside of our ordinary course of business and is not indicative of our operative performance. Adjusted Operating Income is presented because it is used by management to evaluate our financial performance and for planning and forecasting purposes. Additionally, we believe that it and similar measures are widely used by securities analysts and investors as a means of evaluating a company's operating performance. Adjusted Operating Income should not be considered as an alternative to operating income as an indicator of operating performance.

We define Adjusted Net Income as net income (loss) adjusted for, as applicable, (i) the impact of fair value adjustments to acquired unearned revenue, (ii) loss on debt modification and extinguishment, (iii) amortization of acquired technology and other acquired intangibles, (iv) equity-based compensation expense, (v) restructuring and transaction-related expenses, (vi) integration costs and acquisition-related expenses, (vii) legal settlement, (viii) TRA liability remeasurement (benefit) expense, (ix) other (income) loss, net and (x) tax impacts of adjustments to net income (loss). Adjusted Net Income is presented because it is used by management to evaluate our financial performance and for planning and forecasting purposes. Additionally, we believe that it and similar measures are widely used by securities analysts and investors as a means of evaluating a company's operating performance. Adjusted Net Income should not be considered as an alternative to cash flows from operating activities as a measure of liquidity or as an alternative to operating income or net income as indicators of operating performance.

The following table presents a reconciliation of *Income from operations* to Adjusted Operating Income for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**2024**	**2023**	**2024**	**2023**
Income from operations (GAAP)	$ 43.5	$ 63.1	$ 66.5	$ 189.0
Impact of fair value adjustments to acquired unearned revenue[1]	—	0.1	—	0.2
Amortization of acquired technology	9.6	9.5	28.7	29.5
Amortization of other acquired intangibles	5.4	5.4	16.2	16.5
Equity-based compensation expense	36.6	42.9	104.2	126.9
Restructuring and transaction-related expenses[2]	16.8	5.1	67.0	9.9
Litigation settlement[3]	(0.2)	—	30.0	—
Adjusted Operating Income (Non-GAAP)	$ 111.7	$ 126.2	$ 312.6	$ 372.1
Revenue (GAAP)	$ 303.6	$ 313.8	$ 905.2	$ 923.1
Impact of fair value adjustments to acquired unearned revenue	—	0.1	—	0.2
Revenue for adjusted operating margin calculation (Non-GAAP)	$ 303.6	$ 313.9	$ 905.2	$ 923.4
Operating Income Margin (GAAP)	14 %	20 %	7 %	20 %
Adjusted Operating Income Margin (Non-GAAP)	37 %	40 %	35 %	40 %

(1) Represents the impact of fair value adjustments to acquired unearned revenue relating to services billed by an acquired company, prior to our acquisition of that company. These adjustments represent the difference between the revenue recognized based on management's estimate of fair value of acquired unearned revenue and the receipts billed prior to the acquisition less revenue recognized prior to the acquisition.

(2) Represents costs directly associated with acquisition or disposal activities, including employee severance and termination benefits, contract termination fees and penalties, and other exit or disposal costs. For the three and nine months ended September 30, 2024, this expense is primarily related to lease impairment and abandonment charges as well as lease restructuring activities. For the three and nine months ended September 30, 2023, this expense is primarily related to costs associated with a June 2023 reduction in force, and impairment charges related to the Ra'anana office and other offices.

(3) Represents charges associated with certain legal settlements. For the nine months ended September 30, 2024, these charges are related to costs incurred due to the Class Actions. See Note 9 - Commitments and Contingencies for further information.

Adjusted Operating Income for the three months ended September 30, 2024 was $111.7 million and represented an Adjusted Operating Income Margin of 37%. Adjusted Operating Income for the three months ended September 30, 2023 was $126.2 million and represented an Adjusted Operating Income Margin of 40%. The decrease of $14.5 million, or 11%, in Adjusted Operating Income was primarily due to the lower revenues in the current period as described above.

Adjusted Operating Income for the nine months ended September 30, 2024 was $312.6 million and represented an Adjusted Operating Income Margin of 35%. Adjusted Operating Income for the nine months ended September 30, 2023 was $372.1 million and represented an Adjusted Operating Income Margin of 40%. The decrease of $59.5 million, or 16%, in Adjusted Operating Income was primarily due to the change in accounting estimate of collectibility of accounts receivable resulting in both reduced revenues as well as incremental bad debt expense.

