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 1934**

For the quarterly period ended September 30, 2021

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

Commission File Number: 001-40464

ZETA GLOBAL HOLDINGS CORP.
(Exact name of registrant as specified in its charter)

Delaware	**80-0814458**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**

3 Park Ave, 33 rd Floor
New York, NY 10016
(Address of principal executive offices) (Zip Code)

(212) 967-5055
(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
Class A common stock, par value $0.001 per share	**ZETA**	**The New York Stock Exchange**

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

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

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

Large-accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐
		Emerging growth company	☒

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

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

As of October 29, 2021, 159,603,268 shares of the registrant's Class A common stock and 37,856,095 shares of registrant's Class B common stock were outstanding.

ZETA GLOBAL HOLDINGS CORP.
Quarterly Report on Form 10-Q

For the Quarterly Period Ended September 30, 2021

TABLE OF CONTENTS

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which statements involve substantial risks and uncertainties. All statements made in this Quarterly Report on Form 10-Q that are not statements of historical fact, including statements about our beliefs and expectations and regarding future events or our future results of operations, financial condition, business, strategies, financial needs, and the plans and objectives of management, are forward-looking statements and should be evaluated as such. These statements often include words such as “anticipate,” “expect,” “suggests,” “plan,” “believe,” “intend,” “estimates,” “targets,” “projects,” “should,” “could,” “would,” “may,” “will,” “forecast” and other similar expressions or the negative of those terms. We base these forward-looking statements on our current expectations, plans and assumptions that we have made in light of our experience in the industry, as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances at such time. As you read this Quarterly Report on Form 10-Q, you should understand that these statements are not guarantees of future performance or results. The forward-looking statements are subject to and involve risks, uncertainties and assumptions, and you should not place undue reliance on these forward-looking statements. Although we believe that these forward-looking statements are based on reasonable assumptions at the time they are made, you should be aware that many factors could affect our business, results of operations and financial condition and could cause actual results to differ materially from those expressed in the forward-looking statements. The following important factors, along with the factors discussed in “Risk Factors” in this Quarterly Report on Form 10-Q and the Company’s final prospectus, dated June 9, 2021 and filed with the SEC on June 14, 2021 (the “Prospectus”), may materially affect such forward-looking statements:

- The impact of the COVID-19 pandemic on the global economy, our customers, employees and business;
- We may experience fluctuations in our operating results, which could make our future operating results difficult to predict;
- If we fail to innovate and make the right investment decisions in our product offerings and platform, we may not attract and retain customers and our revenue and results of operations may decline;
- Our success and revenue growth depends on our ability to add and retain scaled customers, which we define as customers from which the Company has generated trailing-12-month revenues of at least $100,000;
- If we do not manage our growth effectively, the quality of our platform and solutions may suffer and our business, results of operations and financial condition may be adversely affected;
- Our business and the effectiveness of our platform depends on our ability to collect and use data online. New consumer tools, regulatory restrictions and potential changes to web browsers and mobile operating systems all threaten our ability to collect such data, which could harm our operating results and financial condition and adversely affect the demand for our products and solutions;
- The standards that private entities and inbox service providers adopt in the future to regulate the use and delivery of email may interfere with the effectiveness of our platform and our ability to conduct business;
- A significant inadvertent disclosure or breach of confidential and/or personal information we process, or a security breach of our or our customers’, suppliers’ or other partners’ computer systems could be detrimental to our business, reputation, financial performance and results of operations;
- Our infrastructure depends on third-party data centers, systems and technologies to operate our business, the disruption of which could adversely affect our business, results of operations and financial condition;
- Our failure to remediate the material weaknesses in our internal control over financial reporting could result in material misstatements in our financial statements or the inability to timely report our financial condition or results of operations; and
- Other factors discussed in other sections of this Quarterly Report on Form 10-Q, including the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

You should not place undue reliance on our forward-looking statements and you should not rely on forward-looking statements as predictions of future events. The results, events, and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events, or circumstances could differ materially from those described in the forward-looking statements. The forward-looking statements made in this Quarterly Report on Form 10-Q should not be construed by you to be exhaustive and speak only as of the date of this report. We undertake no obligation to update any forward-looking statements made in this report to reflect events or circumstances after the date of this report or to reflect new information or the occurrence of unanticipated events, except as required by law. If we update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

WHERE YOU CAN FIND MORE INFORMATION

Our corporate website address is https://zetaglobal.com ("Corporate Website"). The contents of, or information accessible through, our Corporate Website are not part of this Form 10-Q.

The company maintains a dedicated investor website at https://investors.zetaglobal.com ("Investor Website"), which is similarly not part of this Form 10-Q. We make our filings with the SEC, including our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those reports, available free of charge on our Investor Website as soon as reasonably practicable after we file such reports with, or furnish such reports to, the SEC.

We may use our Investor Website as a distribution channel of material information about the Company including through press releases, investor presentations, sustainability reports, and notices of upcoming events. We intend to utilize our Investor Website as a channel of distribution to reach public investors and as a means of disclosing material non-public information for complying with disclosure obligations under Regulation FD.

Any reference to our Corporate Website or Investor Website addresses do not constitute incorporation by reference of the information contained on or available through those websites, and you should not consider such information to be a part of this Form 10-Q or any other filings we make with the SEC.

Table of Contents

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Condensed Unaudited Consolidated Balance Sheets
(In thousands, except shares, per share and par values)

	As of September 30, 2021	As of December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	$ **116,180**	$ 50,725
Accounts receivable, net of allowance of $2,046 and $2,207 as of September 30, 2021 and December 31, 2020, respectively	**72,785**	79,366
Prepaid expenses	**5,820**	3,903
Other current assets	**3,058**	7,374
Total current assets	**197,843**	141,368
Property and equipment, net	**5,869**	6,117
Website and software development costs, net	**38,477**	32,891
Intangible assets, net	**28,932**	28,591
Goodwill	**81,917**	76,432
Deferred tax assets, net	**195**	366
Other non-current assets	**1,063**	521
Total non-current assets	**156,453**	144,918
Total assets	$ **354,296**	$ 286,286
LIABILITIES AND STOCKHOLDERS' EQUITY / (DEFICIT)		
Current liabilities:		
Accounts payable	$ **27,905**	$ 40,976
Accrued expenses	**50,619**	44,622
Acquisition related liabilities	**16,155**	6,018
Deferred revenue	**2,739**	4,053
Other current liabilities	**5,044**	8,310
Total current liabilities	**102,462**	103,979
Non-current liabilities:		
Long-term borrowings	**183,528**	189,693
Acquisition related liabilities	**8,731**	17,137
Warrants and derivative liabilities	**—**	58,100
Other non-current liabilities	**3,790**	2,387
Total non-current liabilities	**196,049**	267,317
Total liabilities	$ **298,511**	$ 371,296
Commitments and contingencies (Note 8)		
Mezzanine equity:		
Redeemable convertible preferred stock $0.001 per share par value, up to 60,137,979 shares authorized and 39,223,194 shares issued and outstanding as of December 31, 2020	**—**	154,210
Stockholders' equity / (deficit):		
Series A common stock $0.001 per share value, up to 204,220,800 shares authorized, 112,012,693 shares issued and outstanding as of December 31, 2020	**—**	112
Treasury common stock, 8,195,464 s hares repurchased at a weighted average price of $2.86 per share	**(23,469)**	(23,469)
Series B common stock $0.001 per share par value, up to 3,400,000 shares authorized, 3,054,318 shares issued and outstanding as of December 31, 2020	**—**	3
Class A common stock, par value $0.001 per share par value, up to 3,750,000,000 shares authorized and 155,022,167 shares issued and outstanding as of September 30, 2021	**155**	—
Class B common stock, par value $0.001, up to 50,000,000 shares authorized and 37,856,095 shares issued and outstanding as of September 30, 2021	**38**	—
Additional paid-in capital	**511,929**	28,425
Accumulated deficit	**(430,679)**	(242,254)

Accumulated other comprehensive loss		**(2,189)**		(2,037)
Total stockholders’ equity / (deficit)		**55,785**		(239,220)
Total liabilities and stockholders’ equity / (deficit)	**$**	**354,296**	$	286,286

See accompanying notes to condensed unaudited consolidated financial statements.

Table of Contents

Condensed Unaudited Consolidated Statements of Operations and Comprehensive Loss
(In thousands, except share and per share amounts)

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Revenues	**$ 115,133**	$ 95,284	**$ 323,492**	$ 253,674
Operating expenses:				
Cost of revenues (excluding depreciation and amortization) (1)	**44,525**	40,705	**125,709**	100,530
General and administrative expenses (1)	**50,643**	17,150	**135,682**	53,270
Selling and marketing expenses (1)	**60,537**	18,269	**163,952**	54,359
Research and development expenses (1)	**13,998**	6,905	**50,285**	23,789
Depreciation and amortization	**11,783**	10,133	**33,135**	30,171
Acquisition related expenses	**480**	1,230	**1,516**	4,321
Restructuring expenses	**30**	259	**467**	1,950
Total operating expenses	**181,996**	**94,651**	**510,746**	**268,390**
(Loss) / income from operations	**(66,863)**	633	**(187,254)**	(14,716)
Interest expense	**1,342**	3,823	**5,705**	12,548
Other expenses / (income), net	**496**	(188)	**1,031**	(546)
Gain on extinguishment of debt	**—**	—	**(10,000)**	—
Change in fair value of warrants and derivative liabilities	**—**	9,700	**5,000**	16,400
Total other expenses	**1,838**	13,335	**1,736**	28,402
Loss before income taxes	**(68,701)**	(12,702)	**(188,990)**	(43,118)
Income tax provision / (benefit)	**428**	301	**(565)**	1,319
Net loss	**$ (69,129)**	**$ (13,003)**	**$ (188,425)**	**$ (44,437)**
Other comprehensive (loss) / income :				
Foreign currency translation adjustment	**(77)**	272	**(152)**	(516)
Total comprehensive loss	**$ (69,206)**	**$ (12,731)**	**$ (188,577)**	**$ (44,953)**
Net loss per share				
Net loss	**$ (69,129)**	$ (13,003)	**$ (188,425)**	$ (44,437)
Cumulative redeemable convertible preferred stock dividends	**—**	3,774	**7,060**	11,150
Net loss available to common stockholders	**$ (69,129)**	$ (16,777)	**$ (195,485)**	$ (55,587)
Basic loss per share	**$ (0.53)**	$ (0.51)	**$ (2.60)**	$ (1.70)
Diluted loss per share	**$ (0.53)**	$ (0.51)	**$ (2.60)**	$ (1.70)
Weighted average number of shares used to compute net loss per share				
Basic	**129,731,980**	32,607,357	**75,313,520**	32,607,373
Diluted	**129,731,980**	32,607,357	**75,313,520**	32,607,373

(1) The Company recorded the total stock-based compensation expense as follows:

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Cost of revenues (excluding depreciation and amortization)	$ 1,183	$ —	$ 1,449	$ —
General and administrative expenses	28,243	26	70,868	79
Selling and marketing expenses	35,114	—	94,626	—
Research and development expenses	4,803	—	21,670	—
Total	**$ 69,343**	**$ 26**	**$ 188,613**	**$ 79**

See accompanying notes to condensed unaudited consolidated financial statements.

[Table of Contents](#)

Condensed Unaudited Consolidated Statements of Redeemable Convertible Preferred Stock and Stockholders' Equity / (Deficit)
(In thousands, except shares)

	Redeemable Convertible Preferred Stock		Series A Common Stock		Series B Common Stock		Class A Common Stock		Class B Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
Balance as of January 1, 2021	**39,223,194**	**$ 154,210**	**112,012,693**	**$ 112**	**3,054,318**	**$ 3**	**—**	**$ —**	**—**	**$ —**	**(8,195,464)**	**$(23,469)**	**$ 28,425**	**$ (242,254)**	**$ (2,037)**	**$ (239,220)**
Shares issued in connection with an acquisition	—	—	613,497	1	—	—	—	—	—	—	—	—	5,453	—	—	5,454
Restricted stock grants	—	—	3,687,431	4	—	—	—	—	—	—	—	—	(4)	—	—	—
Restricted stock forfeitures	—	—	(1,629,369)	(2)	—	—	—	—	—	—	—	—	2	—	—	—
Restricted stock cancelation	—	—	(17,853,416)	(18)	—	—	—	—	—	—	—	—	18	—	—	—
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	—	—	—	—	—	—	54	54
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	(24,374)	—	(24,374)
Balance as of March 31, 2021	**39,223,194**	**$ 154,210**	**96,830,836**	**$ 97**	**3,054,318**	**$ 3**	**—**	**$ —**	**—**	**$ —**	**(8,195,464)**	**$(23,469)**	**$ 33,894**	**$ (266,628)**	**$ (1,983)**	**$ (258,086)**
Conversion of Series A and Series B common shares into Class A and Class B common shares, respectively	—	—	(96,830,836)	(97)	(3,054,318)	(3)	60,421,367	60	39,463,787	39	—	—	1	—	—	—
Conversion of redeemable convertible preferred stock to Class A Common Stock	(39,223,194)	(154,210)	—	—	—	—	73,813,713	74	—	—	—	—	193,136	—	—	193,210
Warrants and options exercised	—	—	—	—	—	—	8,360,331	8	—	—	—	—	24,132	—	—	24,140
Shares issued in connection with the Initial Public Offering	—	—	—	—	—	—	14,773,939	15	—	—	—	—	147,724	—	—	147,739
Equity issuance cost	—	—	—	—	—	—	—	—	—	—	—	—	(21,201)	—	—	(21,201)
Shares repurchased	—	—	—	—	—	—	(4,138,866)	(4)	(2,307,692)	(2)	—	—	(64,462)	—	—	(64,468)
Restricted stock grants	—	—	—	—	—	—	1,155,598	1	700,000	1	—	—	(2)	—	—	—
Restricted stock forfeitures	—	—	—	—	—	—	(2,334,753)	(2)	—	—	—	—	2	—	—	—
Restricted stock units vesting	—	—	—	—	—	—	219,072	—	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	—	—	126,775	—	—	126,775
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(129)	(129)
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	(94,922)	—	(94,922)
Balance as of June 30, 2021	**—**	**$ —**	**—**	**$ —**	**—**	**$ —**	**152,270,401**	**$ 152**	**37,856,095**	**$ 38**	**(8,195,464)**	**$(23,469)**	**$ 439,999**	**$ (361,550)**	**$ (2,112)**	**$ 53,058**
Options exercised	—	—	—	—	—	—	26,485	—	—	—	—	—	69	—	—	69
Shares repurchased	—	—	—	—	—	—	(37,679)	—	—	—	—	—	—	—	—	—
Restricted stock grants	—	—	—	—	—	—	3,281,016	3	—	—	—	—	(3)	—	—	—
Restricted stock forfeitures	—	—	—	—	—	—	(718,056)	—	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	—	—	70,668	—	—	70,668
Shares issued in connection with settlement of a dispute	—	—	—	—	—	—	200,000	—	—	—	—	—	1,196	—	—	1,196
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	—	—	—	—	—		(77)	**(77)**
Net loss	—	—	—	—	—	—	—		—	—	—	—	—	(69,129)	—	(69,129)
Balance as of September 30, 2021	**—**	**$ —**	**—**	**$ —**	**—**	**$ —**	**155,022,167**	**$ 155**	**37,856,095**	**$ 38**	**(8,195,464)**	**$(23,469)**	**$ 511,929**	**$ (430,679)**	**$ (2,189)**	**$ 55,785**

[Table of Contents](#)

	Redeemable Convertible Preferred Stock		Series A Common Stock		Series B Common Stock		Class A Common Stock		Class B Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
Balance as of January 1, 2020	39,223,194	$ 154,210	99,339,942	$ 99	3,054,318	$ 3	—	$ —	—	$ —	(8,195,464)	$(23,469)	$ 27,909	$ (189,029)	$ (1,847)	$ (186,334)
Shares issued in connection with an agreement	—	—	154,560	—	—	—	—	—	—	—	—	—	423	—	—	423
Restricted stock grants	—	—	3,975,634	4	—	—	—	—	—	—	—	—	(4)	—	—	—
Restricted stock forfeitures	—	—	(997,094)	(1)	—	—	—	—	—	—	—	—	1	—	—	—
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	—	—	26	—	—	26
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(741)	(741)
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	(16,380)	—	(16,380)
Balance as of March 31, 2020	**39,223,194**	**$ 154,210**	**102,473,042**	**$ 102**	**3,054,318**	**$ 3**	**—**	**$ —**	**—**	**$ —**	**(8,195,464)**	**$(23,469)**	**$ 28,355**	**$ (205,409)**	**$ (2,588)**	**$ (203,006)**
Restricted stock grants	—	—	1,148,962	1	—	—	—	—	—	—	—	—	(1)	—	—	—
Restricted stock forfeitures	—	—	(383,695)	—	—	—	—	—	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	—	—	27	—	—	27
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(47)	(47)
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	(15,054)	—	(15,054)
Balance as of June 30, 2020	**39,223,194**	**$ 154,210**	**103,238,309**	**$ 103**	**3,054,318**	**$ 3**	**—**	**$ —**	**—**	**$ —**	**(8,195,464)**	**$(23,469)**	**$ 28,381**	**$ (220,463)**	**$ (2,635)**	**$ (218,080)**
Restricted stock grants	—	—	8,743,780	9	—	—	—	—	—	—	—	—	(9)	—	—	—
Restricted stock forfeitures	—	—	(481,656)	—	—	—	—	—	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	—	—	26	—	—	26
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	—	—	—	—	—	—	272	272
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	(13,003)	—	(13,003)
Balance as of September 30, 2020	**39,223,194**	**$ 154,210**	**111,500,433**	**$ 112**	**3,054,318**	**$ 3**	**—**	**$ —**	**—**	**$ —**	**(8,195,464)**	**$(23,469)**	**$ 28,398**	**$ (233,466)**	**$ (2,363)**	**$ (230,785)**

See accompanying notes to condensed unaudited consolidated financial statements.

