



# Stock-based compensation expensing schedule

SEPTEMBER 2021

# Safe Harbor

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# Overview of stock-based compensation expense

- Historically, Zeta did not recognize any stock compensation expense for grants of restricted stock awards or restricted stock units (collectively, "the RSA's/RSU's"). Pursuant to the Company's stock compensation plan, the RSA's/RSU's did not vest until a "change of control" and as such the expense was not recognized.
- In March 2021, the Board of Directors of the Company approved the modification of the plan to:
  - Include the IPO in the definition of change of control.
  - Extend the vesting schedule of certain grants.
- This resulted in a repricing and expensing of the modified grants post-IPO.
- Zeta continues to estimate approximately \$800M of future stock-based compensation expense related to the pre-IPO grants.
- Zeta adopted the graded vesting attribution method for expensing stock-based compensation, which will result in a greater stock-based compensation expense in the first 1-2 years and lower expense in years 3-6. Zeta elected to recognize forfeitures as they occur and does not estimate forfeitures in stock-based compensation expense.

# Estimated stock-based compensation expense

	1Q'21	2Q'21	3Q'21	4Q'21	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY21-26 Total
Stock-based compensation expense (Pre-IPO Issuances)	-	\$119.3	\$69.3	\$69.3	\$257.9	\$255.8	\$152.3	\$77.8	\$33.0	\$4.5	\$781.3

Notes:

1) All amounts shown above are in millions.

2) 2Q '21 stock-based compensation shown above is actuals, other periods are estimates.

3) The stock-based compensation presented here relates to the pre-IPO issuances only and does not include any grants that the Company expects to issue in the future. Further, the Company estimates to grant approximately 6M-8M restricted stock on an annual, go-forward basis.