The following table presents a reconciliation of *Net income* to Adjusted Net Income for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**2024**	**2023**	**2024**	**2023**
Net income (GAAP)	$ 23.8	$ 30.2	$ 14.5	$ 112.8
Impact of fair value adjustments to acquired unearned revenue[1]	—	0.1	—	0.2
Loss on debt modification and extinguishment	—	—	0.7	2.2
Amortization of acquired technology	9.6	9.5	28.7	29.5
Amortization of other acquired intangibles	5.4	5.4	16.2	16.5
Equity-based compensation expense	36.6	42.9	104.2	126.9
Restructuring and transaction-related expenses[2]	16.8	5.1	67.0	9.9
Litigation settlement[3]	(0.2)	—	30.0	—
TRA liability remeasurement expense (benefit)	0.7	(2.6)	9.9	(13.8)
Other loss (income), net	0.2	—	(2.4)	—
Tax impacts of adjustments to net income[4]	10.8	14.4	1.4	26.8
Adjusted Net Income (Non-GAAP)	$ 103.7	$ 105.0	$ 270.2	$ 311.0

(1) Represents the impact of fair value adjustments to acquired unearned revenue relating to services billed by an acquired company, prior to our acquisition of that company. These adjustments represent the difference between the revenue recognized based on management's estimate of fair value of acquired unearned revenue and the receipts billed prior to the acquisition less revenue recognized prior to the acquisition.

(2) Represents costs directly associated with acquisition or disposal activities, including employee severance and termination benefits, contract termination fees and penalties, and other exit or disposal costs. For the three and nine months ended September 30, 2024, this expense is primarily related to lease impairment and abandonment charges as well as lease restructuring activities. For the three and nine months ended September 30, 2023, this expense is primarily related to costs associated with a June 2023 reduction in force, and impairment charges related to the Ra'anana office and other offices.

(3) Represents charges associated with certain legal settlements. For the nine months ended September 30, 2024, these charges related to costs incurred due to the Class Actions. See Note 9 - Commitments and Contingencies for further information.

(4) Represents tax expense associated with GAAP Net income excluded from Adjusted Net Income (Non-GAAP). This includes the tax effects associated with equity compensation, remeasurement of deferred tax assets for the effect of state law changes, and TRA liability remeasurement.

Adjusted Net Income for the three months ended September 30, 2024 was $103.7 million compared to $105.0 million, representing a decrease of $1.3 million, or 1%, relative to the three months ended September 30, 2023. This decrease was primarily due to the lower Adjusted Operating Income in the current period as described above, mostly offset by the decrease in tax expense.

Adjusted Net Income for the nine months ended September 30, 2024 was $270.2 million compared to $311.0 million, representing a decrease of $40.8 million, or 13%, relative to the nine months ended September 30, 2023. This decrease was primarily due to the change in accounting estimate of collectibility of accounts receivable resulting in both reduced revenues as well as increased bad debt expense.

Adjusted EBITDA

EBITDA is defined as earnings before interest, taxes, depreciation, and amortization. Management further adjusts EBITDA to exclude certain items of a significant or unusual nature, as applicable, including other (income) expense, net, loss on debt modification and extinguishment, impact of certain non-cash items, such as fair value adjustments to acquired unearned revenue and equity-based compensation, restructuring and transaction-related expenses, integration costs and acquisition-related compensation, and legal settlement. We exclude these items because these are non-cash expenses or non-cash fair value adjustments, which we do not consider indicative of performance and ongoing cash-generation potential or are episodic in nature and have no direct correlation to the cost of operating our business on an ongoing basis. Adjusted EBITDA is presented because it is used by management to evaluate our financial performance and for planning and forecasting purposes. Additionally, we believe that it and similar measures are widely used by securities analysts and investors as a means of evaluating a company's operating performance. Adjusted EBITDA should not be considered as an alternative to cash flows from operating activities as a measure of liquidity or as an alternative to operating income or net income as indicators of operating performance.

The following table presents a reconciliation of Net income to Adjusted EBITDA for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**2024**	**2023**	**2024**	**2023**
Net income (GAAP)	$ 23.8	$ 30.2	$ 14.5	$ 112.8
Provision for income taxes	11.1	29.0	25.3	69.3
Interest expense, net	9.6	11.9	29.5	33.8
Loss on debt modification and extinguishment	—	—	0.7	2.2
Depreciation expense[1]	6.3	4.9	17.3	14.5
Amortization of acquired technology	9.6	9.5	28.7	29.5
Amortization of other acquired intangibles	5.4	5.4	16.2	16.5
Other income, net[2]	(1.0)	(8.0)	(3.5)	(29.1)
Impact of fair value adjustments to acquired unearned revenue[3]	—	0.1	—	0.2
Equity-based compensation expense	36.6	42.9	104.2	126.9
Restructuring and transaction-related expenses[4]	16.8	5.1	67.0	9.9
Litigation settlement[5]	(0.2)	—	30.0	—
Adjusted EBITDA (Non-GAAP)	$ 118.0	$ 131.1	$ 329.9	$ 386.6