Table of Contents

Condensed Unaudited Consolidated Statements of Cash Flows
(In thousands)

	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Cash flows from operating activities:		
Net loss	**$ (188,425)**	$ (44,437)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	**33,135**	30,171
Stock-based compensation	**188,613**	79
Deferred income taxes	**(1,635)**	(170)
Change in fair value of warrant and derivative liabilities	**5,000**	16,400
Gain on extinguishment of debt	**(10,000)**	—
Other, net	**2,509**	2,880
Changes in non-cash working capital (net of acquisitions):		
Accounts receivable	**7,423**	28,967
Prepaid expenses	**(1,917)**	(450)
Other current assets	**4,316**	349
Other non-current assets	**(542)**	1,294
Deferred revenue	**(1,314)**	184
Accounts payable	**(17,961)**	(325)
Accrued expenses and other current liabilities	**2,762**	(19,405)
Other non-current liabilities	**1,402**	1,105
Net cash provided by operating activities	**23,366**	16,642
Cash flows from investing activities:		
Capital expenditures	**(6,883)**	(1,903)
Website and software development costs	**(13,421)**	(17,505)
Business and asset acquisitions, net of cash acquired	**(2,159)**	—
Net cash used for investing activities	**(22,463)**	**(19,408)**
Cash flows from financing activities:		
Proceeds from initial public offering, net of issuance costs	**126,538**	—
Cash paid for acquisition related liabilities	**(64)**	(496)
Proceeds from term loan, net of issuance cost	**183,311**	—
Proceeds from paycheck protection program loan	—	10,000
Repurchase of restricted stock	**(64,468)**	—
Exercise of warrants and options	**110**	—
Repayments against the credit facilities	**(180,745)**	(3,500)
Net cash provided by financing activities	**64,682**	6,004
Effect of exchange rate changes on cash and cash equivalents	**(130)**	(102)
Net increase in cash and cash equivalents	**65,455**	3,136
Cash and cash equivalents, beginning of period	**50,725**	37,818
Cash and cash equivalents, end of period	**$ 116,180**	**$ 40,954**
Supplemental cash flow disclosures including non-cash activities:		
Cash paid for interest	**$ 5,673**	$ 10,330
Cash paid for income taxes, net	**$ 1,294**	$ 1,224
Liability established in connection with acquisitions	**$ 1,795**	$ —
Shares issued in connection with acquisitions and other agreements	**$ 6,650**	$ 423
Dividends on redeemable convertible preferred stock settled in Company's equity	**$ 60,082**	$ —
Non-cash settlement of warrants and derivative liabilities	**$ 63,100**	$ —
Capitalized stock-based compensation as website and software development costs	**$ 8,830**	$ —
Non-cash consideration for website and software development costs	**$ 45**	$ 770

See accompanying notes to condensed unaudited consolidated financial statements.

Notes to Condensed Unaudited Consolidated Financial Statements
(In thousands, except share and per share amounts)

1. Organization and Background

(a) Nature of Business

Zeta Global Holdings Corp., a Delaware Corporation ("Zeta Global Holdings"), and Zeta Global Corp., the operating company of Zeta Global Holdings and a Delaware Corporation ("Zeta" individually, or collectively with Zeta Global Holdings and its consolidated entities, as context dictates, the "Company"), is a marketing technology company that combines proprietary data, artificial intelligence and software to create a technology platform that enables marketers to acquire, retain and grow customer relationships. The Company's technology platform powers data-driven marketing programs for enterprises across a wide range of industries and utilizes all digital distribution channels including email, search, social, mobile, display and connected TV ("CTV"). Zeta was incorporated and began operations in October 2007.

(b) Initial Public Offering ("IPO")

On June 9, 2021, the Company's registration statement on Form S-1 relating to the initial public offering ("IPO") of its Class A common stock was declared effective by the Securities and Exchange Commission ("SEC"). In connection with the IPO, on June 14, 2021, the Company issued and sold 14,773,939 shares of Class A common stock at a public offering price of $10 per share for net proceeds of $132.7 million, after deducting underwriters' discounts and commissions (but excluding other offering expenses and reimbursements of $6.2 million). The Company used all of the proceeds from the IPO (i) to satisfy the tax withholding and remittance obligations of holders of its outstanding restricted stock and restricted stock units that vested in connection with the offering by repurchasing and cancelling 1,799,650 shares of Class A restricted stock, 197,490 shares of Class B restricted stock and 92,671 restricted stock units (the "Tax Withholding Repurchase"); (ii) to repurchase and cancel 2,158,027 shares of Class A restricted stock and 88,518 restricted units at the election of certain holders (the "Class A Stock Repurchase"); (iii) to repurchase and cancel 1,767,692 shares of Class B common stock and 342,510 shares of restricted Class B common stock from its Chief Executive Officer and Co-Founder, David Steinberg (the "Class B Stock Repurchase"); and (iv) for general corporate purposes, including working capital, operating expenses and capital expenditures, although the Company did not designate any specific uses. The Company may also use a portion of the net proceeds to fund possible investments in, or acquisitions of, complementary businesses, services or technologies.

(c) Reorganization Transactions

In connection with the IPO, the Company completed the following transactions ("Reorganization Transactions"):

- As per the amended and restated certificate of incorporation, the authorized capital stock consists of 3,750,000,000 shares of Class A common stock, par value $0.001 per share, 50,000,000 shares of Class B common stock, par value $0.001 per share, and 200,000,000 shares of preferred stock, par value $0.001 per share.

The number of shares outstanding as of June 14, 2021 was 152,270,401 shares of Class A common stock and 37,856,095 shares of Class B common stock, based on stock outstanding as of March 31, 2021, after giving effect to:

- the conversion of 39,223,194 outstanding shares, and unpaid dividends on such outstanding shares, of its Series A preferred stock, Series B-1 preferred stock, Series B-2 preferred stock, Series C preferred stock, Series E preferred stock, Series E-1 preferred stock, Series F preferred stock, Series F-1 preferred stock, Series F-2 preferred stock, Series F-3 preferred stock and Series F-4 preferred stock into 73,813,713 shares of its Class A common stock immediately prior to the completion of the IPO (the "Preferred Conversion");

- 8,360,331 shares of its Class A common stock issued in connection with the exercise of outstanding warrants (the "Warrant Exercise");
- the reclassification of 3,054,318 shares of its existing Series B common stock and 26,722,208 shares of Series A common stock into shares of Class A common stock and the reclassification of 70,108,628 shares of restricted Series A common stock into shares of restricted Class A common stock (of which 8,734,893 have vested in connection with the IPO and 4,138,866 shares were repurchased by the Company);
- the exchange of 39,463,787 shares of Class A common stock (after giving effect to the Preferred Conversion and the Reclassification) held by the Co-Founder and Chief Executive Officer and his affiliates for an equivalent number of shares of Class B common stock, which went into effect upon the filing and effectiveness of our amended and restated certificate of incorporation pursuant to the terms of the exchange agreement entered into between its Co-Founder and Chief Executive Officer and his affiliates and us (the "Class B Exchange"); and
- the repurchase of an aggregate of 4,138,866 shares of restricted Class A common stock and 2,307,692 shares of Class B common stock (of which 540,000 shares are restricted Class B common stock) as a result of the Stock Repurchase and the Tax Withholding Repurchase.

2. Basis of Presentation and Summary of Significant Accounting Policies

(a) Principles of Consolidation

The accompanying condensed unaudited consolidated financial statements have been prepared by the Company in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial reporting and as required by Rule 10-01 of Regulation S-X. Accordingly, the condensed unaudited consolidated financial statements may not include all of the information and notes required by GAAP for audited financial statements. The year-end December 31, 2020 consolidated financial statements data included herein was derived from audited financial statements but does not include all disclosures required by GAAP for complete financial statements. In the opinion of the Company's management, the accompanying condensed unaudited consolidated financial statements contain all adjustments, consisting of items of a normal and recurring nature, necessary to present fairly the Company's financial position as of September 30, 2021, the results of operations, comprehensive income/(loss), stockholders' equity, and cash flows for the three-month and nine-month periods ended September 30, 2021 and 2020. The results of operations for the three-month and nine-month periods ended September 30, 2021 and 2020 are not necessarily indicative of the results to be expected for the full year. The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities, and related disclosures, as of the date of the financial statements, and the amounts of revenues and expenses reported during the period. Actual results could differ from estimates. The accompanying condensed unaudited consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and the accompanying notes for the year ended December 31, 2020, which are included in Zeta Global Holdings' final prospectus dated June 9, 2021 and filed with the SEC pursuant to Rule 424(b)(4) under the Securities Act on June 14, 2021 (the "Prospectus").

The accompanying unaudited consolidated financial statements include the accounts of Zeta and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

The Company's management considers events or transactions that occur after the balance sheet date but before the financial statements are issued to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. Subsequent events have been evaluated through the date of issuance of these financial statements (see Note 16 to the condensed unaudited consolidated financial statements below).

(b) Revenue Recognition

Revenue arises primarily from the Company's technology platform via subscription fees, volume-based utilization fees and fees for professional services designed to maximize the customer usage of technology.

Revenues are recognized when control of these services is transferred to the customers, in an amount that reflects the consideration that is expected to be entitled to an exchange for the services. Sales and other taxes collected by the Company in concurrence with the revenue-producing activities are excluded from revenues.

Contract assets and liabilities

Contract assets represent revenue recognized for contracts that have not been invoiced to customers and also certain sales commissions that are deferred and to be recognized over the expected term of contracts for which such commissions are paid. Total contract assets were $2,507 and $1,748 as of September 30, 2021 and December 31, 2020, respectively, and are included in the account receivables, net, in the condensed unaudited consolidated balance sheets.

Contract liabilities consists of deferred revenues that represent amounts billed to the customers in excess of the revenue recognized. Deferred revenues are subsequently recorded as revenues when earned in accordance with the Company's revenue recognition policies. During the nine months ended September 30, 2021 and 2020, the Company billed and collected $34,175 and $20,760 in advance, respectively and recognized $35,489 and $20,576, respectively as revenues. As of September 30, 2021 and December 31, 2020, the deferred revenues are $2,739 and $4,053, respectively.

Remaining Performance Obligations

Transaction price allocated to the remaining performance obligations represents contracted revenues that have not yet been recognized, which includes unearned revenues and unbilled amounts that will be recognized as revenues in future periods. Transaction price allocated to the remaining performance obligations is influenced by several factors, including seasonality, the timing of renewals, average contract terms and foreign currency exchange rates. Unbilled portions of the remaining performance obligations are subject to future economic risks including bankruptcies, regulatory changes and other market factors.

The Company excludes amounts related to performance obligations that are billed and recognized as the services are provided. This primarily consists of professional services contracts that are on a time-and-materials basis.

Disaggregation of revenues from contract with customers

The Company reports disaggregation of revenues based on primary geographical markets and delivery channels / platforms. Revenues by delivery channels / platforms are based on whether the customer requirements necessitate integration with platforms or delivery channels not owned by the Company. When the Company generates revenues entirely through the Company platform, the Company considers it to be direct platform revenues. When the Company generates revenue by leveraging its platform's integration with third parties, it is considered integrated platform revenues.

The following table summarizes disaggregation for the three and nine months ended September 30, 2021, and September 30, 2020.

	Three months ended September 30		Nine months ended September 30	
	2021	**2020**	**2021**	**2020**
Direct platform revenues	$ 84,663	$63,346	$242,219	$180,589
Integrated platform revenues	30,470	31,938	81,273	73,085
Total revenues	**$115,133**	**$95,284**	**$323,492**	**$253,674**

Refer to the Company's accounting policy on "Segments" below for more information about disaggregation based on primary geographical markets.

(c) Stock-based compensation and other stock-based payments:

The measurement of share-based compensation expense for all stock-based payment awards, including restricted shares and stock options granted to the employee, consultants or advisors and non-employee directors, is based on the estimated fair value of the awards on the date of grant or date of modification of such grants.

The Company accounts for all stock options and restricted shares granted prior to the IPO using a fair value-based method. The fair value of each stock option granted to employees is estimated on the date of the grant using the Black-Scholes-Merton option pricing model, and the related stock-based compensation expense is recognized over the expected life of the option. The fair value of the restricted shares granted post-IPO is based on the Company's closing stock price as of the day prior to the date of the grants. The Company accounts for the forfeitures, as they occur.

Since the Company's restricted stock and restricted stock units had both a performance condition (i.e. initial public offering) and a service condition, the Company uses the graded vesting attribution method to amortize the stock-based compensation.

(d) ***Segments***

The Company operates as one operating segment. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the Chief Operating Decision Maker ("CODM") in deciding how to allocate resources and in assessing performance. The Company's CODM is the Chief Executive Officer. Since it operates as one operating segment, all required financial segment information can be found in the condensed unaudited consolidated financial statements. Revenues and long-lived assets by geographic region are based on the physical location of the customers being served or the assets and are as follows:

Revenues by geographical region consisted of the following;

	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
US	$ 108,034	$ 88,014	$ 301,548	$ 234,565
International	7,099	7,270	21,944	19,109
Total revenues	**$ 115,133**	**$ 95,284**	**$ 323,492**	**$ 253,674**

Total long-lived assets by geographical region consisted of the following;

	As of	
	September 30, 2021	December 31, 2020
US	$ 43,734	$ 38,413
International	612	595
Total long-lived assets	**$ 44,346**	**$ 39,008**

(e) ***Concentration of Credit Risk***

No customer accounted for more than 10% of the Company's total revenues during the period ended September 30, 2021 and year ended December 31, 2020.

