# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

# FORM 8-K

CURRENT REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): November 12, 2024

# **Direct Digital Holdings, Inc.**

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation) 001-41261 (Commission File Number) 87-2306185 (IRS Employer Identification No.)

1177 West Loop South, Suite 1310 Houston, Texas (Address of principal executive offices)

77027 (Zip Code)

Registrant's telephone number, including area code: (832) 402-1051

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

□ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

	Trading	Name of each exchange
Title of each class	Symbol(s)	on which registered
Class A common stock, par value \$0.001 per share	DRCT	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (the "Exchange Act") (§240.12b-2 of this chapter).

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. []

## **Results of Operations and Financial Condition.**

On November 12, 2024, Direct Digital Holdings, Inc. (the "Company") issued a press release announcing its financial results for the three and nine months ended September 30, 2024. A copy of the press release is furnished herewith as Exhibit 99.1 to this report and is incorporated herein by reference.

The information provided in Item 2.02 of this report, including Exhibit 99.1, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference.

#### Item 9.01

Item 2.02

# Financial Statements and Exhibits.

(d)Exhibits

## EXHIBIT INDEX

Exhibit No.	Description
<u>99.1</u>	Press release issued by Direct Digital Holdings, Inc., datedNovember 12, 2024.
104	Cover Page Interactive Data File (embedded within Inline XBRL document)

## SIGNATURE

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 hereunto duly authorized.

November 12, 2024 (Date) Direct Digital Holdings, Inc. (Registrant)

/s/ Diana P. Diaz

Diana P. Diaz Chief Financial Officer

Exhibit 99.1



# **Direct Digital Holdings Reports Q3 2024 Financial Results**

Company Launches Colossus Connections to Accelerate Direct Integration Efforts with Leading Demand-Side Platforms

New Unified Buy-Side Operating Structure Creates Additional Business Lines and Revenue Opportunities

Company to Host Conference Call at 5:00 PM ET Today

Houston, November 12, 2024 -- Direct Digital Holdings, Inc. (Nasdaq: DRCT) ("Direct Digital Holdings" or the "Company"), a leading advertising and marketing technology platform operating through its companies Colossus Media, LLC ("Colossus SSP") and Orange 142, LLC ("Orange 142"), today announced financial results for the third quarter ended September 30, 2024.

Mark D. Walker, Chairman and Chief Executive Officer, commented, "The past few quarters have presented significant challenges for our company due to a targeted and defamatory disinformation campaign. We describe this as disinformation not only because it contained factual inaccuracies, but also because it omitted key insights and context that would have clarified our business practices. As a result, Direct Digital Holdings experienced an unexpected business disruption among our partners, advertisers, and clients, including a major customer who paused its connection with our supply-side platform, Colossus SSP, which led to a temporary reduction in our revenues."

Walker continued, "We moved swiftly to address these claims, working closely with all of our partners to ensure they understood the truth of our practices and taking legal action against the author of the defamatory claims. Our paused customer has since restored its connection, with volumes through our sell-side platform steadily increasing, though not yet fully returned to previous levels. Throughout this, we have been working diligently with our multi-national HoldCo agencies, our Fortune 500 brand partners, and demand-side partners, to resume business, which many already have. While we are confident we will return the Company to normalcy, it will take time to rebuild. We are grateful for the resiliency and focus of our employees as they work to position us to rebound from these challenges."

Revenues for the third quarter of 2024 were \$9.1 million, consisting of \$2.2 million in our sell-side advertising segment and \$6.9 million in our buy-side advertising segment. The key driver for the reduction of our revenue from prior periods was the pause by our customer as described above.

Keith Smith, President, commented, "Our recently announced \$20 million Equity Reserve Facility with New Circle Principal Investments provides us with enhanced financial flexibility to execute on our strategic initiatives while also strengthening our balance sheet. This new financing source will support both our technology investments and growth objectives as we continue to evolve our platform capabilities and position Direct Digital Holdings for sustainable, long-term growth."