(1) The three and nine ended September 30, 2024 exclude the accelerated depreciation associated with the Waltham Lease Restructuring. Refer to Note 4 - Property and Equipment and Note 11 - Leases for further information.
(2) Primarily represents revaluations on TRA liability and investment income.
(3) Represents the impact of fair value adjustments to acquired unearned revenue relating to services billed by an acquired company, prior to our acquisition of that company. These adjustments represent the difference between the revenue recognized based on management's estimate of fair value of acquired unearned revenue and the receipts billed prior to the acquisition less revenue recognized prior to the acquisition.
(4) Represents costs directly associated with acquisition or disposal activities, including employee severance and termination benefits, contract termination fees and penalties, and other exit or disposal costs. For three and nine months ended September 30, 2024, this expense is primarily related to lease impairment and abandonment charges as well as lease restructuring activities. For the three and nine months ended September 30, 2023, this expense is primarily related to costs associated with a June 2023 reduction in force, and impairment charges related to the Ra'anana office and other offices.
(5) Represents charges associated with certain legal settlements. For the nine months ended September 30, 2024, these charges related to costs incurred due to the Class Actions. See Note 9 - Commitments and Contingencies for further information.

Adjusted EBITDA for the three months ended September 30, 2024 was $118.0 million, a decrease of $13.1 million, or 10%, relative to the three months ended September 30, 2023. This decrease was primarily due to the lower revenues in the current period as described above.

Adjusted EBITDA for the nine months ended September 30, 2024 was $329.9 million, a decrease of $56.7 million, or 15%, relative to the nine months ended September 30, 2023. This decrease was primarily due to the change in accounting estimate of collectibility of accounts receivable resulting in both reduced revenues as well as increased bad debt expense.

Liquidity and Capital Resources

As of September 30, 2024, we had $147.7 million of cash and cash equivalents and $250.0 million available under our first lien revolving credit facility. We have financed our operations primarily through cash generated from operations and financed various acquisitions through cash generated from operations supplemented with debt offerings.

We believe that our cash flows from operations and existing available cash and cash equivalents, together with our other available external financing sources, will be adequate to fund our operating and capital needs for at least the next 12 months and for the foreseeable future. We are currently in compliance with the covenants under the credit agreements governing our secured credit facilities, and we expect to remain in compliance with our covenants.

We generally invoice our subscription customers annually, semi-annually, or quarterly in advance of our subscription services. Therefore, a substantial source of our cash is from such prepayments, which are included on our Consolidated Balance Sheets as unearned revenue. Unearned revenue consists of billed fees for our subscriptions, prior to satisfying the criteria for revenue recognition, which are subsequently recognized as revenue in accordance with our revenue recognition policy. As of September 30, 2024, we had unearned revenue of $419.2 million, of which $417.0 million was recorded as a current liability and is expected to be recorded as revenue in the next 12 months, provided all other revenue recognition criteria have been met.

Our cash flows from operations, borrowing availability, and overall liquidity are subject to risks and uncertainties. We may not be able to obtain additional liquidity on reasonable terms, or at all. In addition, our liquidity and our ability to meet our obligations and to fund our capital requirements are dependent on our future financial performance, which is subject to general economic, financial, and other factors that are beyond our control. Accordingly, our business may not generate sufficient cash flow from operations and future borrowings may not be available from additional indebtedness or otherwise to meet our liquidity needs. If we decide to pursue one or more significant acquisitions, we may incur additional debt or sell additional equity to finance such acquisitions, which would result in additional expenses or dilution. See “Risk Factors” in Part I, Item 1A of our 2023 Form 10-K.