Financial instruments that potentially subject the Company to concentration risk consist primarily of accounts receivable from customers. As of September 30, 2021 , there was no customer that represented more than 10% of accounts receivables balance as of that date. As of December 31, 2020, the Company had receivables from one of its customers , which represented 14% of the total account receivables balance as of that date. The Company continuously monitors whether there is an expected credit loss arising from this customer, and as of the year ended December 31, 2020, no provision was warranted or recorded.

3. Intangible Assets

The details of intangible assets and related accumulated amortization are set forth below:

	As of September 30, 2021			As of December 31, 2020		
	Gross value	Accumulated amortization	Net value	Gross value	Accumulated amortization	Net value
Publisher and data supply relationships	$ 7,500	$ 1,146	$ 6,354	$ —	$ —	$ —
Tradenames	2,720	2,040	680	2,720	1,634	1,086
Completed technologies	20,292	16,352	3,940	20,292	13,037	7,255
Customer relationships	52,159	34,201	17,958	45,239	24,989	20,250
Total intangible assets	**$ 82,671**	**$ 53,739**	**$ 28,932**	**$ 68,251**	**$ 39,660**	**$ 28,591**

Amortization expense was $5,051 and $14,079 for the three and nine months ended September 30, 2021, respectively, and $3,913 and $11,754 for the three and nine months ended September 30, 2020, respectively.

Weighted average useful life of the unamortized intangibles as of September 30, 2021 was 2.10 years. Based on the amount of intangible assets subject to amortization, as of September 30, 2021, the Company's estimated future a m ortization expense over the next five years and beyond are as follows:

Total estimated future amortization expense is as follows:

	As of September 30, 2021
Year ended December 31,	
Remaining three months of 2021	$ 4,952
2022	15,332
2023	6,040
2024	2,002
2025	482
2026 and thereafter	124
Total	**$ 28,932**

4. Goodwill

The following is a summary of the carrying value of goodwill:

Balance as of January 1, 2021	$ 76,432
Acquisition of Vital	3,910
Acquisition of Kinetic	1,578
Foreign currency translation	(3)
Balance as of September 30, 2021	**$ 81,917**

There were no events during the three months ended September 30, 2021 to which an impairment analysis would be warranted.

5. Acquisitions

The Company's acquisitions have been accounted for under the purchase method of accounting. The total purchase price of each acquisition was allocated to the fair value of assets acquired and liabilities assumed based on their fair values at the acquisition date, with any excess recorded as goodwill. The Company agreed to pay a portion of the purchase price for certain acquisitions in the form of contingent purchase price and the unpaid amounts of these liabilities are included in the acquisition related liabilities on the condensed unaudited consolidated balance sheets as of September 30, 2021 and December 31, 2020.

On March 1, 2021, the Company entered into a merger agreement with the sellers of Kinetic Data Solutions, LLC ("Kinetic"), an entity controlled by the Chief Executive Officer of the Company, to purchase all of the issued and outstanding stock of Kinetic. The fair value of the purchase consideration was estimated at $2,762. The Company agreed to issue 306,749 shares of Series A common stock with a fair value of $2,738 and certain earn-outs based on the operating performance of the acquired business after the closing date. The earn-out was calculated based on the operating performance of the acquired business and the Company shall pay such earn-out for a period of three years from the acquisition date in cash and in restricted shares of the Company. The Company has recorded this transaction based on the preliminary purchase price allocation. Accordingly, the Company recognized $1,600 as customer relationships intangibles, $1,578 as goodwill and $416 as deferred tax liabilities associated with this acquisition.

On March 3, 2021, the Company entered into a stock purchase agreement with the sellers of Vital Digital, Corp ("Vital") to purchase all of the issued and outstanding shares of common stock of Vital. The fair value of the purchase consideration for this transaction is determined as $7,894, with $3,400 in cash, 306,748 shares of Series A common stock with a fair value of $2,710, $1,206 in earnouts based on the operating performance of the acquired business after the closing date, and $578 in cash holdback. The Company has recorded this transaction based on the preliminary purchase price allocation. Accordingly, the Company has recognized $5,320 as customer relationship intangibles, $3,910 as goodwill, $1,385 as deferred tax liability and $49 as other net assets associated with this acquisition. Caivis, one of the Company's related parties, owned 5% interest in Vital as of the effective date of this stock purchase agreement (refer to Note 13 for a description of relationship with Caivis).

The revenues and earnings from these acquisitions are not significant to the Company’s condensed unaudited consolidated financial statements for the three months and nine months ending September 30, 2021.

Goodwill acquired by the Company in these acquisitions is not deductible for tax purposes.

The pro forma results of the Company as if these acquisitions had taken place on the first day of 2020 were not materially different from the amounts reflected in the accompanying condensed unaudited consolidated financial statements. The Company has recorded the earn-outs related to these acquisitions based on the fair value determined on the date of the acquisition, however the Company believes that the actual payouts for these acquisitions could be different from such recorded fair values.

6. Acquisition Related Liabilities

The following is a summary of acquisition related liabilities:

	eBay CRM	Sizmek	PlaceIQ	Ignition One	Kinetic	Vital	Total
Balance as of January 1, 2021	**$ 17,137**	**$ 4,402**	**$ 256**	**$ 1,360**	**$ —**	**$ —**	$ 23,155
Additions	—	—	—	—	24	1,784	1,808
Payments made during the year	—	—	(64)	—	—	—	(64)
Change in fair value of earn-out	649	(470)	(192)	—	—	—	(13)
Balance as of September 30, 2021	**$ 17,786**	**$ 3,932**	**$ —**	**$ 1,360**	**$ 24**	**$ 1,784**	**$ 24,886**

The changes in the fair value of the acquisition related liabilities are included in other expenses / (income) on the condensed unaudited consolidated statements of operations and comprehensive loss.

The Company is a party to a litigation matter in relation to certain acquisition related liabilities for its eBay CRM acquisition dated November 2, 2015. The amounts payable for eBay CRM has been contested by the Company in the court of law.

On October 14, 2021, the Company paid a portion of the liability for $9,786 to the sellers of eBay CRM business in satisfaction of a judgment, which was being accrued at $9,137. As such, the Company accrued an additional amount of $649 during the three months ending on September 30, 2021 such that the Company has full accrual for the payment relating to this liability as of September 30, 2021. Further, the Company has provided a letter of credit amounting to $6,028, against these payable amounts, which is in the process of being cancelled upon satisfaction of the judgment. Another portion of the liability, which stands at $8,000, is still being contested by the Company and in view of the numerous legal, technical and factual issues involved in these lawsuits, the Company may resolve the remaining liabilities in any amount lower than the accruals as of September 30, 2021.

7. Credit Facilities

The Company’s long-term borrowings are as follows:

	As of September 30, 2021	As of December 31, 2020
Credit facility	$ 185,000	$ 137,950
Loan under paycheck protection program	—	10,000
Revolving loan	—	42,600
Total borrowings	**185,000**	**190,550**
Less:		
Unamortized discount on debt	—	(426)
Unamortized deferred financing cost	(1,472)	(431)
Long-term borrowings	**$ 183,528**	**$ 189,693**

In July 2016, the Company entered into a revolving credit, guarantee and security agreement with a financial institution and subsequently amended the agreement in May 2017. The agreement provides for a maximum revolving advance amount of $50,000. Interest on the outstanding balance is charged at an annual rate of the financial institution’s Prime Lending Rate (“PLR”)+ 1.25 % or London Interbank Offered Rate (“LIBOR”)+ 2.25 %, as elected by the Company. As of December 31, 2020, the outstanding balance of the revolving loan was $42,600. In addition, the Company also had an outstanding letter of credit amounting to $7,272 against the available revolving credit facility as of December 31, 2020. The credit facility was fully secured by the financial institution with a first lien on the Company’s account receivables. The Senior Secured Credit Facility, availed by the Company on February 3, 2021, was used to fully repay and terminate this Credit Agreement with a total payoff amount of $42,792.

In July 2015, the Company entered into a term loan facility with a financial institution that was also invested in the Company's Series E-1 redeemable convertible preferred stock and subsequently invested in the Company's Series F redeemable convertible preferred stock. The term loan facility, as amended, is for up to $142,950, which consists of a $70,000 initial term loan that was drawn at closing date, a $32,950 delay draw term loan and $40,000 in an incremental term loan commitment. As of December 31, 2020, the Company has an undrawn facility of $5,000, on the delay draw term loan. Interest on the outstanding balances is payable quarterly at an annual rate of LIBOR+7.5 %. Interest expense for the term loan is calculated using a LIBOR rate of no lower than 1.0%. The extensions of credit may be used solely (a) to refinance indebtedness, (b) to pay any expenses associated with this line of credit agreement, (c) for working capital, capital expenditures, acquisitions and redemptions of equity interests and (d) for other general corporate purposes and shall not be used for purchases of margin stock. The Company will be required to repay the principal balance and any unpaid accrued interest on the loans at the maturity date of July 29, 2022. The financial institution had a second lien on the account receivables of the Company and first lien on all the other assets. The Senior Secured Credit Facility, availed by the Company on February 3, 2021, was used to fully repay and terminate this Credit Agreement with a total payoff amount of $137,953.

On February 3, 2021, the Company entered into a $ 222,500 Senior Secured Credit Facility ("Senior Secured Credit Facility") with a syndicate of financial institutions and institutional lenders led by BofA Securities, Inc., as a lead arranger and sole bookrunner, and Bank of America, N.A., as sole administrative agent.

The Senior Secured Credit Facility is for up to $222,500, which consists of (i) a $73,750 initial Revolving Facility that was drawn at closing date, (ii) a $111,250 Term Facility that was drawn at closing date, and (iii) a $37,500 in incremental Revolving Facility commitment that remains undrawn. In addition, the Company has an outstanding letter of credit amounting to $7,272 against the available revolving credit facility, of which a letter of credit amounting to $6,028 against the amount payable to eBay is in the process of being cancelled (refer to Note 6). The credit facility was fully secured by the financial institution with a first lien on the Company's assets.

Interest on the current outstanding balances is payable quarterly and calculated using a LIBOR rate of no lower than LIBOR+2.125% and no higher than LIBOR+2.625% based on the Company's consolidated net leverage ratio stated in the credit agr e ement. The extensions of credit may be used solely (a) to refinance existing indebtedness, (b) to pay any expenses associated with this line of credit agreement, (c) for acquisitions, and (d) for other general corporate purposes. The Company is required to repay the principal balance and any unpaid accrued interest on the Senior Secured Credit Facility on February 3, 2026. The Company incurred $1,699 as debt issuance costs in the form of the legal fee, underwriter's fee, etc., and these costs are recognized as a reduction in the long-term borrowings in the condensed unaudited consolidated balance sheets, and are being amortized over the term of the contract on a straight-line basis.

The Senior Secured Credit Facility contains certain financial maintenance covenants including consolidated net leverage ratio and consolidated fixed charge coverage ratio. In addition, this agreement contains restrictive covenants that may limit the Company's ability to, among other things, acquire equity interest of the Company from its shareholders, repurchase / retire any of the Company's securities, and pay dividends or distribute excess cash flow. Additionally, the Company is required to submit periodic financial covenant letters that would include current net leverage ratio and fixed charge coverage ratio, among others. As of September 30, 2021, applicable total leverage ratio and fixed charge coverage ratio was 4.0 and 1.25, respectively and the Company was in compliance with these covenants.

Since the time lag between the effective date of the new credit facility and September 30, 2021 is minimal and the interest rates on the Company's new credit facility approximates the current market rates, the fair value of the debt is approximately equal to the carrying amount as of September 30, 2021.

On April 23, 2020, the Company received proceeds from a loan in the amount of $10,000, bearing annual interest of 1% and was due on April 24, 2022 (the "PPP Loan") pursuant to the Paycheck Protection Program ("PPP") of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The Company evaluated the applicable accounting guidance relative to the PPP Loan and accounted for the proceeds of the PPP Loan as debt under ASC 470. On June 10, 2021, the Small Business Administration ("SBA") approved the forgiveness for the full amount of the PPP Loan which included principal of $10,000. The Company recognized the reversal of the debt liability upon forgiveness of the PPP Loan as "Gain on extinguishment of debt" in its condensed unaudited consolidated statements of operations and comprehensive loss during the nine months ended September 30, 2021. As of September 30, 2021, the repayment schedule for the long-term borrowings was as follows:

	As of September 30, 2021
Year Ended December 31,	
Remaining three months of 2021	$ —
2022	5,625
2023	11,250
2024	11,250
2025	16,875
2026 and thereafter	140,000
Total*	**$ 185,000**

*Includes $4,219 repayable against the term loan facility within the twelve month period ending September 30, 2022. The Company intends to draw against the available revolving facility to pay off term loan installments and therefore the total borrowings are included in "Long-term borrowings" on the condensed unaudited balance sheets as of September 30, 2021.

8. Commitments and Contingencies

(a) Purchase obligations

The Company entered into non-cancellable vendor agreements to purchase services. As of September 30, 2021, the Company was party to outstanding purchase contracts as follows:

	As of September 30, 2021
Year Ended December 31,	
Remaining three months of 2021	$ 2,468
2022	9,785
2023	5,700
2024	5,700
2025	5,700
2026 and thereafter	1,425
Total	**$ 30,778**

(b) Lease commitments

The Company maintains leased offices in the United States of America, United Kingdom, India and France. Deferred rent as of September 30, 2021 and December 31, 2020 was $2,458 and $2,652, respectively for these leases and is included in other current liabilities and non-current liabilities on the condensed unaudited consolidated balance sheets. Commitments for the base rents as of September 30, 2021 are as follows:

	As of September 30, 2021
Year Ended December 31,	
Remaining three months of 2021	$ 778
2022	2,553
2023	2,133
2024	1,953
2025	1,788
2026 and thereafter	5,062
Total	**$ 14,267**

The Company is a party to various litigations and administrative proceedings related to claims arising from its operations in the ordinary course of business including in relation to certain contingent purchase price obligations noted above. The Company records provisions for losses when claims become probable, and the amounts are estimable. Although the outcome of these matters cannot be predicted with certainty, the Company's management believes that the resolution of the matters will not have a material impact on the Company's business, results of operations, financial condition, or cash flows.

9. Stock-Based Compensation

Stock-based compensation plan

In 2008, the Company adopted its 2008 Stock Option/Stock Issuance Plan, and, in 2017, adopted the Zeta Global Holdings Corp. 2017 Incentive Plan (collectively, the "Plans").

The Plans permit the issuance of stock options, restricted stock and restricted stock units to employees, directors, and officers, consultants or advisors and non-employee directors of the Company. Options granted under the Plans expire no later than ten years from the grant date. The restricted stock and restricted stock units granted under the Plans generally did not vest until a change in control, which generally does not include an initial public offering. Upon a change in control, restricted stock and restricted stock units vest as to 25% of the shares with the balance of the shares vesting in equal quarterly installments following the change in control over the remainder of a five-year term from the original date of grant. The restricted stock and restricted stock units will fully vest upon a change in control to the extent five years has passed from the original date of grant of the restricted stock or restricted stock units. Since the vesting of these awards was contingent upon the change of control event, which was not considered probable until it occurs, the Company did not record any stock-based compensation expense for such awards. The stock-based compensation has been recognized following the vesting of restricted stock, restricted stock units and options as described below.

In the past, the Company has cancelled certain restricted stock and in lieu of such cancellation has issued restricted stock units to the holders of that restricted stock, with the same vesting conditions as restricted stock.