Walker added, "Over these past few months, we have innovated and optimized our business and are now in a position of strength, well-situated to capitalize on several of our key growth initiatives. Direct Digital Holdings' technology platform, diversified client base, optimized cost structure and new financing sources allow us to expand into new industry verticals, accelerate our direct integrations with leading demand-side platforms, advance our technological capabilities across our business and maintain our commitment to bringing underrepresented publishers into the programmatic ecosystem."

### Advancing Innovation for Colossus SSP

The Company expects to make investments to drive technological advancements for Direct Digital Holdings' supply-side platform, Colossus SSP, including the launch of Colossus Connections, an aggressive initiative the Company is already executing to accelerate direct integrations with leading demand platforms. This initiative will aim to unlock direct access to more demand partners and revenue, while optimizing transaction costs and efficiency for Colossus SSP and its clients. As a

result of Colossus Connections, the Company has already signed two of the leading demand-side partners, with those direct connections expected to go live in 2025.

Additionally, for Colossus SSP, the Company is developing new curation and segment-based products in areas such as carbon, attention, and media quality, which are in highdemand among advertisers. The Company is also expanding efforts to bring underrepresented publishers and creators into the programmatic ecosystem, with their unique and premium inventory available through Colossus SSP.

#### Enhancing Growth on the Demand Side

On the demand-side, the Company expects that funding will support the recently announced unification of Direct Digital Holdings' buy-side divisions, Orange 142 and Huddled Masses. This will enable the delivery of new capabilities, particularly in helping clients navigate emerging technologies, such as artificial intelligence and machine learning, as well as emerging, high-growth channels such as marketing-enabled services, connected TV, social media and retail media. Small- and mid-sized clients will be a key focus for the combined entity, as these clients are increasingly shifting advertising budgets to digital and require support to navigate its complexities and optimize their ad spend. Currently, the Company serves hundreds of small- and mid-sized clients, enabling over 2,000 campaigns each year.

#### Third Quarter 2024 Financial Highlights:

- For the third quarter of 2024, revenue was \$9.1 million, a decrease of \$50.4 million, or an 85% decline compared to the \$59.5 million in the same period of 2023.
  - Sell-side advertising segment revenue fell to \$2.2 million compared to \$51.6 million in the same period of 2023, 96% decrease year-over-year. As described above, the key driver for this reduction was the suspension by one of our large customers following the defamatory article against the Company, and this customer has since restored its connection.
    - Buy-side advertising segment revenue fell to \$6.9 million compared to \$7.9 million in the same period of 2023, a 12% year-over-year decline.
- Gross profit was \$3.5 million, or 39% of revenue, in the third quarter of 2024 compared to \$11.8 million, or 20% of revenue, in the same period of 2023.
- Operating expenses were \$7.2 million in the third quarter of 2024, a decrease of \$0.1 million, or 1%, over \$7.3 million in the same period of 2023.
- Consolidated operating loss was \$3.7 million, compared to operating income of \$4.5 million in the same period of 2023, a decrease of \$8.2 million or 181%.
- Net loss was \$6.4 million in the third quarter, compared to net income of \$3.4 million in the same period of 2023.
- Adjusted EBITDA<sup>(1)</sup> was a loss of \$2.9 million in the third quarter of 2024, compared to positive Adjusted EBITDA of \$5.4 million in the same period of 2023.
- As of September 30, 2024, the Company held cash and cash equivalents of \$4.1 million compared to \$5.1 million as of December 31, 2023.

#### **Financial Outlook**

Assuming the U.S. economy does not experience any major economic conditions that deteriorate or otherwise significantly reduce advertiser demand, and subject to certain uncertainties related to the ramp-up of our businesses and general market conditions, Direct Digital Holdings is providing full-year revenue guidance of \$60 million to \$70 million for FY 2024 and full-year revenue guidance of \$90 million to \$110 million for FY 2025 as the Company rebuilds to previous levels.