Historical Cash Flows

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

	Nine Months Ended September 30,	
(in millions)	**2024**	**2023**
Net cash provided by operating activities	$ 260.4	$ 306.1
Net cash provided by (used in) investing activities	36.8	(11.1)
Net cash used in financing activities	(596.8)	(266.6)
Net increase (decrease) in cash, cash equivalents, and restricted cash	$ (299.6)	$ 28.4

Cash flows from operating activities

Net cash provided by operating activities was $260.4 million for the nine months ended September 30, 2024 as a result of net income of $14.5 million, adjusted by non-cash charges of $335.5 million and the net change in our operating and liabilities of $89.6 million. The non-cash charges are primarily comprised of equity-based compensation of $104.2 million, depreciation and amortization of $63.3 million, asset impairments and lease abandonment charges of $57.4 million, amortization of deferred commission costs of $49.5 million, provision for bad debt expense of $39.3 million, a decrease in deferred tax assets net of deferred tax liabilities of $11.0 million, and TRA remeasurement of $9.9 million. The net change in operating assets and liabilities was primarily the result of a decrease in accrued expenses and other liabilities of $64.7 million, an increase in deferred costs and other assets of $30.4 million, a decrease in unearned revenue of $22.6 million, an increase in prepaid and other current expenses of $21.1 million, and a decrease in accounts payable of $17.6 million, partially offset by a decrease in accounts receivable of $69.7 million.

Net cash provided by operations was $306.1 million for the nine months ended September 30, 2023 as a result of net income of $112.8 million, adjusted by non-cash charges of $330.5 million and the net change in our operating assets and liabilities of $137.2 million. The non-cash charges are primarily comprised of equity-based compensation of $126.9 million, a decrease in deferred tax assets net of deferred tax liabilities of $68.5 million, depreciation and amortization of $60.5 million, amortization of deferred commission costs of $57.2 million, and provision for bad debt expense of $22.0 million, partially offset by TRA remeasurement of $13.8 million. The net change in operating assets and liabilities was primarily the result of an increase in deferred costs and other assets of $53.0 million, a decrease in accrued expenses and other liabilities of $27.6 million, an increase in accounts receivable of $17.7 million, a decrease in unearned revenue of $16.8 million, and a decrease in accounts payable of $15.2 million.

We may make future acquisitions as part of our business strategy which may require the use of capital resources and drive additional future restructuring and transaction-related cash expenditures as well as integration and acquisition-related compensation cash costs. During the nine months ended September 30, 2024, and 2023, we incurred the following cash expenditures:

	Nine Months Ended September 30,	
(in millions)	**2024**	**2023**
Interest paid in cash	$ 39.6	$ 43.0
Restructuring and transaction-related expenses paid in cash[1]	63.5	5.5
Integration costs and acquisition-related compensation paid in cash[2]	1.3	0.5
Litigation settlement payments[3]	30.0	—

(1) Represents cash payments directly associated with acquisition or disposal activities, including employee severance and termination benefits, contract termination fees and penalties, and other exit or disposal costs. For the nine months ended September 30, 2024, these payments related primarily to Waltham lease restructuring charges. For the nine months ended September 30, 2023, these payments related primarily to a June 2023 reduction in force, legal costs paid related to 2021 and 2022 acquisitions, and Waltham sublease costs.

(2) Represents cash payments directly associated with integration activities for acquisitions and acquisition-related compensation, which includes transaction bonuses and retention awards. For the nine months ended September 30, 2024, these payments related to deferred compensation from the acquisition of Insent. For the nine months ended September 30, 2023, these payments related to retention compensation from the Insent acquisition.

(3) Represents cash payments associated with legal settlements and associated legal fees. For the nine months ended September 30, 2024, these payments related to legal costs incurred due to the Class Actions. See Note 9 - Commitments and Contingencies for further information.

Future demands on our capital resources associated with our debt facilities may also be impacted by changes in reference interest rates and the potential that we incur additional debt in order to fund additional acquisitions or for other corporate purposes. Future demands on our capital resources associated with transaction expenses and restructuring activities and integration costs and transaction-related compensation will be dependent on the frequency and magnitude of future acquisitions and restructuring and integration activities that we pursue. As part of our business strategy, we expect to continue to pursue acquisitions of, or investments in, complementary businesses from time to time; however, we cannot predict the magnitude or frequency of such acquisitions or investments.

Cash flows from investing activities

Net cash provided by investing activities for the nine months ended September 30, 2024 was $36.8 million, primarily consisting of maturities of short-term investments of $82.2 million, partially offset by purchases of property and equipment and other assets of $41.5 million and payments of initial direct costs of $3.4 million.

Net cash used in investing activities for the nine months ended September 30, 2023 was $11.1 million, consisting of purchases of short-term investments of $145.0 million, purchases of property and equipment and other assets of $17.6 million, offset by maturities of short-term investments of $151.5 million.

As we continue to grow and invest in our business, we expect to continue to invest in property and equipment and opportunistically pursue acquisitions.

Cash flows from financing activities

Net cash used in financing activities for the nine months ended September 30, 2024 was $596.8 million and primarily comprised of payments relating to the repurchase of common stock of $542.6 million, TRA payments of $31.6 million, and payments of taxes related to net share settlement of equity awards of $18.1 million.