Restricted Stock and Restricted Stock Units

As noted above, the Company's restricted stock and restricted stock units did not vest until the change of control. On March 24, 2021, the Company's board of directors approved a modification in the vesting terms of its restricted stock and restricted stock unit awards. Pursuant to that approval, the existing restricted stock and restricted stock units were divided into three broad categories with different vesting conditions as follows:

a) For the first category of holders, terms of the modification provide the holders an option to tender up to 20% of their outstanding awards to the Company in a buy-back program for a cash payout on the effective date of the IPO, with the remaining percentage of the awards subject to future vesting beginning at the end of the first quarter following the one-year anniversary of the IPO and extending for a period of four years thereafter.

b) For the second category of holders, terms of the modification provide for vesting upon the effective date of the IPO as follows: (i) 25% of shares with an original grant date of less than five years prior to the IPO and (ii) 100% of shares with a grant date of five years or older. Post the IPO, additional vesting is deferred for one year. Thereafter the rema i ning shares shall vest in equal quarterly installments at the end of each quarter until the fifth anniversary of the date of the original grant.

c) For the third category of holders, terms of the modification provide for vesting to begin at the end of the first quarter following the one-year anniversary of the IPO, with such shares vesting in equal quarterly installments at the end of each quarter until the fifth anniversary of the date of the IPO.

The revised terms were communicated to the restricted stock and restricted stock unit holders.

The above modification was accounted for under the guidance in ASC 718-20-35-3. Given the vesting of the modified awards contained a performance condition associated with the IPO, the Company had determined that the modification was considered improbable-to-improbable under ASC 718-20-55-118 through 119.

The restricted stock or restricted stock units that are tendered by the holders in the buy-back program for the first category of restricted stock and restricted stock units were liability classified and as such the expense related to these grants has been recognized based on the settlement price as of the date of IPO. In connection with the other two categories of holders, the Company will recognize compensation expense over the modified vesting terms, based on the fair value as of the date of modification. The portion of the awards subject to future service would remain classified as equity awards and expense would be recognized over the remaining future service period.

The following is the activity of restricted stock and restricted stock units granted by the Company:

	Shares	Weighted Average Grant Date Fair Value
Non-vested as of January 1, 2021	85,903,970	$ 2.80
Granted [(1)]	9,112,569	8.62
Vested	(9,300,893)	11.04
Forfeited [(2)]	(4,700,102)	9.46
Cancelled [(3)]	(16,655,197)	3.60
Modified	(68,986,297)	2.78
Modified and reissued	68,986,297	11.36
Non-vested as of September 30 , 2021	64,360,347	**$** 10.94

(1) During the nine months ended September 30, 2021, the Company granted 8,824,045 restricted stock and 288,724 restricted stock units to its employees and board members, of which 1,660,677 restricted stock and 98,993 restricted stock units were granted prior to March 12, 2021 and will be governed by the vesting rules described in a), b) and c) above. Remaining shares that were granted on or after March 12, 2021 shall vest over a period of four years, with 25% vesting on the one-year anniversary of the IPO and the remainder vesting in equal quarterly installments thereafter through the 4th anniversary of the grant date. The Company also converted 1,198,219 restricted stock into restricted stock units for certain employee related grants included in the cancelled grants in the statements of shareholders equity for the nine months ended September 30, 2021.

(2) During the nine months ended September 30, 2021, the 4,682,178 restricted stock and 17,924 restricted stock units were forfeited.

(3) During the nine months ended September 30, 2021, the Company also cancelled 16,655,197 shares of restricted stock granted to holders of series A redeemable convertible preferred shares (see Note 10 to the condensed unaudited consolidated financial statements below).

Performance Stock Unit ("PSU") Award

On August 18, 2021, the Compensation Committee of the Board of Directors approved 1,500,000 PSU awards under the Company's 2021 Incentive Award Plan. Upon achievement of the conditions described below, the PSUs could result in the issuance of up to 3,000,000 shares of Class A common stock. Each PSU represents the right to receive shares of Class A common stock as set forth in the PSU grant agreement or, at the option of the Company, an equivalent amount of cash. Participants have no right to the distribution of any shares or payment of any cash until the time (if ever) the PSUs are earned and have vested. Each PSU provides for the right to receive a dividend equivalent to the value of any ordinary cash dividends paid on substantially all the outstanding shares of Class A common stock if the PSUs are earned and vested. The PSUs may be earned at the end of each fiscal quarter beginning with the three month period ending on June 30, 2022 and ending with, and including, the three month period ending on December 31, 2025. Such number of shares of Class A common stock shall be earned as a percentage of the PSUs granted, as set forth in the table below, based on the 20 day volume-weighted average closing price per share ("VWAP") for such quarter. The number of PSUs earned for such quarter shall be reduced by the number of PSUs, if any, earned in any prior quarter.

20 Day VWAP of Class A common stock	Below $10	$10.00	$12.50	$15.00	$18.50	$22.00
Percentage of target PSUs	0%	25%	50%	100%	150%	200%

Upon being earned and subject to the participant's continued service, PSUs will vest in three equal annual installments, with the first installment vesting on the date of determination for the applicable quarter for which such PSUs were earned, and the second and third installments vesting on the second and third anniversaries of such quarterly determination date, subject to accelerated vesting in connection with a change in control. In the event of Participant's termination of service for any reason, all unvested PSUs will immediately and automatically be cancelled and forfeited, except, to the extent a Participant is terminated without cause or resigns for good reason, (i) any PSUs earned for any quarter prior to the date of termination will fully vest, and (ii) any PSUs earned in the quarter in which the termination date occurs will fully vest.

The Company engaged a third-party valuation firm to determine the estimated fair value of the PSUs using the Monte Carlo simulation method, which was determined as $1.95 per PSU. During the three and nine months ended September 30, 2021, the Company recognized an expense of $86 related to target PSUs during such period.

2021 Employee Stock Purchase Plan ("ESPP")

In connection with its IPO, the Company adopted the 2021 Employee Stock Purchase Plan, or the 2021 ESPP. The Company expects that all of its employees will be eligible to participate (the "participants") in the 2021 ESPP. The 2021 ESPP permits participants to purchase the Company's Class A common stock through contributions up to a specified percentage of their eligible compensation. The maximum number of shares that may be purchased by a participant during any offering period are capped at 10,000. In addition, no employee will be permitted to accrue the right to purchase shares under the Section 423 component at a rate in excess of $25,000 worth of shares during any calendar year during which such a purchase right is outstanding (based on the fair market value per share of our Class A common stock as of the first day of the offering period).

On July 28, 2021, the Compensation Committee of the Board of Directors approved the Company's first offering period under the 2021 ESPP, which commenced on August 1, 2021 and will end on November 30, 2021. Following the end of the first offering period, the 2021 ESPP shall have consecutive offering periods of approximately six months in length commencing each year on December 1 and June 1 and ending on each May 31 and November 30 occurring six months later, as applicable.

During the three months and nine months ended September 30, 2021, the Company recognized an expense of $180 at fair value of $2.16 per 2021 ESPP share, related to the enrollments under the first offering period that commenced on August 1, 2021. The fair value of the 2021 ESPP was determined, based on the Monte Carlo simulation method, by a third party valuation firm engaged by the Company.

Unrecognized compensation expense

The Company has $607,110 of unrecognized compensation expense related to its 64,360,347 unvested restricted stock and restricted stock units, 1,500,000 performance stock units and common stock to be issued under the ESPP. This unrecognized stock-based compensation will be recognized over a weighted average period of 1.37 years.

10. Stockholders' Equity / (Deficit)

On February 24, 2021, the Company's Board of Directors approved the correction of the conversion price of Series A redeemable convertible preferred shares held by certain shareholders and cancelation of 16,655,197 shares of restricted stock granted to these holders of Series A redeemable convertible preferred shares. The Board of Directors determined that the restricted shares were issued to those shareholders in order to avoid dilution of their ownership in the Company as a result of other grants of shares. It was further determined that the dilutive effect of those other restricted shares should have been addressed by an adjustment to the conversion price of the Series A redeemable convertible preferred shares. Therefore, the issuance of the restricted shares to these holders of the Series A redeemable convertible preferred shares was determined to be an error and were duplicative with the corrected calculation of the conversion price of Series A redeemable convertible preferred shares. The conversion price of these Series A redeemable convertible preferred stock was adjusted to $0.073587 from $0.59.

The number of shares outstanding as of June 14, 2021 was 152,270,401 shares of our Class A common stock and 37,856,095 shares of our Class B common stock, based on stock outstanding as of March 31, 2021, after giving effect to each of the Reorganization Transactions described in Note 1, as a result of the Company's IPO.

Rights of Class A and Class B common stockholders:

The Company's amended and restated Certificate of Incorporation defines the rights of the different classes of common stock as under:

- Equal Status- Except as otherwise provided in the Certificate of Incorporation or required by applicable l a w, shares of Class A common stock and Class B common stock shall have the same rights, privileges and powers, rank equally (including as to dividends and distributions, and upon any liquidation, dissolution, distribution of assets or winding up of the Company), share ratably and be identical in all respects and as to all matters.
- Voting- Except as otherwise required by applicable law, at all meetings of stockholders and on all matters submitted to a vote of stockholders of the Company generally, each holder of Class A common stock, as such, shall have the right to one (1) vote per share of Class A common stock held of record by such holder and each holder of Class B common stock, as such, shall have the right to ten (10) votes per share of Class B common stock held of record by such holder.
- Dividend Rights- Shares of Class A common stock and Class B common stock shall be treated equally, identically and ratably, on a per share basis, with respect to any dividends as may be declared and paid from time to time by the Board of Directors of the Company.
- Liquidation, Dissolution or Winding Up- Subject to the preferential or other rights of any holders of Preferred Stock then outstanding, upon the dissolution, distribution of assets, liquidation or winding up of the Company, whether voluntary or involuntary, holders of Class A common stock and Class B common stock will be entitled to receive ratably all assets of the Company available for distribution to its stockholders unless disparate or different treatment of the shares of each such class with respect to distributions upon any such liquidation, dissolution, distribution of assets or winding up is approved by the affirmative vote of the holders of a majority of the outstanding shares of Class A common stock and Class B common stock, each voting separately as a class.

Shares issued for a settlement

In connection with a settlement of a dispute with a vendor, the Company issued 200,000 shares which it recorded as a General & Administrative expense in the condensed unaudited statements of operations and comprehensive loss.

11. Warrants and Derivative Liabilities

The following assumptions were used to determine the fair value of the warrants and derivative liabilities as of September 30, 2021 and December 31, 2020:

	As of September 30, 2021	As of December 31, 2020
Stock price	$ —	$ 7.56
Exercise price	$ —	$ 0.01
Risk-free interest rate	—	0.09%
Expected volatility	—	64.0%
Time to maturity (in years)	—	0.63

As of December 31, 2020, the fair value of the warrants and derivative liabilities was $58,100. In connection with the Company's IPO, all the outstanding warrants were exercised by holders of those warrants and redeemable convertible preferred stock were converted to Class A common stock of the Company. The derivative liability, that represented the conversion feature of certain redeemable convertible preferred stock has been settled in the additional paid in capital.

For the three months ended September 30, 2020, the Company recognized an expense of $9,700, related to the changes in the fair value of warrants and derivative liabilities. There was no such expense in the three months ended September 30, 2021 due to the extinguishment of the warrants and derivative liability in connection with the Company's IPO during Q2 2021. For the nine months ended September 30, 2021 and 2020, the Company recognized an expense related to changes in the fair value of such warrants and derivative liabilities of $5,000 and $16,400, respectively.

12. Fair Value Disclosures

Fair value is the price that would be received from the sale of an asset or paid to transfer a liability assuming an orderly transaction in the most advantageous market at the measurement date. U.S. GAAP establishes a hierarchical disclosure framework which prioritizes and ranks the level of observability of inputs used in measuring fair value. These tiers include:

Level 1 is defined as observable inputs such as quoted prices in active markets for identical assets;

Level 2 is defined as observable inputs other than Level 1 prices such as quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and

Level 3 is defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The following table represents the fair value of the financial instruments measured at fair value on a recurring basis:

	As of September 30, 2021			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents*	$ 5,764	$ —	$ —	$ 5,764
Total assets measured at fair value	**$ 5,764**	**$ —**	**$ —**	**$ 5,764**
Liabilities				
Derivative liability	$ —	$ —	$ —	$ —
Warrant liability	—	—	—	—
Acquisition related liabilities	—	—	24,886	24,886
Total liabilities measured at fair value	**$ —**	**$ —**	**$ 24,886**	**$ 24,886**

Table of Contents

Assets	As of December 31, 2020 Level 1	Level 2	Level 3	Total
Cash and cash equivalents*	$ 12,257	$ —	$ —	$12,257
Total assets measured at fair value	**$ 12,257**	**$ —**	**$ —**	**$12,257**
Liabilities				
Derivative liability	$ —	$ —	$ 38,400	$38,400
Warrant liability	—	—	19,700	19,700
Acquisition related liabilities	—	—	23,155	23,155
Total liabilities measured at fair value	**$ —**	**$ —**	**$ 81,255**	**$81,255**

* Includes cash invested by the Company in certain money market accounts with a financial institution.

As noted above in Note 7, as of September 30, 2021 and December 31, 2020, the Company determined that the Term Loan is classified as Level 3 and the relevant fair values were approximately equal to the book value as of September 30, 2021 and $152,538 as of December 31, 2020.

The following table reconciles the changes in the fair value of the liabilities categorized within Level 3 of the fair value hierarchy for the nine months ended September 30, 2021 and year ended December 31, 2020:

	Warrant liability	Acquisition related liabilities	Derivative liability
Balance as of January 1, 2021	$ 19,700	$ 23,155	$ 38,400
Additions, net of payments	—	1,744	—
Change in fair value	4,400	(13)	600
Extinguishment of the warrant and derivative liabilities	(24,100)	—	(39,000)
Balance as of September 30, 2021	**$ —**	**$ 24,886**	**$ —**

In connection with certain business combinations, the Company may owe additional purchase consideration (contingent consideration included in the acquisition related liabilities) based on the financial performance of the acquired entities after their acquisition. The fair value of the contingent consideration was determined using an unobservable input such as projected revenues or collections of accounts receivables. Changes in any of the assumptions related to the unobservable inputs identified above may change the contingent consideration’s fair value.

13. Related Party Transactions

Caivis Acquisition Corp. II, Caivis Acquisition Corp. IV, Caivis Investment Company V, LLC and Caivis Investment Company VI, LLC (collectively, the “Caivis Group”) are entities owned by many of the same stockholders of the Company. In addition, the Chief Executive Officer of the Company owns a controlling interest in the Caivis Group. On April 9, 2012, the Company amended its agreement with the Caivis Group, whereby the Caivis Group will provide support for general administrative and corporate development activities, including sourcing and evaluating potential partners and acquisition targets to the Company for $2,000 per year. This agreement with the Caivis Group was terminated on December 31, 2019 and therefore no such expenses are incurred during FY2020 and the nine months ended on September 30, 2021. As of December 31, 2020, the Company had outstanding payables of $533 to the Caivis Group included in the “accounts payable and accrued expenses” in the condensed unaudited consolidated balance sheets. During the nine months ended on September 30, 2021, the Company paid an amount of $533 and as such there is no outstanding payable to the Caivis Group as of September 30, 2021.

Casting Made Simple Corp. (“CMS”) is an entity owned by the Caivis Group and the Chief Executive Officer’s spouse. On December 28, 2018, the Company entered into an agreement with CMS to monetize traffic generated through websites owned by CMS and give a profit share to CMS. During the three and nine months ended September 30, 2021, the Company recognized $49 and $211, respectively and during the three and nine months ended September 30, 2020, the Company recognized $92 and $277, respectively, as direct cost of revenues in the condensed unaudited consolidated statements of operations and comprehensive loss, representing the profit shared by the Company with CMS. As of September 30, 2021 and December 31, 2020, the Company had outstanding payables of $48 and $70, respectively to CMS and included in the “accounts payable and accrued expenses” in the condensed unaudited consolidated balances sheets.