Diana Diaz, Chief Financial Officer, stated, "As we move forward, we are pleased to return to a normal cadence of reporting our financial results which will provide our investors with the timely and accurate information they deserve. We're committed to delivering sustainable growth for our investors while offering our partners industry-leading marketing and advertising capabilities."

Smith added, "While Direct Digital Holdings is working to overcome these recent challenges, defamatory disinformation attacks go far beyond the advertising technology industry, distorting public perception, manipulating stock prices, often to the disadvantage of everyday investors, and stifling innovation. The weaponization of disinformation is posing a profound risk to small and up-and-coming businesses such as ours, and calls for a deeper dive into this pernicious and increasingly ubiquitous issue and an appropriate systemic response."

<sup>&</sup>lt;sup>(1)</sup> "Adjusted EBITDA" is a non-GAAP financial measure. The section titled "Non-GAAP Financial Measures" below describes our usage of non-GAAP financial measures and provides reconciliations between historical GAAP and non-GAAP information contained in this press release

#### Conference Call and Webcast Details

Direct Digital will host a conference call on Tuesday, November 12, 2024 at 5:00 p.m. Eastern Time to discuss the Company's third quarter 2024 financial results. The live webcast and replay can be accessed at https://ir.directdigitalholdings.com/. Please access the website at least fifteen minutes prior to the call to register, download and install any necessary audio software. For those who cannot access the webcast, a replay will be available at https://ir.directdigitalholdings.com/ for a period of twelve months.

#### Cautionary Note Regarding Forward Looking Statements

This press release contains forward-looking statements within the meaning of federal securities laws that are subject to certain risks, trends and uncertainties. We use words such as "could," "would," "may," "might," "will," "expect," "likely," "believe," "continue," "anticipate," "estimate," "intend," "plan," "project" and other similar expressions to identify forward-looking statements, but not all forward-looking statements include these words. All of our forward-looking statements involve estimates and uncertainties that could cause actual results to differ materially from those expressed in or implied by the forward-looking statements. Accordingly, any such statements are qualified in their entirety by reference to the information described under the caption "Risk Factors" and elsewhere in our most recent Annual Report on Form 10 K (the "Form 10-K") and subsequent periodic and or current reports filed with the Securities and Exchange Commission (the "SEC").

The forward-looking statements contained in this press release are based on assumptions that we have made in light of our industry experience and our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. As you read and consider this press release, you should understand that these statements are not guarantees of performance or results. They involve risks, uncertainties (many of which are beyond our control) and assumptions.

Although we believe that these forward-looking statements are based on reasonable assumptions, you should be aware that many factors could affect our actual operating and financial performance and cause our performance to differ materially from the performance expressed in or implied by the forward-looking statements. We believe these factors include, but are not limited to, the following: conditions to our ability to sell Class A common stock under our equity reserve facility; the restrictions and covenants imposed upon us by our credit facilities; the substantial doubt about our ability to continue as a going concern, which may hinder our ability to obtain future financing; our ability to secure additional financing to meet our capital needs; our ineligibility to file short-form registration statements on Form S-3, which may impair our ability to raise capital; our failure to satisfy applicable listing standards of the Nasdaq Capital Market resulting in a potential delisting of our common stock; failure to remedy any listing deficiencies noted in the deficiency letters from the Listing Qualifications Department of The Nasdaq Stock Market LLC; the risk that the Listing Qualifications Department of The Nasdaq Stock Market LLC does not accept the Company's plan to regain compliance with applicable rules to maintain its listing on The Nasdaq Capital Market; costs, risks and uncertainties related to the restatement of certain prior period financial statements; any significant fluctuations caused by our high customer concentration; risks related to non-payment by our clients; reputational and other harms caused by our failure to detect advertising fraud; operational and performance issues with our platform, whether real or perceived, including a failure to respond to technological changes or to upgrade our technology systems; restrictions on the use of third-party "cookies," mobile device IDs or other tracking technologies, which could diminish our platform's effectiveness; unfavorable publicity and negative public perception about our industry, particularly concerns regarding data privacy and security relating to our industry's technology and practices, and any perceived failure to comply with laws and industry self-regulation; our failure to manage our growth effectively; the difficulty in identifying and integrating any future acquisitions or strategic investments; any changes or developments in legislative, judicial, regulatory or cultural environments related to information collection, use and processing; challenges related to our buy-side clients that are destination marketing organizations and that operate as public/private partnerships; any strain on our resources or diversion of our management's attention as a result of being a public company; the intense competition of the digital advertising industry and our ability to effectively compete against current and future competitors; any significant inadvertent disclosure or breach of confidential and/or personal information we hold, or of the security of our or our customers', suppliers' or other partners' computer systems; as a holding company, we depend on distributions from Direct Digital Holdings, LLC ("DDH LLC") to pay our taxes, expenses (including payments under the Tax Receivable Agreement) and any amount of any dividends we may pay to the holders of our common stock; the fact that DDH LLC is controlled by DDM, whose interest may differ from those of our public stockholders; any failure by us to maintain or implement effective internal controls or to detect fraud; and other factors and assumptions discussed in our Form 10-K and subsequent periodic and current reports we may file with the SEC.