Net cash used in financing activities for the nine months ended September 30, 2023 was $266.6 million, comprised of payments relating to the repurchase of common stock of $247.0 million, payments of taxes related to net share settlement of equity awards of $17.0 million, repayment of debt of $4.5 million, payments of debt issuance and modification costs of $2.7 million, and payments of deferred consideration of $0.4 million, partially offset by proceeds from issuance of common stock under the employee stock purchase plan of $4.6 million, and proceeds from exercise of stock options of $0.4 million.

Refer to Note 6 - Financing Arrangements of our consolidated financial statements for additional information related to each of our borrowings.

Debt Obligations

As of September 30, 2024, the aggregate remaining balance of $650.0 million of 3.875% Senior Notes is due, in its entirety, at the contractual maturity date of February 1, 2029. Interest on the Senior Notes is payable semi-annually in arrears beginning on August 1, 2021. As of September 30, 2024, the Company has a remaining balance of $589.6 million with respect to its first lien term loans. The Company is obligated to make principal payments each quarter in the amount of 0.25% of the aggregate outstanding amount as of the latest amendment, with the remaining balance due at the contractual maturity date of February 28, 2030. The foregoing currently represent the only existing required future debt principal repayment obligations that will require future uses of the Company's cash.

The first lien term debt has a variable interest rate whereby the Company can elect to use a Base Rate or SOFR plus an applicable rate. The applicable rate is 0.75% for Base Rate loans or 1.75% for SOFR loans. The effective interest rate on the first lien debt was 7.24% and 7.83% as of September 30, 2024 and December 31, 2023, respectively.

The first lien revolving credit facility, which had no amount outstanding as of September 30, 2024, has a variable interest rate whereby the Company can elect to use a Base Rate or SOFR plus an applicable rate. The applicable margin is 1.00% to 1.25% for Base Rate loans. The applicable margin for SOFR loans is 2.10% to 2.35%, which includes the credit spread adjustment of 0.1%, depending on the Company's Consolidated First Lien Net Leverage Ratio.

Our total net leverage ratio to Adjusted EBITDA is defined as total contractual maturity of outstanding indebtedness less cash, cash equivalents, and restricted cash, divided by trailing twelve months Adjusted EBITDA. Adjusted EBITDA for the 12 months ended September 30, 2024 was $461.6 million. Our total net leverage ratio to Adjusted EBITDA as of September 30, 2024 was 2.3x.

(in millions, except leverage ratios)		
Total contractual maturity of outstanding indebtedness	$	1,239.6
Less: Cash, cash equivalents, and restricted cash		156.6
Net contractual maturity of outstanding indebtedness	$	1,083.0
Trailing Twelve Months (TTM) Adjusted EBITDA	$	461.6
Total net leverage ratio to Adjusted EBITDA		2.3x

Our consolidated first lien net leverage ratio is defined in the agreement governing our existing first lien credit facilities (the "First Lien Credit Agreement") as total contractual maturity of outstanding First Lien indebtedness less cash and cash equivalents, divided by trailing twelve months Cash EBITDA (defined as Consolidated EBITDA in our Credit Agreements). Cash EBITDA differs from Adjusted EBITDA due to certain defined add-backs, including cash generated from changes in unearned revenue; see table below for reconciliation. Cash EBITDA for the 12 months ended September 30, 2024 was $482.4 million. Our consolidated first lien net leverage ratio as of September 30, 2024 was 0.9x.

(in millions, except leverage ratios)		
Total contractual maturity of First Lien indebtedness	$	589.6
Less: Cash and cash equivalents		147.7
Net contractual maturity of First Lien indebtedness	$	441.9
Trailing Twelve Months (TTM) Cash EBITDA	$	482.4
Consolidated First Lien Net Leverage Ratio		0.9x

Our total net leverage ratio to Cash EBITDA (defined as Consolidated EBITDA in our Credit Agreements) is defined as total contractual maturity of outstanding indebtedness less cash, cash equivalents, and restricted cash, divided by trailing twelve months Cash EBITDA. Cash EBITDA for the 12 months ended September 30, 2024 was $482.4 million. Our total net leverage ratio to Cash EBITDA as of September 30, 2024 was 2.2x.