14. Income Taxes

The Company's income tax provision consists of federal, foreign, and state taxes necessary to align the Company's year-to-date tax provision with the annual effective rate that it expects to achieve for the full year. At each interim period, the Company updates its estimate of the annual effective tax rate and records cumulative adjustments, as necessary.

For the interim period ended September 30, 2020, the Company utilized the annual effective tax rate methodology to determine its income tax provision. For the interim period ended September 30, 2021, the Company departed from the annual effective tax rate methodology and computed its income tax provision using a discrete method. The use of the discrete method was made in accordance with authoritative accounting guidance, which allows for the use of a discrete method when there are significant changes to the projected annual effective tax rate as a result of minor adjustments to projected pre-tax earnings.

For the three months ended September 30, 2021, the Company recorded an income tax provision of $428. The income tax provision related primarily to foreign taxes. For the three months ended September 30, 2020, the Company recorded an income tax provision of $301 related primarily to foreign taxes.

The effective tax rate for the three months ended September 30, 2021 was (0.62)% on a pre-tax loss of $68,701. The effective tax rate for the three months ended September 30, 2020 was (2.37)% on a pre-tax loss of $12,702. The effective tax rate for both interim periods was different than the U.S. statutory rate primarily related to limited tax benefit being recording for U.S. operating losses as the Company maintains a full valuation allowance against its U.S. deferred tax assets.

15. Net Loss Per Share Attributable to Common Stockholders

Basic net loss per share is computed using the two-class method, by dividing the net loss by the weighted-average number of shares of common stock of the Company outstanding during the period. Diluted net loss per share is computed by giving effect to all potential shares of common stock of the Company, including redeemable convertible preferred stock, outstanding stock options, warrants, to the extent dilutive, and reduced by the amount of cumulative dividends earned on the preferred shares. However, the unvested restricted stock, restricted stock units and performance stock units as of September 30, 2021 and 2020 of 65,860,347 and 84,486,332 respectively, are not considered as participating securities and are anti-dilutive and as such are excluded from the weighted average number of shares used for calculating basic and diluted net loss per share. Basic and diluted net loss per share was the same for each period presented as the inclusion of all potential shares of common stock of the Company outstanding would have been anti-dilutive.

The following table sets forth the calculation of basic and diluted net loss per share attributable to common stockholders during the periods presented:

	Three months ended September 30,		Nine months ended September 30,	
	2021	**2020**	**2021**	**2020**
Net loss	$ (69,129)	$ (13,003)	$ (188,425)	$ (44,437)
Cumulative redeemable convertible preferred stock dividends	—	3,774	7,060	11,150
Numerator for Basic and Dilutive loss per share - loss available to common stockholders	**$ (69,129)**	**$ (16,777)**	**$ (195,485)**	$ (55,587)
Denominator:				
Class A common stock	111,312,720	—	50,027,683	—
Class B common stock	18,419,260	—	7,300,725	—
Series A common stock	—	26,108,711	14,420,964	26,108,727
Series B common stock	—	3,054,318	1,664,380	3,054,318
Warrants (convertible to Series A common stock)	—	3,444,328	1,899,768	3,444,328
Denominator for Basic and Dilutive loss per share-weighted-average common stock	**129,731,980**	**32,607,357**	**75,313,520**	**32,607,373**
Basic loss per share	**$** (0.53)	$ (0.51)	**$** (2.60)	$ (1.70)
Dilutive loss per share	**$** (0.53)	$ (0.51)	**$** (2.60)	$ (1.70)

Since the Company was in a net loss position for all periods presented, basic loss per share calculation excludes redeemable convertible preferred stock as it does not participate in net losses of the Company. Additionally, net loss per share attributable to common shareholders was the same on a basic and diluted basis, as the inclusion of all potential common equivalent shares outstanding would have been anti-dilutive.

Anti-dilutive common equivalent shares were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Options (convertible to Series A common stock)	923,750	1,137,026	923,750	1,137,026
Warrants (convertible to Series A common stock)	—	1,973,763	—	1,973,763
Redeemable convertible preferred stock	—	39,223,194	—	39,223,194
Restricted stock and restricted stock units	64,360,347	84,486,332	64,360,347	84,486,332
Performance stock units	1,500,000	—	1,500,000	—

16. Subsequent Event

On October 1, 2021, the Company acquired the digital survey platform business of Apptness Media Group, LLC (“Seller”) from Seller. As consideration for the acquisition, the Company (i) paid $17,934 in cash to Seller, and (ii) issued shares of the Company’s Class A common stock, par value $0.001 per share (the “Shares”), to Seller with an aggregate value of $23,000 calculated based on the closing price of the Shares on the New York Stock Exchange on September 30, 2021. The Shares are subject to an eighteen month lock-up period with approximately equal release installments every six months.

Additionally, the Company may also (i) release to Selle r a $1,750 indemnity hold-back in eighteen months and (ii) pay up to $22,000 in earn-out consideration payable 50% in cash and 50% in shares, based on the performance of the acquired business over the next three years.

The Company has not completed the purchase price allocation of this acquisition prior to the issuance of these financial statements, and an estimate of the financial effect of the transaction cannot be made. All other business combination disclosures are not available due to the proximity of the acquisition to the issuance of these financial statements.

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 our condensed unaudited consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q. In addition to historical financial information, the following discussion contains forward-looking statements that are based upon current plans, expectations and beliefs that involve risks and uncertainties. Our actual results and the timing of events may differ materially from those anticipated and discussed in the forward-looking statements as a result of various factors, including those set forth under the heading "Risk Factors" in the Prospectus filed with the SEC on June 14, 2021 pursuant to Rule 424(b)(4) under the Securities Act.

Overview

Zeta develops and markets a leading omnichannel data-driven cloud platform that provides enterprises with consumer intelligence and marketing automation software. We empower our customers to target, connect and engage consumers through software that delivers personalized marketing across all addressable channels, including email, social media, web, chat, connected TV ("CTV") and video, among others. We believe our actionable insights derived from consumer intent enable our customers to acquire, grow and retain consumer relationships more efficiently and effectively than the alternative solutions available in the market.

Our top-rated Zeta Marketing Platform (the "ZMP") is the largest omnichannel marketing platform with identity data at its core. The ZMP analyzes billions of structured and unstructured data points to predict consumer intent by leveraging sophisticated machine learning algorithms and the industry's largest opted-in data set for omnichannel marketing. The ZMP connects with consumers through native integration of marketing channels and API integration with third parties. The ZMP's data-driven algorithms and processes learn and optimize each customer's marketing program producing a 'flywheel effect' that enables our customers to test, learn and improve their marketing programs in real time. Over time, this continuous learning loop provides greater efficiency and effectiveness for our customers and creates a competitive advantage for Zeta.

The ZMP empowers our customers to personalize consumer experiences at scale across multiple touchpoints. Marketing programs are created and orchestrated by our customers through automated workflows and sophisticated dashboards. Our CDP+ ingests, analyzes, and distills disparate data points to generate a single view of a consumer, encompassing identity, profile characteristics, behaviors and purchase intent, which is then made accessible through a single console. Our Opportunity Explorer synthesizes Zeta's proprietary data and data generated by our customers to uncover consumer insights that are translated into marketing programs designed for highly targeted audiences across digital channels, including email, SMS, websites, applications, social media, CTV and chat.

Recent Developments

Initial Public Offering

On June 14, 2021, we completed our initial public offering ("IPO") in which we sold 14,773,939 shares of our Class A common stock, and certain selling stockholders sold an additional 6,726,061 shares of Class A common stock, at a public offering price of $10.00 per share. We received net proceeds of approximately $132.7 million, after deducting underwriters' discounts and commissions (but excluding other offering expenses and reimbursements of $6.2 million), from sales of our shares in the IPO. We did not receive any of the proceeds from any sale of shares by the selling stockholders.

COVID-19 Update

During the first half of 2021, some of our scaled customers in industries that experience negative effects from the COVID-19 pandemic, such as travel and hospitality and financial services, reduced or paused their levels of business with us. This resulted in a reduction of total scaled customers that has continued through the three months ended September 30, 2021 relative to the prior-year period, as we saw a decrease in our total scaled customers, from 354 customers to 347 customers. However, during the three months ended September 30, 2021, we experienced an increase in scaled customer ARPU, which resulted in our revenue increasing for the three months ended September 30, 2021 compared to the prior-year period. Our scaled customer ARPU growth resulted primarily from the initial effects of transitioning our sales team model to focus a dedicated team on new business development and a separate team on training and educating new and existing users on our platform capabilities. Our transition to this hunter/farmer sales model has included focusing more of our sales team on growth of existing scaled customers and aligning scaled customers with sellers that have specific industry expertise. In addition, scaled customer ARPU also benefitted from increased levels of business from customers in industries that experienced positive effects from the COVID-19 pandemic, such as insurance, automotive and telecom.

In future periods, as the post-pandemic recovery continues and pandemic-related restrictions subside, we expect that our customers in industries such as travel and hospitality and financial services will return to levels of spending comparable to or greater than their historical spending. Although the pandemic-related growth levels we have experienced may decrease in the future, we expect that the success of our new sales team model will continue to drive new business. As a result, we expect customer spending in industries where we saw strength during the COVID-19 pandemic to continue to increase even as the growth effects of the COVID-19 pandemic on some industries may tend to be moderate.

Table of Contents

Factors Affecting Results of Operations

For a discussion of the factors affecting our results of operations, please see "Factors Affecting Results of Operations" in the Management's Discussion and Analysis section and the "Risk Factors" section of our Prospectus.

Key Business Metrics

For a list of the key performance metrics we use to evaluate our business, track performance, identify trends, formulate plans and make strategic decisions, please see "Key Business Metrics" in the Management's Discussion and Analysis section and the "Risk, Factors" section of our Prospectus.

Description of Certain Components of Financial Data

Revenues

Our revenue is primarily derived from subscription fees, volume-based utilization fees and fees for professional services related to customers' use of our marketing platform. Our revenue is comprised from a mix of direct platform revenue and integrated platform revenue, which leverages application programming interface ("API") integrations with third parties. For the nine months ended September 30, 2021 and 2020, we derived 75% and 71% of our revenues from direct platform revenue, and 25% and 29% of our revenues from integrated platform revenue, respectively. Revenues are recognized when control of these products or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those products and services. Sales and other taxes collected by us are excluded from revenue. Our revenue recognition policies are discussed in more detail under "Critical Accounting Policies and Estimates."

Cost of revenues (excluding depreciation and amortization)

Cost of revenue excludes depreciation and amortization and consists primarily of media and marketing costs and certain personnel costs. Media and marketing costs consist primarily of fees paid to third-party publishers, media owners or managers, or to strategic partners that are directly related to a revenue-generating event. We pay these third-party publishers, media owners or managers and strategic partners on a revenue-share, a cost-per-lead, cost-per-click, or cost-per-thousand-impressions basis. Personnel costs included in cost of revenues include salaries, bonuses, commissions and employee benefit costs primarily related to individuals directly associated with providing services to our customers. We expect costs of revenues as a percentage of revenue will generally decrease from current levels over the long term.

General and administrative expenses

General and administrative expenses primarily consist of computer and telecom expenses, personnel costs, including salaries, bonuses and employee benefits costs associated with our executive, finance, legal, human resources and other administrative personnel, as well as accounting and legal professional services fees. We expect general and administrative expenses to increase in absolute dollars in future periods. We expect that general and administrative expenses will stay consistent as a percentage of revenue over the long term.

Selling and marketing expenses

Selling and marketing expenses primarily consist of personnel costs, including salaries, bonuses, employee benefits costs and commission costs, for our sales and marketing personnel. Selling and marketing expenses also include costs for market development programs, advertising, promotional and other marketing activities. We intend to continue to invest in marketing initiatives and as a result we expect selling and marketing expenses to increase in absolute dollars in future periods. Selling and marketing expense as a percentage of revenue may fluctuate from period to period based on revenue levels and the timing of our investments in these functions over the long term.

Research and development expenses

Research and development expenses primarily consist of personnel costs, including salaries, bonuses and employee benefit costs, engineering and IT services associated with the ongoing research and maintenance of internal use software, including platform and related infrastructure. We expect to continue to invest in research and development in order to develop our technology platform to drive incremental value and growth and as a result we expect that research and development expenses will increase as a percentage of revenue in the long term.

Depreciation and amortization

Depreciation and amortization relate to property and equipment, website and software development costs as well as intangible assets. We record depreciation and amortization when appropriate using straight-line method over the estimated useful life of the assets.

Acquisition related expenses

Acquisition related expenses primarily consist of legal fees associated with certain business combinations and addressing disputes related to those transactions. It also includes retention bonuses agreed to be paid to employees related to one-time events such as an acquisition or a significant transaction. We expect that acquisition related expenses will be correlated with future acquisitions (if any), which could be greater than or less than our historic levels.

Restructuring expenses

Restructuring expenses primarily consist of employee termination costs due to internal restructuring. We expect that restructuring expenses will be correlated with future restructuring activities (if any), which could be greater than or less than our historic levels.

Interest expense

Interest expense primarily consists of interest paid on long-term borrowings.

Other (income) / expense

Other (income) / expense primarily consists of changes in fair value of acquisition related liabilities, gains and losses on sale of assets, gains and losses on extinguishment of acquisition related liabilities and foreign exchange gains and losses. We expect that the magnitude of other income and expenses will depend on external factors such as foreign exchange rate, which could be greater than or less than our historic levels.

Change in fair value of warrants and derivative liabilities

Change in fair value of warrants and derivative liabilities primarily relates to warrants to purchase shares of our common stock that we issued in connection with previous financing rounds. The change in fair value of warrants and derivative liabilities depends on external valuation-related factors. As of September 30, 2021, the Company does not have any warrants and derivative liabilities on its condensed unaudited consolidated balance sheets.

Income tax provision

The Company’s income tax provision consists of federal, foreign, and state taxes necessary to align the Company’s year-to-date tax provision with the annual effective rate that it expects to achieve for the full year. At each interim period, the Company updates its estimate of the annual effective tax rate and records cumulative adjustments, as necessary. For the interim period ended September 30, 2020, the Company utilized the annual effective tax rate methodology to determine its income tax provision. For the interim period ended September 30, 2021, the Company departed from the annual effective tax rate methodology and computed its income tax provision using a discrete method. The use of the discrete method was made in accordance with authoritative accounting guidance which allows for the use of a discrete method when there are significant changes to the projected annual effective tax rate as a result of minor adjustments to projected pre-tax earnings.

Non-GAAP Financial Measures

We use the following non-GAAP financial information, collectively, to evaluate our ongoing operations and for internal planning and forecasting purposes. Non-GAAP financial information is presented for supplemental informational purposes only, should not be considered a substitute for financial information presented in accordance with generally accepted accounting principles, and may be different from similarly titled non-GAAP measures used by other companies. Whenever we use a non-GAAP financial measure, a reconciliation is provided to the most closely applicable financial measure stated in accordance with generally accepted accounting principles.

Adjusted EBITDA and adjusted EBITDA margin

Adjusted EBITDA is a non-GAAP financial measure defined as net loss adjusted for interest expense, depreciation and amortization, stock-based compensation, income tax provision / (benefit), acquisition related expenses, restructuring expenses, change in fair value of warrants and derivative liabilities, certain dispute settlement expense, certain non-recurring IPO related expenses and other expenses / (income). Acquisition related expenses and restructuring expenses primarily consist of severance and other personnel-related costs which we do not expect to incur in the future as acquisitions of businesses may distort the comparability of the results of operations. Change in fair value of warrants and derivative liabilities is a non-cash expense related to periodically recording “mark-to-market” changes in the valuation of derivatives and warrants. Other expenses / (income) consists of non-cash expenses such as changes in fair value of acquisition related liabilities, gains and losses on extinguishment of acquisition-related liabilities, gains and losses on sales of assets and foreign exchange gains and losses. In particular, we believe that the exclusion of stock-based compensation, certain dispute settlement expenses and non-recurring IPO related expenses that are not related to our core operations provides measures for period-to-period comparisons of our business and provides additional insight into our core controllable costs. Adjusted EBITDA margin is a non-GAAP metric defined as adjusted EBITDA divided by the total revenues for the same period. Adjusted EBITDA and adjusted EBITDA margin provide us with a useful measure for period-to-period comparisons of our business as well as comparison to our peers. We believe that these non-GAAP financial measures are useful to investors in analyzing our financial and operational performance. Our use of adjusted EBITDA and adjusted EBITDA margin has limitations as an analytical tool, and you should not consider these measures in isolation or as a substitute for analysis of our financial results as reported under U.S. GAAP. Because of these and other limitations, you should consider our non-GAAP measures only as supplemental to other GAAP-based financial performance measures, including revenues and net loss.

Table of Contents

The following table reconciles adjusted EBITDA and adjusted EBITDA margin to net loss, the most directly comparable financial measure calculated and presented in accordance with GAAP.

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Net loss	**$ (69,129)**	**$ (13,003)**	**$ (188,425)**	**$ (44,437)**
Net loss margin	**(60.0)%**	**(13.6)%**	**(58.2)%**	**(17.5)%**
Add back:				
Interest expense	**1,342**	3,823	**5,705**	12,548
Income tax provision / (benefit)	**428**	301	**(565)**	1,319
Depreciation and amortization	**11,783**	10,133	**33,135**	30,171
Stock-based compensation	**69,343**	26	**188,613**	79
IPO related expenses	**—**	—	**2,705**	—
Gain on extinguishment of debt	**—**	—	**(10,000)**	—
Acquisition related expenses	**480**	1,230	**1,516**	4,321
Restructuring expenses	**30**	259	**467**	1,950
Change in fair value of warrants and derivative liabilities	**—**	9,700	**5,000**	16,400
Dispute settlement expense	**1,196**	—	**1,196**	—
Other expenses / (income)	**496**	(188)	**1,031**	(546)
Adjusted EBITDA	**$ 15,969**	**$ 12,281**	**$ 40,378**	**$ 21,805**
Adjusted EBITDA margin	**13.9%**	**12.9%**	**12.5%**	**8.6%**

Results of Operations

We operate as a single reportable segment to reflect the way our Chief Operating Decision Officer ("CODM") reviews and assesses the performance of the business. The Company's CODM is the Chief Executive Officer.

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Condensed Consolidated Statements of Operations Data:				
Revenues	**$ 115,133**	$ 95,284	**$ 323,492**	$ 253,674
Operating expenses:				
Cost of revenues (excluding depreciation and amortization)	**44,525**	40,705	**125,709**	100,530
General and administrative expenses	**50,643**	17,150	**135,682**	53,270
Selling and marketing expenses	**60,537**	18,269	**163,952**	54,359
Research and development expenses	**13,998**	6,905	**50,285**	23,789
Depreciation and amortization	**11,783**	10,133	**33,135**	30,171
Acquisition related expenses	**480**	1,230	**1,516**	4,321
Restructuring expenses	**30**	259	**467**	1,950
Total operating expenses	**$ 181,996**	$ 94,651	**$ 510,746**	$ 268,390
(Loss) / income from operations	**(66,863)**	633	**(187,254)**	(14,716)
Interest expense	**1,342**	3,823	**5,705**	12,548
Other expenses / (income), net	**496**	(188)	**1,031**	(546)
Gain on extinguishment of debt	—	—	**(10,000)**	—
Change in fair value of warrants and derivative liabilities	—	9,700	**5,000**	16,400
Total other expenses	**$ 1,838**	$ 13,335	**$ 1,736**	$ 28,402
Loss before income taxes	**(68,701)**	(12,702)	**(188,990)**	(43,118)
Income tax provision / (benefit)	**428**	301	**(565)**	1,319
Net loss available to common stockholders	**$ (69,129)**	$ (13,003)	**$ (188,425)**	$ **(44,437)**

Comparison of the Three Months Ended September 30, 2021 and 2020

Revenues

	Three months ended September 30, 2021	Three months ended September 30, 2020	Change Amount	Change %
Revenues	$ 115,133	$ 95,284	$ 19,849	20.8%

Revenues increased by $19.8 million, or 20.8%, for the three months ended September 30, 2021 compared to the three months ended September 30, 2020. This increase in revenues is attributable to incremental revenues of $6.2 million from existing customers and $13.6 million from new customers.

Cost of revenues (excluding depreciation and amortization)

	Three months ended September 30, 2021	Three months ended September 30, 2020	Change Amount	Change %
Cost of revenues (excluding depreciation and amortization)	$ 44,525	$ 40,705	$ 3,820	9.4%

Cost of revenues (excluding depreciation and amortization) increased by $3.8 million, or 9.4%, for the three months ended September 30, 2021, compared to the three months ended September 30, 2020. This increase was primarily driven by $1.9 million in incremental media costs and other direct fulfillment costs of $1.6 million.

General and administrative expenses

	Three months ended September 30,		Change	
	2021	2020	Amount	%
General and administrative expenses	$ 50,643	$ 17,150	$ 33,493	195.3%

General and administrative expenses increased by $33.5 million, or 195.3%, for the three months ended September 30, 2021 compared to the three months ended September 30, 2020. This increase was primarily driven by stock-based compensation of $28.2 million, higher employee related costs of $3.1 million, higher legal and professional fees of $1.7 million and shares issued in the settlement of a dispute of $1.2 million, this increase was partially offset by reduction in the rent and facility expenses of $0.4 million and computer and telecom expenses of $0.4 million.

Selling and marketing expenses

	Three months ended September 30,		Change	
	2021	2020	Amount	%
Selling and marketing expenses	$ 60,537	$ 18,269	$ 42,268	231.4%

Selling and marketing expenses increased by $42.3 million, or 231.4%, for the three months ended September 30, 2021 compared to the three months ended September 30, 2020. This increase was primarily driven by stock-based compensation of $35.1 million, higher employee related costs of $6.5 million and other marketing related expenses of $0.8 million.

Research and development expenses

	Three months ended September 30,		Change	
	2021	2020	Amount	%
Research and development expenses	$ 13,998	$ 6,905	$ 7,093	102.7%

Research and development expenses increased by $7.1 million, or 102.7%, for the three months ended September 30, 2021 compared to the three months ended September 30, 2020. This increase was primarily driven by stock-based compensation of $4.8 million and higher employee related costs of $2.1 million.

Depreciation and amortization

	Three months ended September 30,		Change	
	2021	2020	Amount	%
Depreciation and amortization	$ 11,783	$ 10,133	$ 1,650	16.3%

Depreciation and amortization increased by $1.7 million, or 16.3%, for the three months ended September 30, 2021 compared to the three months ended September 30, 2020. This increase was primarily driven by amortization of intangibles of $1.1 million and depreciation expense of $0.5 million.

Acquisition related expenses

	Three months ended September 30,		Change	
	2021	2020	Amount	%
Acquisition related expenses	$ 480	$ 1,230	$ (750)	(61.0)%

Acquisition related expenses decreased by $0.8 million, or 61.0%, for the three months ended September 30, 2021 compared to the three months ended September 30, 2020. This decrease was primarily driven by lower retention bonuses and professional fees compared with those incurred during the three months ended September 30, 2020, in conjunction with acquisitions completed in 2019.

Restructuring expenses

	Three months ended September 30,		Change	
	2021	2020	Amount	%
Restructuring expenses	$ 30	$ 259	$ (229)	(88.4)%

Restructuring expenses decreased by $0.2 million, or 88.4%, for the three months ended September 30, 2021 compared to the three months ended September 30, 2020. This decrease was primarily driven by lower employee severance cost.

Interest expense

	Three months ended September 30,		Change	
	2021	2020	Amount	%
Interest expense	$ 1,342	$ 3,823	$ (2,481)	(64.9)%

Interest expense decreased by $2.5 million, or 64.9%, for the three months ended September 30, 2021 compared to the three months ended September 30, 2020. This decrease was primarily driven by a lower interest rate on the new debt facility entered into during 2021.

Other expenses / (income)

	Three months ended September 30,		Change	
	2021	2020	Amount	%
Other expenses / (income)	$ 496	$ (188)	$ 684	(363.8)%

Other expenses increased by $0.7 million or 363.8% for the three months ended September 30, 2021 compared to the three months ended September 30, 2020. This increase was primarily driven by a foreign currency loss of $0.4 million and change in the fair value of acquisition related liabilities of $0.2 million.

Change in fair value of warrants and derivative liabilities

	Three months ended September 30,		Change	
	2021	2020	Amount	%
Change in fair value of warrants and derivative liabilities	$ —	$ 9,700	$ (9,700)	(100)%

Change in fair value of warrants and derivative liabilities expense decreased by $9.7 million for the three months ended September 30, 2021 compared to the three months ended September 30, 2020. This loss during the three months September 30, 2020 was primarily driven by a change in our estimates and assumptions specifically as it relates to the price of our underlying stock used to calculate the fair value of our warrants and derivatives. The warrants and derivative liabilities were extinguished upon the Company’s IPO on June 14, 2021 and as such there are no such changes in the liabilities recorded during the three months ended September 30, 2021.

Income tax provision

	Three months ended September 30,		Change	
	2021	2020	Amount	%
Income tax provision	$ 428	$ 301	$ 127	42.2%

For the three months ended September 30, 2021, the Company recorded an income tax provision of $0.4 million yielding an effective tax rate of (0.62)%. For the three months ended September 30, 2020, the Company recorded an income tax provision of $0.3 million yielding an effective tax rate of (2.37)%. The effective tax rate for both interim periods was different than the U.S. statutory rate primarily related to limited tax benefit being recording for U.S. operating losses as the Company maintains a full valuation allowance against its U.S. deferred tax assets.

Comparison of the Nine Months Ended September 30, 2021 and 2020

Revenues

	Nine months ended September 30,		Change	
	2021	2020	Amount	%
Revenues	$ 323,492	$ 253,674	$ 69,818	27.5%

Revenues increased by $69.8 million, or 27.5%, for the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020. This increase in revenues is attributable to incremental revenues of $30.8 million from existing customers and $38.9 million from new customers.

Cost of revenues (excluding depreciation and amortization)

	Nine months ended September 30,		Change	
	2021	2020	Amount	%
Cost of revenues (excluding depreciation and amortization)	$ 125,709	$ 100,530	$ 25,179	25.0%

Cost of revenues (excluding depreciation and amortization) increased by $25.2 million, or 25.0%, for the nine months ended September 30, 2021, compared to the nine months ended September 30, 2020. This increase was primarily driven by $20.0 million in incremental media costs, other direct fulfillment costs of $3.5 million and stock-based compensation of $1.5 million.

General and administrative expenses

	Nine months ended September 30,		Change	
	2021	2020	Amount	%
General and administrative expenses	$ 135,682	$ 53,270	$ 82,412	154.7%

General and administrative expenses increased by $82.4 million, or 154.7%, for the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020. This increase was driven by stock-based compensation of $70.9 million, employee related costs of $9.3 million, non-recurring IPO related expenses of $1.5 million, legal and professional fees of $2.0 million and shares issued in the settlement of a dispute of $1.2 million, this increase was partially offset by reduction in the rent and facility expenses of $1.4 million and computer and telecom expenses of $1.0 million.

Selling and marketing expenses

	Nine months ended September 30,		Change	
	2021	2020	Amount	%
Selling and marketing expenses	$ 163,952	$ 54,359	$ 109,593	201.6%

Selling and marketing expenses increased by $109.6 million, or 201.6%, for the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020. This increase was primarily driven by stock-based compensation of $94.6 million, higher employee related costs of $14.2 million and non-recurring IPO related expense of $0.8 million.

Research and development expenses

	Nine months ended September 30,		Change	
	2021	2020	Amount	%
Research and development expenses	$ 50,285	$ 23,789	$ 26,496	111.4%

Research and development expenses increased by $26.5 million, or 111.4%, for the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020. This increase was primarily driven by stock-based compensation of $21.7 million, higher employee related costs and professional and consulting fees of $4.5 million and non-recurring IPO related expenses of $0.4 million.

Depreciation and amortization

	Nine months ended September 30,		Change	
	2021	2020	Amount	%
Depreciation and amortization	$ 33,135	$ 30,171	$ 2,964	9.8%

Depreciation and amortization increased by $3.0 million, or 9.8%, for the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020. This increase was primarily driven by an increase in amortization of intangibles of $2.3 million and depreciation expense of $0.6 million.

Acquisition related expenses

	Nine months ended September 30,		Change	
	2021	2020	Amount	%
Acquisition related expenses	$ 1,516	$ 4,321	$ (2,805)	(64.9)%

Acquisition related expenses decreased by $2.8 million, or 64.9%, for the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020. This decrease was primarily driven by lower retention bonuses and professional fees compared to those incurred during the nine months ended on September 30, 2020 in conjunction with acquisitions completed in 2019.

Restructuring expenses

	Nine months ended September 30,		Change	
	2021	2020	Amount	%
Restructuring expenses	$ 467	$ 1,950	$ (1,483)	(76.1)%

Restructuring expenses decreased by $1.5 million, or 76.1%, for the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020. This decrease was primarily driven by lower employee severance cost during the nine months ending September 30, 2021 compared with September 30, 2020.

Table of Contents

Interest expense

	Nine months ended September 30, 2021	Nine months ended September 30, 2020	Change Amount	Change %
Interest expense	$ 5,705	$ 12,548	$ (6,843)	(54.5)%

Interest expense decreased by $6.8 million, or 54.5%, for the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020. This decrease was primarily driven by a lower interest rate on the new debt facility entered into during 2021.

Other expenses / (income)

	Nine months ended September 30, 2021	Nine months ended September 30, 2020	Change Amount	Change %
Other expenses / (income)	$ 1,031	$ (546)	$ 1,577	(288.8)%

Other expense increased by $1.6 million, or 288.8% for the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020. This increase was primarily driven by an increase in loss on sale of assets of $0.7 million, and an increase in foreign currency loss of $0.8 million.

Change in fair value of warrants and derivative liabilities

	Nine months ended September 30, 2021	Nine months ended September 30, 2020	Change Amount	Change %
Change in fair value of warrants and derivative liabilities	$ 5,000	$ 16,400	$ (11,400)	(69.5)%

Change in fair value of warrants and derivative liabilities expense decreased by $11.4 million for the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020. These losses during the nine months ended September 30, 2021 and 2020 were primarily driven by a change in our estimates and assumptions specifically as it relates to the price of our underlying stock used to calculate the fair value of our warrants and derivatives. The warrants and derivative liabilities were extinguished upon the Company's IPO on June 14, 2021 and as such there are no such changes in the liabilities recorded during the three months ended September 30, 2021, and the losses in the nine months ended September 30, 2021 are much smaller compared to the nine months ended September 30, 2020,

Income tax (benefit) / provision

	Nine months ended September 30, 2021	Nine months ended September 30, 2020	Change Amount	Change %
Income tax (benefit) / provision	$ (565)	$ 1,319	$ (1,884)	(142.8)%

For the nine months ended September 30, 2021, the Company recorded an income tax benefit of $0.6 million yielding an effective tax rate of 0.3%. For the nine months ended September 30, 2020, the Company recorded an income tax provision of $1.3 million yielding an effective tax rate of (3.06)%. The effective tax rate for both interim periods was different than the U.S. statutory rate primarily related to limited tax benefit being recording for U.S. operating losses as the Company maintains a full valuation allowance against its U.S. deferred tax assets.