(in millions, except leverage ratios)		
Total contractual maturity of outstanding indebtedness	$	1,239.6
Less: Cash, cash equivalents, and restricted cash		156.6
Net contractual maturity of outstanding indebtedness	$	1,083.0
Trailing Twelve Months (TTM) Cash EBITDA	$	482.4
Total net leverage ratio to Cash EBITDA		2.2x

(in millions)	Trailing Twelve Months as of September 30, 2024
Net income (GAAP)	$ 9.0
Provision for income taxes	237.4
Interest expense, net	40.9
Loss on debt modification and extinguishment	2.8
Depreciation expense	22.5
Amortization of acquired technology	38.2
Amortization of other acquired intangibles	21.5
Other income, net[1]	(153.1)
Equity-based compensation expense	144.9
Restructuring and transaction-related expenses[2]	67.4
Litigation settlement[3]	30.0
Adjusted EBITDA (Non-GAAP)	$ 461.6
Unearned revenue adjustment	16.1
Cash rent adjustment	4.3
Other lender adjustments	0.4
Cash EBITDA (Non-GAAP)	$ 482.4

(1) Primarily represents revaluations on TRA liability and investment income.
(2) Represents costs directly associated with acquisition or disposal activities, including employee severance and termination benefits, contract termination fees and penalties, and other exit or disposal costs. For the trailing twelve months ended September 30, 2024, this expense related primarily to lease restructuring, impairment and abandonment charges.
(3) Represents charges associated with certain legal settlements. For the trailing twelve months ended September 30, 2024, these charges related to costs incurred due to the Class Actions. See Note 9 - Commitments and Contingencies for further information.

In addition, the credit agreement governing our first lien term loan contains restrictive covenants that may limit our ability to engage in activities that may be in our long-term best interest. These restrictive covenants include, among others, limitations on our ability to pay dividends or make other distributions in respect of, or repurchase or redeem, capital stock, prepay, redeem, or repurchase certain debt, make acquisitions, investments, loans, and advances, or sell or otherwise dispose of assets. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of substantially all of our debt. The Company may be able to incur substantial additional indebtedness in the future. The terms of the credit agreements governing our first lien term loan limit, but do not prohibit, the Company from incurring additional indebtedness, and the additional indebtedness incurred in compliance with these restrictions could be substantial. These restrictions will also not prevent the Company from incurring obligations that do not constitute "Indebtedness" as defined in the agreements governing our indebtedness.

Capital Expenditures

Capital expenditures increased by $23.9 million, or 136%, to $41.5 million for nine months ended September 30, 2024 compared to the nine months ended September 30, 2023, as a result of increased expenditures related to new facilities and increased capitalization of development expenses.

Tax Receivable Agreements

For information related to our TRA, refer to Note 17 - Tax Receivable Agreements in our 2023 Form 10-K.

As of September 30, 2024, the Company had a liability of $2,794.9 million related to its projected obligations under the TRA. During the nine months ended September 30, 2024, $31.6 million was paid to TRA holders pursuant to the TRA. During the nine months ended September 30, 2023, no payment was made pursuant to the TRA.

Contractual Obligations and Commitments

As of September 30, 2024, we had additional operating leases for office space that have not yet commenced with anticipated undiscounted future lease payments of $72.6 million. In July 2024, the Company executed a termination agreement with the landlord. Pursuant to the amended lease agreement with respect to Waltham, Massachusetts, the Company made a payment of $59.1 million. Refer to Note 11 - Leases of the notes to our unaudited consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Except as set forth above and in Note 9 - Commitments and Contingencies of the notes to our unaudited consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q, there have been no material changes outside of the ordinary course of business in the contractual obligations and commitments disclosed in our 2023 Form 10-K.

Critical Accounting Policies and Estimates

Critical accounting policies and estimates are those accounting policies and estimates that are both the most important to the portrayal of our net assets and results of operations and require the most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. These estimates are developed based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Critical accounting estimates are accounting estimates where the nature of the estimates is material due to the levels of subjectivity and judgment necessary to account for highly uncertain matters or the susceptibility of such matters to change and the impact of the estimates on financial condition or operating performance is material.

There have been no material changes to our critical accounting policies and estimates as compared to the critical accounting policies and estimates described under “Management's Discussion and Analysis of Financial Condition and Results of Operations” in Part II, Item 7 of our 2023 Form 10-K.

Recently Issued Accounting Pronouncements

Refer to Note 1 - Business, Basis of Presentation, and Summary of Significant Accounting Policies of our consolidated financial statements included in Part I, Item 1 of this Form 10-Q regarding recently issued accounting pronouncements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have operations in the United States and internationally, and we are exposed to market risk in the ordinary course of business.