Liquidity and Capital Resources

We have financed our operations and capital expenditures primarily through utilization of cash generated from operations, as well as borrowings under our credit facilities. As of September 30, 2021, we had cash and cash equivalents of $116.2 million. The net working capital, consisting of current assets less current liabilities, as of September 30, 2021 was $95.4 million. As of September 30, 2021, we had an accumulated deficit of $430.7 million.

Table of Contents

We believe our existing cash and anticipated net cash provided by operating activities, together with available borrowings under our credit facility, will be sufficient to meet our working capital requirements for at least the next 12 months. However, if our operating performance during the next 12 months is below our expectations, our liquidity and ability to operate our business could be adversely affected.

Cash flows

The following table summarizes our cash flows:

	Nine months ended September 30,	
	2021	2020
Net cash provided by / (used for):		
Cash provided by operating activities	**$ 23,366**	**$ 16,642**
Cash used in investing activities	(22,463)	(19,408)
Cash provided by financing activities	64,682	6,004
Effect of exchange rate changes on cash and cash equivalents	(130)	(102)
Net increase in cash and cash equivalents	**$ 65,455**	**$ 3,136**

Cash Flows from Operating Activities

For the nine months ended September 30, 2021, net cash provided by operating activities of $23.4 million resulted primarily from adjusted non-cash items of $217.6 million, more than offsetting our net loss of $188.4 million and resulting in a net cash income of $29.2 million. Changes in working capital were primarily driven by a decrease in accounts receivable of $7.4 million, decrease in prepaid and other current assets of $2.4 million and increase in accrued expenses and other current liabilities of $2.8 million, offset by a decrease in accounts payable of $18.0 million and deferred revenues of $1.3 million, for net decrease in working capital of $5.8 million.

For the nine months ended September 30, 2020, net cash provided by operating activities of $16.6 million resulted primarily from changes in working capital driven by a decrease in accounts receivable of $29.0 million, partially offset by a decrease in accounts payable, accrued expenses and other current liabilities of $19.7 million, for net increase in working capital of $11.7 million. This increase was partially offset by net loss of $44.4 million adjusted for non-cash items of $49.4 million, resulting in a net cash loss of $5.0 million.

Cash Flows from Investing Activities

For the nine months ended September 30, 2021, we used $22.5 million of cash in investing activities, primarily consisting of website and software development costs of $13.4 million, capital expenditure of $6.9 million and business and asset acquisitions of $2.2 million.

For the nine months ended September 30, 2020, we used $19.4 million of cash in investing activities, primarily consisting of website and software development costs of $17.5 million and capital expenditure of $1.9 million.

Cash Flows from Financing Activities

For the nine months ended September 30, 2021, net cash provided by financing activities of $64.7 million was primarily due to IPO proceeds (net of issuance cost) of $126.5 million, new credit facility of $183.3 million (net of financing cost), partially offset by repayments against credit facilities of $180.7 million. Further, in connection with our IPO, we repurchased and cancelled certain stock, including restricted stock and restricted stock units with a total repurchase amount of $64.5 million.

For the nine months ended September 30, 2020, net cash provided by financing activities of $6.0 million was primarily due to $10.0 million in proceeds from the PPP loan, partially offset by repayments of $3.5 million under our credit facilities and cash paid for acquisition related liabilities amounting to $0.5 million.

Debt

As of September 30, 2021, we have $183.5 million (net of $1.5 million of unamortized debt acquisition costs) of outstanding long-term borrowings.

On February 3, 2021 we completed our debt refinancing and as a result of such debt refinancing, we entered into a $222.5 million Senior Secured Credit Facility. The Senior Secured Credit Facility was used to fully repay and terminate our existing credit agreement. Borrowings under the debt are expected to be in an amount of $185.0 million and bear interest payable quarterly ranging from LIBOR plus 2.125% to LIBOR plus 2.625% based on our consolidated net leverage ratio stated in the credit agreement. We are required to repay the principal balance and any unpaid accrued interest on the Senior Secured Credit Facility on February 3, 2026. We do not expect any other significant changes in liquidity as a result of this refinancing.

We are currently in compliance with our financial maintenance covenants under the Senior Secured Credit Facility and, based upon our current expectations, believe that we will continue to comply with our financial maintenance covenants for the next 12 months. The Senior Secured Credit Facility contains restrictive covenants that place restrictions on us and may limit our ability to, among other things, incur additional debt and liens, purchase our securities, undertake transactions with affiliates, make other investments, pay dividends or distribute excess cash flow.

On April 23, 2020, we entered into a promissory note evidencing an unsecured $10,000 loan under the Paycheck Protection Program (“PPP Loan”) of the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”) administered by the U.S. Small Business Administration (“SBA”). The loan was made through Radius Bank. We accounted for the loan as a financial liability in accordance with ASC Topic 470, Debt. Accordingly, the loan was recognized within long-term debt. We used the proceeds from the loan for payroll, rent and utilities and certain other approved expenses during the eight-week period commencing on the loan effective date. On June 10, 2021, the Company received a notice from SBA stating full forgiveness of the principal amount of $10 million and the related interest therein.

Contractual obligations

There have been no material changes to our contractual obligations as compared to the contractual obligations described in our Management’s Discussion and Analysis of Financial Condition and Results of Operations set forth in the Prospectus related to our recent IPO.

Critical Accounting Policies and Estimates

Our financial statements are prepared in accordance with U.S. GAAP. The preparation of our financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates are based on management’s judgment and the best available information, and as such actual results could differ from those estimates.

There have been no material changes to our critical accounting policies and estimates as compared to the critical policies and estimates described in our Management’s Discussion and Analysis of Financial Condition and Results of Operations set forth in the Prospectus related to our recent IPO.

JOBS Act Accounting Election

We are an emerging growth company, as defined in the JOBS Act. Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. We have elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

Off-Balance Sheet Arrangements

We have not entered into any off-balance sheet arrangements and do not have any holdings in variable interest entities.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risk in the ordinary course of business. Market risk represents the risk of loss that may impact our financial condition due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of fluctuations in interest rates and foreign currency exchange risks. We do not hold or issue financial instruments for speculative or trading purposes.

Interest Rate Risk

We are exposed to market risk from changes in interest rates on our loan term borrowings, which accrue interest at a variable rate. Based upon the principal balance owed on our long-term borrowings as of September 30, 2021, a hypothetical one percentage point increase or decrease in the interest would increase or decrease our annual interest expenses by $1.9 million. There were no other material changes in market risk exposures as of September 30, 2021.

Foreign Currency Risk

We have foreign currency risks related to a certain number of our foreign subsidiaries in the UK, France, Belgium and India. We do not believe that a 10% change in the relative value of the U.S. dollar to other foreign currencies would have a material effect on our cash flows and operating results in currencies other than the U.S. dollar.

Inflation Risk

We do not believe that inflation had a material effect on our business, financial condition or results of operations.

Item 4. Controls and Procedures

Internal Control Over Financial Reporting

Previously Identified Material Weaknesses

As previously identified, during the audits of our financial statements for the years ended December 31, 2020 and 2019, three material weaknesses were identified in our internal control over financial reporting. Under standards established by the PCAOB, a “material weakness” is a deficiency, or combination of deficiencies in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected on a timely basis. The material weaknesses that have been identified relate to lack of segregation of duties, lack of a risk assessment process and lack of contemporaneous documentation and accounting analysis.

As an emerging growth company, we have experienced growth such that our existing accounting and finance staff was not adequate to contemplate all the financial transactions facing the company on a contemporaneous basis. This led to positions being taken without appropriate independent reviews by personnel adequately knowledgeable of the technical requirements under U.S. GAAP. Additionally, the Company had not historically completed a formalized risk assessment process on an annual basis, including an assessment of the risks related to fraud. Finally, the Company had taken historical accounting positions, specifically related to stock-based compensation awards, redeemable convertible preferred stock and warrants, which led to restatements of prior financial statements and material adjustments to current financial statements, to correct accounting errors associated with these positions. These positions were taken without complete documentation and full understanding of the technical requirements of the accounting literature as it related to our specific arrangements.

We are in the process of implementing a number of measures to address the material weaknesses and deficiencies that have been identified including: (i) hiring additional accounting and financial reporting personnel with generally accepted accounting principles in the U.S. GAAP and SEC reporting experience, (ii) developing, communicating and implementing an accounting policy manual for our accounting and financial reporting personnel for recurring transactions and period-end closing processes and (iii) establishing effective monitoring and oversight controls for non-recurring and complex transactions to ensure the accuracy and completeness of our consolidated financial statements and related disclosures.

These additional resources and procedures are designed to enable us to broaden the scope and quality of our internal review of underlying information related to financial reporting and to formalize and enhance our internal control procedures. With the oversight of senior management and our audit committee, we have begun taking steps and plan to take additional measures to remediate the underlying causes of the material weaknesses.

We intend to complete the implementation of our remediation plan during fiscal year 2021. Although we believe that our remediation plan will improve our internal control over financial reporting, additional time may be required to fully implement it and to make conclusions regarding the effectiveness of our internal controls over financial reporting. Our management will closely monitor and modify, as appropriate, the remediation plan to eliminate the identified material weaknesses.

If our remediation of the material weaknesses is not effective, or if we experience additional material weaknesses or otherwise fail to maintain an effective system of internal controls in the future, we may not be able to accurately or timely report our financial condition or results of operations. Accordingly, there could continue to be a reasonable possibility that a material misstatement of our financial statements would not be prevented or detected on a timely basis. We cannot assure you that the measures we have taken to date, or any measures we may take in the future, will be sufficient to remediate the material weaknesses we have identified or avoid potential future material weaknesses.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of the end of the period covered by this Quarterly Report on Form 10-Q.

Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of September 30, 2021, our disclosure controls and procedures were effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

Changes in Internal Control

Other than the changes described above regarding enhancements associated with ongoing remediation efforts, there were no changes in our internal control over financial reporting in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the period covered by this Quarterly Report on Form 10-Q that materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we are involved in various legal proceedings arising from the normal course of business activities. We are not currently a party to any litigation the outcome of which, we believe, if determined adversely to us, would individually or taken together have a material adverse effect on our business, operating results, cash flows, or financial condition. Defending any such proceedings is costly and can impose a significant burden on management and employees. The results of any current or future litigation cannot be predicted with certainty, and regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors.

Item 1A . Risk Factors

There are no material changes to the risk factors previously disclosed under the heading “Risk Factors” in the Prospectus filed with the SEC on June 14, 2021 pursuant to Rule 424(b)(4) under the Securities Act.

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

On July 28, 2021, the Company issued 200,000 shares of its Class A common stock to a vendor in connection with the settlement of a dispute alleging non-compensation under a past services contract. We did not receive any proceeds from such issuance.

The securities described above were issued in reliance on the exemption from registration provided in Section 4(a)(2) of the Securities Act of 1933, as amended, for transactions by an issuer not involving a public offering. The vendor confirmed that it was an accredited investor and acknowledged that the securities must be acquired and held for investment.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

The documents listed in the Exhibit Index of this Quarterly Report on Form 10-Q are incorporated by reference or are filed with this Quarterly Report on Form 10-Q, in each case as indicated therein.

		Incorporated by Reference					
Exhibit Number	**Exhibit Description**	**Form**	**File No.**	**Exhibit**	**Filing Date**	**Filed Herewith**	**Furnished Herewith**
3.1	Amended and Restated Certificate of Incorporation of Zeta Global Holdings Corp.	8-K	001-40464	3.1	6/15/2021		
3.2	Amended and Restated Bylaws of Zeta Global Holdings Corp.	8-K	001-40464	3.2	6/15/2021		
4.1	Specimen Stock Certificate evidencing the shares of Class A common stock.	S-1/A	333-255499	4.1	5/7/2021		
10.1	Letter Agreement, dated June 29, 2021, by and between Zeta Global Holdings Corp. and Jené Elzie	8-K	001-40464	10.1	6/29/2021		
10.2	Form of Indemnification Agreement by and between the Registrant and Each of its Directors and Executive Officers.	S-1/A	333-255499	10.2	5/7/2021		
10.3#	Zeta Global Holdings Corp. 2008 Stock Option/Stock Issuance Plan	S-1/A	333-255499	10.3	5/7/2021		
10.4#	Form of restricted stock agreement under 2008 Stock Option/Stock Issuance Plan	S-1/A	333-255499	10.4	5/7/2021		
10.5#	Form of option agreement under 2008 Stock Option/Stock Issuance Plan	S-1/A	333-255499	10.5	5/7/2021		
10.6#	Zeta Global Holdings Corp. 2017 Equity Incentive Plan	S-1/A	333-255499	10.6	5/7/2021		
10.7#	Form of restricted stock agreement under 2017 Equity Incentive Plan	S-1/A	333-255499	10.7	5/7/2021		
10.8#	Form of restricted stock unit agreement under 2017 Equity Incentive Plan	S-1/A	333-255499	10.8	5/7/2021		
10.9#	Form of stock option agreement under 2017 Equity Incentive Plan	S-1/A	333-255499	10.9	5/7/2021		
10.10#	Zeta Global Holdings Corp. 2021 Incentive Award Plan	S-1/A	333-255499	10.10	5/7/2021		
10.11#	Form of restricted stock agreement under 2021 Incentive Award Plan.	S-1/A	333-255499	10.11	5/7/2021		
10.12#	Form of restricted stock unit agreement under 2021 Incentive Award Plan	S-1/A	333-255499	10.12	5/7/2021		
10.13#	Form of stock option agreement under 2021 Incentive Award Plan	S-1/A	333-255499	10.13	5/7/2021		
10.14#	Zeta Global Holdings Corp. 2021 Employee Stock Purchase Plan	S-1/A	333-255499	10.14	5/7/2021		
10.15#	Form of amendment to restricted stock agreement under 2008 Stock Option/Stock Issuance Plan and 2017 Equity Incentive Plan for participants eligible to participate in Buy-Back Program	S-1/A	333-255499	10.15	5/7/2021		
10.16#	Form of amendment to restricted stock unit agreement under 2017 Equity Incentive Plan for participants eligible to participate in Buy-Back Program	S-1/A	333-255499	10.16	5/7/2021		
10.17#	Form of Employment Agreement by and between Zeta Global Holdings Corp. and David A. Steinberg	S-1/A	333-255499	10.17	5/7/2021		
10.18	Form of Exchange Agreement	S-1/A	333-255499	10.18	5/7/2021		
10.19#	Form of Employment Agreement by and between Zeta Global Corp. and Steven Gerber	S-1/A	333-255499	10.19	5/7/2021		
10.20#	Form of Employment Agreement by and between Zeta Global Corp. and Chris Greiner	S-1/A	333-255499	10.20	5/7/2021		
10.21#	Form of performance stock unit agreement under 2021 Incentive Award Plan					X	
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X	
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X	

32.1*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002		X
32.2*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002		X
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.	X	
101.SCH	Inline XBRL Taxonomy Extension Schema Document	X	
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	X	
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	X	
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	X	
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	X	
104	Cover Page Interactive Data File (formatted as Inline XBRL And contained in Exhibit 101)		

# Indicates a management contract or compensatory plan.

* The certifications attached as Exhibit 32.1 and Exhibit 32.2 that accompany this Quarterly Report on Form 10-Q are deemed furnished and not filed with the SEC and are not to be incorporated by reference into any filing of the Company under the Securities Act or the Exchange Act 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.

Table of Contents

SIGNATURES

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

	Zeta Global Holdings Corp.
Date: November 10, 2021	By: /s/ David A. Steinberg David A. Steinberg *President, Chief Executive Officer and Chairperson* *(Principal Executive Officer)*
Date: November 10, 2021	By: /s/ Christopher Greiner Christopher Greiner *Chief Financial Officer* *(Principal Financial Officer)*

ZETA GLOBAL HOLDINGS CORP.
2021 INCENTIVE AWARD PLAN

PERFORMANCE STOCK UNIT GRANT NOTICE

Capitalized terms not specifically defined in this Performance Stock Unit Grant Notice (the "***Grant Notice***") have the meanings given to them in the 2021 Incentive Award Plan (as amended from time to time, the "***Plan***") of Zeta Global Holdings Corp. (the "***Company***").

The Company has granted to the participant listed below ("***Participant***") the Performance Stock Units described in this Grant Notice (the "***PSUs***"), subject to the terms and conditions of the Plan and the Performance Stock Unit Agreement attached as **Exhibit A** (the "***Agreement***"), both of which are incorporated into this Grant Notice by reference.

Participant:

Grant Date:

Number of PSUs (the "*Target PSUs*"):

Vesting Schedule: The PSUs will vest in accordance with the vesting schedule set forth in Exhibit A.

By Participant's signature below, Participant agrees to be bound by the terms of this Grant Notice, the Plan and the Agreement. Participant has reviewed the Plan, this Grant Notice and the Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, this Grant Notice and the Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Agreement.

ZETA GLOBAL HOLDINGS CORP.		PARTICIPANT
By:	______________________	______________________
Name:	______________________	[Participant Name]
Title:	______________________	

PERFORMANCE STOCK UNIT AGREEMENT

Capitalized terms not specifically defined in this Agreement have the meanings specified in the Grant Notice or, if not defined in the Grant Notice, in the Plan.

GENERAL

Award of PSUs and Dividend Equivalents.

The Company has granted the Target PSUs to Participant effective as of the grant date set forth in the Grant Notice (the "***Grant Date***"). Each PSU represents the right to receive one Share or, at the option of the Company, an amount of cash, in either case, as set forth in this Agreement. Participant will have no right to the distribution of any Shares or payment of any cash until the time (if ever) the PSUs have vested.

The Company hereby grants to Participant, with respect to each PSU, a Dividend Equivalent for ordinary cash dividends paid to substantially all holders of outstanding Shares with a record date after the Grant Date and prior to the date the applicable PSU is settled, forfeited or otherwise expires. Each Dividend Equivalent entitles Participant to receive the equivalent value of any such ordinary cash dividends paid on a single Share. The Company will establish a separate Dividend Equivalent bookkeeping account (a "***Dividend Equivalent Account***") for each Dividend Equivalent and credit the Dividend Equivalent Account (without interest) on the applicable dividend payment date with the amount of any such cash paid.

Incorporation of Terms of Plan. The PSUs are subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control.

Unsecured Promise. The PSUs and Dividend Equivalents will at all times prior to settlement represent an unsecured Company obligation payable only from the Company's general assets.

PERFORMANCE; VESTING; FORFEITURE AND SETTLEMENT

VWAP Performance.

Subject to Section 2.1(b) and Sections 2.2 and 2.3 below, the Target PSUs shall be earned and become eligible to vest each Performance Quarter in the percentages set forth in the table below based on the 20 Day VWAP (as defined below) for such Performance Quarter as set forth in the table; provided that, the number of PSUs earned for a Performance Quarter shall be reduced by the number of PSUs, if any, earned in any prior Performance Quarter.

20 Day VWAP	Percentage of Target PSUs
Below $10.00	0%
$10.00	25%
$12.50	50%
$15.00	100%
$18.50	150%
$22.00	200%

To the extent the 20 Day VWAP for a Performance Quarter is between two thresholds set forth in the table above, the percentage of Target PSUs that are eligible to vest for such Performance Quarter will be determined by straight-line interpolation.

Notwithstanding anything to the contrary in this Agreement, in no event shall (i) any PSUs vest for a Performance Quarter if the 20 Day VWAP for such Performance Quarter does not (x) equal or exceed $10.00 and (y) exceed the 20 Day VWAP of all prior Performance Quarters and (ii) more than 200% of the Target PSUs become eligible to vest under this Agreement.

Vesting and Forfeiture.

Vesting of Earned PSUs. Except as otherwise provided in Section 2.2(b) and (c), subject to Participant's continued service as a Service Provider through each applicable vesting date, the Target PSUs earned in accordance with Section 2.1, if any, will vest in three equal annual installments, with the first installment vesting on the Quarterly Determination Date applicable to the Performance Quarter for which such PSUs were earned, and the second and third installments vesting on the second and third anniversaries of such Quarterly Determination Date; provided that, any fraction of a PSU that would otherwise be vested will be accumulated and will vest only when a whole PSU has accumulated.

Effect of Termination of Service.

Death or Disability. In the event of Participant's Termination of Service due to Participant's death or by the Company due to Participant's Disability, any PSUs earned in accordance with Section 2.1 for Performance Quarters completed on or prior to the date of such Termination of Service, but not yet vested, will vest on the date of such Termination of Service. Any PSUs that do not vest as of the date of Participant's Termination of Service due to Participant's death or by the Company due to Participant's Disability shall be cancelled and forfeited.

Without Cause or for Good Reason. Subject to Section 2.2(b)(iii) below, in the event of Participant's Termination of Service by the Company without Cause or due to Participant's resignation for Good Reason (1) any PSUs earned in accordance with Section 2.1 for Performance Quarters completed on or prior to the date of such Termination of Service, but not yet vested, will vest on the date of such Termination of Service and (2) with respect to those PSUs otherwise eligible to be earned in accordance with Section 2.1 for the Performance Quarter in which the date of Participant's Termination of Service occurs, such PSUs shall remain outstanding and eligible to vest on the first Quarterly Determination Date that occurs following the date of Participant's Termination of Service in an amount determined based on the number of Target PSUs that would have been earned pursuant to Section 2.1 based on actual 20 Day VWAP performance for such Performance Quarter, less any PSUs earned in any prior Performance Quarter. Any PSUs that do not vest as of the date of Participant's Termination of Service or are not eligible to vest on the first Quarterly Determination Date following the date of Participant's Termination of Service shall be cancelled and forfeited.

Release. As a condition to any vesting of the PSUs as set forth in Section 2.2(b)(ii) above, Participant shall, within sixty (60) days following the date of Participant's Termination of Service, execute and not revoke a general release of all claims in favor of the Company and its affiliates in either (i) a form provided to Participant by the Company or (ii) if Participant is a party to a Relevant Agreement, the form applicable to Participant under such Relevant Agreement.

Change in Control. Notwithstanding any contrary provision in this Agreement, in the event of a Change in Control, and subject to Participant's continued service as a Service Provider through the date of such Change in Control, (i) any PSUs earned in accordance with Section 2.1 for Performance Quarters completed on or prior to the date of such Change in Control, but not yet vested, will vest on the date of such Change in Control and (ii) with respect to those PSUs remaining eligible to be earned in accordance with Section 2.1, if any, such PSUs shall vest on the date of such Change in Control in an amount determined based on the number of Target PSUs that would have been earned pursuant to Section 2.1 based on the 20 Day VWAP for a Performance Quarter, less any PSUs earned in any prior Performance Quarter; provided that, for such purpose, the 20 Day VWAP will be deemed to equal the price or implied price per share of Class A Common Stock in such Change in Control. Any PSUs that do not vest as of the date of such Change in Control shall be cancelled and forfeited.

Forfeiture.

In the event of Participant's Termination of Service for any reason, all unvested PSUs will immediately and automatically be cancelled and forfeited, except as otherwise provided in Section 2.2(b) or as determined by the Administrator. Dividend Equivalents (including any Dividend Equivalent Account balance) will vest or be forfeited, as applicable, upon the vesting or forfeiture of the PSU with respect to which the Dividend Equivalent (including the Dividend Equivalent Account) relates.

In the event the PSUs do not vest at the maximum level in accordance with Section 2.1, such PSUs that do not vest in accordance with Section 2.1 shall be forfeited and Participant's rights in any such PSUs and related Dividend Equivalents shall lapse and expire.

Definitions. For purposes of this Agreement, the following definitions shall apply:

"***20 Day VWAP***" for a Performance Quarter means the VWAP during the final 20 consecutive trading days of such Performance Quarter.

"***Good Reason***" means (x) if Participant is a party to a Relevant Agreement in which the term "good reason" (or term of similar effect) is defined, "Good Reason" as defined in the Relevant Agreement, and (y) if no Relevant Agreement exists or "good reason" is not defined in such Relevant Agreement, the occurrence of any of the following events or conditions, unless Participant has expressly consented in writing thereto:

a material reduction in Participant's annual base salary or, if applicable, target annual bonus;

the material diminution of Participant's duties, responsibilities, powers or authorities, provided that Good Reason shall not exist under this clause (ii) if such diminution is the result of: (1) the hiring of additional subordinates to fill some of Participant's duties and responsibilities or (2) any disposition or sale of any Subsidiary or business of the Company;

the Company requires that Participant's principal office location be moved to a location more than fifty (50) miles from Participant's principal office location immediately before the change without the Participant's prior consent; or a material breach by the Company or any of its Subsidiaries of any written agreement between Participant and the Company or any of its Subsidiaries, including without limitation this Agreement or any other equity-based award agreement.

For purposes of this Agreement, Participant shall not have Good Reason for termination unless (1) Participant reasonably determines in good faith that a "Good Reason" condition has occurred; (2) Participant notifies the Company in writing of the occurrence of the Good Reason condition within sixty (60) days of Participant's first becoming aware of such occurrence; (3) Participant cooperates in good faith with the Company's efforts, for a period not less than thirty (30) days following such notice (the "***Good Reason Cure Period***"), to cure the condition, to the extent curable; (4) notwithstanding such efforts, the Good Reason condition continues to exist; and (5) Participant terminates Participant's employment within sixty (60) days after the end of the Good Reason Cure Period. If the Company cures the Good Reason condition during the Good Reason Cure Period, Good Reason shall be deemed not to have occurred.

"***Performance Quarter***" means, as applicable, each fiscal quarter beginning with Q2 2022 and ending with, and including, Q4 2025.

"***Quarterly Determination Date***" means the date the Company determines the number of PSUs that are eligible to vest in accordance with Section 2.1, which date shall occur on or about the last day of the applicable Performance Quarter.

"***VWAP***" means the volume-weighted average closing price per share of Class A Common Stock.

Settlement.

PSUs and Dividend Equivalents (including any Dividend Equivalent Account balance) will be paid in Shares or cash at the Company's option as soon as administratively practicable after the vesting of the applicable PSU, but in no event more than seventy-five (75) days after such date.

If a PSU is paid in cash, the amount of cash paid with respect to the PSU will equal the Fair Market Value of a Share on the day immediately preceding the payment date. If a Dividend Equivalent is paid in Shares, the number of Shares paid with respect to the Dividend Equivalent will equal the quotient, rounded down to the nearest whole Share, of the Dividend Equivalent Account balance divided by the Fair Market Value of a Share on the day immediately preceding the payment date.

TAXATION AND TAX WITHHOLDING

Representation. Participant represents to the Company that Participant has reviewed with Participant's own tax advisors the tax consequences of this Award and the transactions contemplated by the Grant Notice and this Agreement. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents.

Tax Withholding.

The Company has the right and option, but not the obligation, to treat Participant's failure to provide timely payment in accordance with the Plan of any withholding tax arising in connection with the PSUs or Dividend Equivalents as Participant's election to satisfy all or any portion of the withholding tax by requesting the Company retain Shares otherwise issuable under the Award.

Participant acknowledges that Participant is ultimately liable and responsible for all taxes owed in connection with the PSUs and the Dividend Equivalents, regardless of any action the Company or any Subsidiary takes with respect to any tax withholding obligations that arise in connection with the PSUs or Dividend Equivalents. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or payment of the PSUs or the Dividend Equivalents or the subsequent sale of Shares. The Company and the Subsidiaries do not commit and are under no obligation to structure the PSUs or Dividend Equivalents to reduce or eliminate Participant's tax liability.

OTHER PROVISIONS

Adjustments. Participant acknowledges that the PSUs, the Shares subject to the PSUs and the Dividend Equivalents are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan.

Notices. Any notice to be given under the terms of this Agreement to the Company must be in writing and addressed to the Company in care of the Company's Secretary at the Company's principal office or the Secretary's then-current email address or facsimile number. Any notice to be given under the terms of this Agreement to Participant must be in writing and addressed to Participant at Participant's last known mailing address, email address or facsimile number in the Company's personnel files. By a notice given pursuant to this Section, either party may designate a different address for notices to be given to that party. Any notice will be deemed duly given when actually received, when sent by email, when sent by certified mail (return receipt requested) and deposited with postage prepaid in a post office or branch post office regularly maintained by the United States Postal Service, when delivered by a nationally recognized express shipping company or upon receipt of a facsimile transmission confirmation.

Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws and, to the extent Applicable Laws permit, will be deemed amended as necessary to conform to Applicable Laws.

Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in the Plan, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Grant Notice, this Agreement, the PSUs and the Dividend Equivalents will be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3) that are requirements for the application of such exemptive rule. To the extent Applicable Laws permit, this Agreement will be deemed amended as necessary to conform to such applicable exemptive rule.

Entire Agreement. The Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held illegal or invalid, the provision will be severable from, and the illegality or invalidity of the provision will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and may not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant will have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the PSUs and Dividend Equivalents, and rights no greater than the right to receive cash or the Shares as a general unsecured creditor with respect to the PSUs and Dividend Equivalents, as and when settled pursuant to the terms of this Agreement.

Not a Contract of Employment. Nothing in the Plan, the Grant Notice or this Agreement confers upon Participant any right to continue in the employ or service of the Company or any Subsidiary or interferes with or restricts in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Participant.

Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Law, each of which will be deemed an original and all of which together will constitute one instrument.

Section 409A. This Award is not intended to constitute "nonqualified deferred compensation" within the meaning of Section 409A. However, notwithstanding any other provision of the Plan, the Grant Notice or this Agreement, if at any time the Administrator determines that this Award (or any portion thereof) may be subject to Section 409A, the Administrator shall have the right in its sole discretion (without any obligation to do so or to indemnify Participant or any other person for failure to do so) to adopt such amendments to the Plan, the Grant Notice or this Agreement, or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate for this Award either to be exempt from the application of Section 409A or to comply with the requirements of Section 409A.

* * * * *

Exhibit 31.1

Certification of Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, David A. Steinberg, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Zeta Global Holdings Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2021

By: /s/ David A. Steinberg
David A. Steinberg
Chief Executive Officer
(*Principal Executive Officer*)

Exhibit 31.2

Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Christopher Greiner, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Zeta Global Holdings Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2021

By: /s/ Christopher Greiner
Christopher Greiner
Chief Financial Officer
(*Principal Financial Officer*)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. § 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Zeta Global Holdings Corp. (the "Company") hereby certifies, to such officer's knowledge, that:

(1) the accompanying Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 30, 2021 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 10, 2021

/s/ David A. Steinberg
David A. Steinberg
Chief Executive Officer
(Principal Executive Officer)

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. § 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Zeta Global Holdings Corp. (the "Company") hereby certifies, to such officer's knowledge, that:

(1) the accompanying Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 30, 2021 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 10, 2021

/s/ Christopher Greiner
Christopher Greiner
Chief Financial Officer
(Principal Financial Officer)

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.