Inflation

We do not believe that inflation has had a material direct effect on our business, financial condition, or results of operations. Our business, financial condition, or results of operations may be impacted by macroeconomic conditions, including underlying factors such as inflation. See "Risk Factors - Geopolitical Risks" in Part I, Item 1A of our 2023 Form 10-K for further discussion of the possible impact of these issues on our business. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset higher costs through price increases and our inability or failure to do so could potentially harm our business, financial condition, and results of operations.

Interest Rate Risk

Our operating results are subject to market risk from interest rate fluctuations on our first lien term loan, which bears a variable interest rate based on SOFR. As of September 30, 2024, the total principal balance outstanding was $589.6 million. We have implemented a hedging strategy to mitigate the interest rate risk by entering into certain derivative instruments (refer to Note 6 - Financing Arrangements of our consolidated financial statements included in Part I, Item 1 of this Form 10-Q). Based on the outstanding balances and interest rates of our debt as of September 30, 2024, a hypothetical relative increase or decrease in our effective interest rate by 100 basis points or 1% would have caused an immaterial corresponding change over the next 12 months.

Additionally, from time to time, we have dedesignated certain cash flow hedging relationships due to repricing of the terms and partial prepayment of the outstanding principal of our first lien term loan since loan inception. As of September 30, 2024, all cash flow hedging relationships are designated as accounting hedges.

Foreign Currency Exchange Rate Risk

To date, our sales contracts have primarily been denominated in U.S. dollars. We have foreign entities established in Israel, Canada, United Kingdom, India, and Australia. The functional currency of these foreign subsidiaries is the U.S. dollar. A stronger U.S. dollar could make our solution more expensive outside the United States and therefore reduce demand, while a weaker U.S. dollar could have the opposite effect. Such economic exposure to currency fluctuations is difficult to measure or predict because our sales are influenced by many factors in addition to the impact of currency fluctuations.

To manage the foreign currency exchange rate risk and to reduce the volatility associated with the fluctuation of foreign currencies, we may use foreign exchange forward contracts or other financial instruments from time to time. In the second quarter of 2024, the Company initiated a foreign currency hedging program (see Note 7 - Derivatives and Hedging Activities). This program aimed to mitigate potential adverse effects on our financial results from significant currency movements.

Monetary assets and liabilities of the foreign subsidiaries are re-measured into U.S. dollars at the exchange rates in effect at the reporting date, non-monetary assets and liabilities are re-measured at historical rates, and revenue and expenses are re-measured at average exchange rates in effect during each reporting period. Foreign currency transaction gains and losses are recorded to *Other income, net*. Although the impact of currency fluctuations on our financial results has been immaterial in the past and we believe that for the reasons cited above, currency fluctuations will not be significant in the future, there can be no guarantee that the impact of currency fluctuations or our hedging activities will not be material in the future.

Credit Risk

Our financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and trade and other receivables. We hold cash with reputable financial institutions that often exceed federally insured limits. We manage our credit risk by concentrating our cash deposits with multiple high-quality financial institutions and periodically evaluating the credit quality of those institutions. The carrying value of cash approximates fair value. Our investment portfolio is comprised of highly rated securities with a weighted-average maturity of less than 12 months in accordance with our investment policy which seeks to preserve principal and maintain a high degree of liquidity.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer (principal executive officer) and Interim Chief Financial Officer (principal financial officer), of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based on such evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective as of September 30, 2024 to provide reasonable assurance that information to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and such information is accumulated and communicated to management, including our principal executive and principal financial officers or persons performing similar functions, as appropriate to allow timely decisions regarding disclosure. Our disclosure controls and procedures were developed through a process in which our management applied its judgment in assessing the costs and benefits of such controls and procedures, which, by their nature, can provide only reasonable assurance regarding the control objectives. You should note that the design of any system of disclosure controls and procedures is based in part upon various assumptions about the likelihood of future events, and we cannot assure you that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

Changes in Internal Control Over Financial Reporting

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

Inherent Limitations on Effectiveness of Controls

Our management, including our Chief Executive Officer and Interim Chief Financial Officer, do not expect that our disclosure controls or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company 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 is also 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

For a description of certain legal and regulatory proceedings, please read "Legal Matters" in *Note 9 - Commitments and Contingencies* and *Note 15 - Subsequent Events* to our unaudited consolidated financial statements included in Part I, Item 1 of this Form 10-Q, which is incorporated herein by reference.

ITEM 1A. RISK FACTORS

We are subject to various risks that could have a material adverse impact on our financial position, results of operations or cash flows. Although it is not possible to predict or identify all such risks and uncertainties, they may include, but are not limited to, the factors discussed under "Risk Factors" in Part I, Item 1A of our 2023 Form 10-K. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our financial position, results of operations or cash flows. There have been no material changes to the risk factors included in our 2023 Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

The following table sets forth information with respect to shares of common stock purchased by the Company during the periods indicated:

Period	Total Number of Shares Purchased[1]	Weighted Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs[2]	Maximum Number (or Approximate Dollar Value) of Shares that May Yet be Purchased Under the Plan or Programs (in millions)
July 2024	1,750,537	$ 11.93	1,747,542	$ 378.6
August 2024[3]	20,580,812	9.70	20,577,430	178.9
September 2024[3]	2,159,928	10.05	2,153,724	157.2
Total	24,491,277		24,478,696	

(1) Shares that were not purchased as part of publicly announced plans or programs were acquired through the withholding of shares to satisfy tax withholding obligations incurred upon the vesting of HSKB phantom units awarded under the HSKB Funds, LLC 2019 Phantom Unit Plan.

(2) In March 2023, the Board authorized a program to repurchase the Company's common stock (the "Share Repurchase Program"). The total authorizations in 2023 and 2024 were $600.0 million and $500.0 million, respectively, of which $157.2 million remained available and authorized for repurchases as of September 30, 2024. Shares of common stock may be repurchased under the Share Repurchase Program from time to time through open market purchases, block trades, private transactions or accelerated or other structured share repurchase programs. The extent to which the Company repurchases shares of common stock, and the timing of such purchases, will depend upon a variety of factors, including market conditions, regulatory requirements and other corporate considerations, as determined by the Company. The Share Repurchase Program may be suspended or discontinued at any time.

(3) During the third quarter of 2024, the Company entered into an accelerated share repurchase agreement (the "ASR Transaction") to repurchase an aggregate of $125.0 million of the Company's common stock ("Common Stock"). In August 2024, the Company received an initial delivery of 10,277,492 shares of the Company's common stock. The ASR Transaction was settled in September 2024, resulting in the additional delivery of 2,153,724 shares of the Company's common stock. The Company repurchased in total 12,431,216 million of shares for $125.0 million as part of the ASR Transaction.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibits filed or furnished herewith are designated by a cross (+); all exhibits not so designated are incorporated by reference to a prior filing as indicated. Agreements included as exhibits are included only to provide information to investors regarding their terms. Agreements listed below may contain representations, warranties and other provisions that were made, among other things, to provide the parties thereto with specified rights and obligations and to allocate risk among them, and no such agreement should be relied upon as constituting or providing any factual disclosures about ZoomInfo Technologies Inc., any other persons, any state of affairs or other matters.

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference
3.1	Second Amended and Restated Certificate of Incorporation of ZoomInfo Technologies Inc.	8-K filed May 19, 2022	001-39310	3.1
3.2	Amended and Restated Bylaws of ZoomInfo Technologies Inc.	10-Q filed October 30, 2023	001-39310	3.2
4.1	Indenture, dated as of February 2, 2021, by and among ZoomInfo Technologies LLC, ZoomInfo Finance Corp., the guarantors named on the signature pages thereto, and Wells Fargo National Association, as trustee	8-K filed July 15, 2021	001-39310	4.1
4.2	Supplemental Indenture, dated as of July 15, 2021, by and among ZoomInfo Technologies LLC, ZoomInfo Finance Corp., the guarantors named on the signature pages thereto, and Wells Fargo National Association, as trustee	8-K filed July 15, 2021	001-39310	4.2
4.3	Form of 3.875% Senior Note due 2029 (included in Exhibit 4.1)	8-K filed July 15, 2021	001-39310	4.3
+10.1†	Separation Agreement and Release, as Amended, effective October 8, 2024, between the Company and Peter Cameron Hyzer			
+10.2†	Offer Letter dated September 6, 2024, between the Company and Graham O'Brien			
+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.			
+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.			
+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.			
+101.INS	Inline XBRL Instance Document			
+101.SCH	Inline XBRL Taxonomy Extension Schema Document			
+101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document			
+101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document			
+101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document			
+101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document			
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)			

† Management contract or compensatory plan or arrangement.

* The certifications attached as Exhibit 32.1 that accompany this Quarterly Report on Form 10-Q are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of ZoomInfo Technologies Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

SIGNATURES

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

ZOOMINFO TECHNOLOGIES INC.

By: /s/ M. Graham O'Brien
Name: M. Graham O'Brien
Title: Interim Chief Financial Officer
(Principal Financial Officer and Authorized Signatory)

Date: November 12, 2024