Should one or more of these risks or uncertainties materialize, or should any of these assumptions prove to be incorrect, our actual operating and financial performance may vary in material respects from the performance projected in these forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made, and except as required by law, we undertake no obligation to update any forward-looking statement contained in this press release to

reflect events or circumstances after the date on which it is made or to reflect the occurrence of anticipated or unanticipated events or circumstances, and we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. New factors that could cause our business not to develop as we expect emerge from time to time, and it is not possible for us to predict all of them. Further, we cannot assess the impact of each currently known or new factor on our results of operations or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

#### About Direct Digital Holdings

Direct Digital Holdings (Nasdaq: DRCT) brings state-of-the-art sell- and buy-side advertising platforms together under one umbrella company. Direct Digital Holdings' sell-side platform, Colossus SSP, offers advertisers of all sizes extensive reach within the general market and multicultural media properties. The Company's buy-side platform, Orange 142, delivers significant ROI for middle-market advertisers by providing data-optimized programmatic solutions at scale for businesses in sectors that range from energy to healthcare to travel to financial services. Combined, Direct Digital Holdings' sell- and buy-side solutions generate billions of impressions per month across display, CTV, in-app and other media channels.

# CONDENSED CONSOLIDATED BALANCE SHEETS (in thousands, except share and par value amounts)

	September 30, 2024	December 31, 2023	
	(Unaudited)	·	
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 4,087	\$ 5,116	
Accounts receivable, net of provision for credit losses of \$385 and \$344	6,287	37,207	
Prepaid expenses and other current assets	1,112	759	
Total current assets	11,486	43,082	
Property, equipment and software, net	409	599	
Goodwill	6,520	6,520	
Intangible assets, net	10,219	11,684	
Deferred tax asset, net		6,132	
Operating lease right-of-use assets	873	788	
Related party receivable	1,737	1,737	
Other long-term assets	47	130	
Total assets	\$ 31,291	\$ 70,672	
LIABILITIES AND STOCKHOLDERS' DEFICIT			
CURRENT LIABILITIES			
Accounts payable	6,452	33,926	
Accrued liabilities	881	3,816	
Liability related to tax receivable agreement, current portion	41	41	
Current maturities of long-term debt	36,667	1,478	
Deferred revenues	976	381	
Operating lease liabilities, current portion	183	126	
Income taxes payable	99	34	
Total current liabilities	45,299	39,802	
Long-term debt, net of current portion	150	28,578	
Liability related to tax receivable agreement, net of current portion		5,201	
Operating lease liabilities, net of current portion	832	773	
Total liabilities	46,281	74,354	
		·	
COMMITMENTS AND CONTINGENCIES			
STOCKHOLDERS' EQUITY			
Class A Common Stock, \$0.001 par value per share, \$160,000,000 shares authorized, \$3,795,199 and \$3,478,776 shares issued and outstanding,			
respectively	4	3	
Class B Common Stock, \$0.001 par value per share, 20,000,000 shares authorized, 10,868,000 shares issued and outstanding	11	11	
Additional paid-in capital	3,481	3,067	
Accumulated deficit	(6,593)	(2,538)	
Noncontrolling interest	(11,893)	(4,225)	
Total stockholders' deficit	(14,990)	(3,682)	
Total liabilities and stockholders' deficit	\$ 31,291	\$ 70,672	

# CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited, in thousands, except per-share data)

	Three Months Ended September 30,			Nine Months Ended September 30,			
	 2024		2023		2024		2023
Revenues							
Sell-side advertising	\$ 2,202	\$	51,622	\$	33,001	\$	89,006
Buy-side advertising	 6,873		7,850		20,204		27,093
Total revenues	 9,075		59,472		53,205		116,099
Cost of revenues							
Sell-side advertising	2,654		44,606		30,670		77,190
Buy-side advertising	 2,907		3,113		8,091		10,650
Total cost of revenues	 5,561		47,719		38,761		87,840
Gross profit	 3,514		11,753		14,444		28,259
Operating expenses							
Compensation, taxes and benefits	3,526		4,747		12,216		12,934
General and administrative	3,646		2,512		10,757		8,718
Total operating expenses	7,172		7,259		22,973		21,652
(Loss) income from operations	 (3,658)		4,494		(8,529)		6,607
Other income (expense)							
Other income	99		83		190		175
Loss on early termination of line of credit			_				(300)
Revaluation of tax receivable agreement liability	5,201		_		5,201		—
Interest expense	(1,413)		(1,060)		(4,068)		(3,104)
Total other expense, net	3,887		(977)		1,323		(3,229)
(Loss) income before income taxes	229		3,517		(7,206)		3,378
Income tax (benefit) expense	6,606		166		6,132		166
Net (loss) income	 (6,377)		3,351		(13,338)		3,212
Net (loss) income attributable to noncontrolling interest	(3,687)		2,780		(9,283)		2,663
Net (loss) income attributable to Direct Digital Holdings, Inc.	\$ (2,690)	\$	571	\$		\$	549
Net (loss) income per common share:	\$ (0.71)	¢	0.09	¢	(1.11)	¢	0.00
Basic	 (0.71)	-		\$	(1.11)		0.09
Diluted	\$ (0.71)	\$	0.09	\$	(1.11)	\$	0.09
Weighted-average number of shares of common stock outstanding:							
Basic	 3,793		2,990		3,667		2,938
Diluted	 3,793		3,044		3,667		3,080

# CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited, in thousands)

Adjutants to recencile net loss income to net cash (ask in) provided by operating activities:         58         4.33           Amortization of intangible savets         1.465         1.465           Construction or intangible savets         1.465         1.465           Depreciation and amortization of property, equipment and software         205         318           Stock-based comparisation         8.11         546           Deformation of the origit of comparisation of property, equipment and software         6.132         288           Stock-based comparisation of property, equipment and software         6.132         288           Deformation of condit         —         —         900           Reschamiz conditionschauf daving expression of origit origin assist and liabilities.         0.688         (28.81)           Ownges in operating assist and liabilities.         0.384         (28.81)           Accounts repayable         (27.47)         27.323           Accounts repayable         (17.47)         (27.33)           Ownges in operating assist and liabilities.         (29.97)         (24.91)           Accounts repayable         (17.47)         (27.47)         (27.47)           Accounts repayable         (17.7)         (17.7)         (17.7)           Owneasti liabilities and the receivable agreement payable </th <th></th> <th></th> <th colspan="3">Nine Months Ended September 30,</th>			Nine Months Ended September 30,		
Not (solitization of labelian (solitization of labelian (solitization of deferred financing costs       58       433         Amotizitation of deferred financing costs       588       435         Amotizitation of deferred financing costs       146       1468         Radictization of deferred financing costs       146       148         Redictize in carrying mountain of property, cquipment and software       205       138         Stack-based compensation       6,132       380         Deferred income ux (decrefi) expense       6,132       380         Deferred income ux (decrefi) expense       6,132       380         Construction of those conduction of recoveries       36       98         Construction solution of the corealis       30,884       (CRASH)         Provision for creatines solution differe corealis       30,884       (CRASH)         Accounts recovable agreement labilities       30,884       (CRASH)         Accounts receivable agreement payable       (CIAT4)       (CIASH)         Caba Daff contignation of fracting receivable       (CIAT4)       (CIAS			2024	2023	
Adjustments for scencel: net (loss) income to are cash (asia ling provided by operating activities:         58         4.93           Amontization of dimangible assets         1.465         1.465         1.465           Amontization of dimangible assets         1.165         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12         1.12	Cash Flows (Used In) Provided By Operating Activities:				
Ameritation of deferred financing costs         135         435           Ameritation of immaphic asses         115         126           Rediction in carrying anound of right-of-use asses         115         126           Stock-based compensation         811         545           Depreciation and mentization of property, equipment and software         6.132         288           Descendent and mentization of property, equipment and software         6.132         288           Descendent and mentization of property, equipment and software         6.132         288           Descendent and mentization of property, equipment and software         6.132         288           Descendent and mentization of property, equipment and software         6.132         288           Descendent and this software         6.132         888         (23.24)           Account property equipment and software         6.91         (27.44)         (22.25)           Account property and property and equipment         (1.471)         (753         469           Descendent in property and equipment         (1.71)         (1.72)         (1.74)         (27.25)           Account provided by operating activities         (7.79)         4.44         (2.74)         (7.79)         4.44           Destrot information descendent property and equipment<	Net (loss) income	\$	(13,338) \$	3,212	
Amontaxion of intangible sames.         1,465         1,465           Bediction in carrying mound of right-four assets         205         183           Depreciation and amontaxing of property, equipment and software         205         183           Decirculation and amontaxing of property, equipment and software         205         183           Decirculation of the of credit         —         30         30           Revaluation of the of credit         —         30         30         30           Changes in depressing assets and liability         (5,20)         —         30         30         30         30         30         30         30         30         30         30         30         30         30         30         30         30         30         30         30         30         30         30         30         30         30         30         30         30         30         30         30         30         30         30         30         30         30         30         30         30         30         30         30         30         30         30         30         30         30         30         30         30         30         30         30         30         30 </td <td>Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:</td> <td></td> <td></td> <td></td>	Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:				
Relation in carrying annual of right=of-ises assets         115         123           Depreciation and mutricitation of property, equipment and software         205         183           Define for an intervision of property, equipment and software         612         432         432           Define for an intervision of property, equipment and software         6132         432         432         432         432         432         432         432         432         432         432         432         432         432         432         432         432         432         432         432         432         432         432         432         432         432         432         432         432         432         432         432         432         432         432         432         432         432         432         432         432         432         432         432         433         433         433         433         433         433         433         433         433         433         433         433         433         433         433         433         433         433         433         433         433         433         433         433         433         433         433         433	Amortization of deferred financing costs		558	435	
Depreciation and amonitation of property, equipment and software         205         188           Stock-based compensation         811         546           Deformal income tax (heredft) opponts         6,132         88           Loss on early termination of ins of credit         -         300           Revaluation of tax receivable agreement liability         (5,201)         -           Provision for tredit losses bod debt expreme, net of recoverties         30,884         (28,381)           Accound is hubbilities:         30,884         (28,381)           Accound is hubbilities:         30,884         (27,474)         (27,272)           Accound is hubbilities:         65         (61)         (64)         (7,093)           Accound is hubbilities:         30,884         (28,381)         (70)         (7,273)           Accound is hubbilities:         30,884         (28,381)         (70)         (7,273)           Accound is hubbilities:         30,884         (28,381)         (70)         (7,273)           Accound is hubbilities:         30,884         (28,381)         (70)         (7,273)         (80)         (70)         (4,81)           Defored revenues         635         (61)         (7,979)         4,481         (7,979)         (4,81) <td>Amortization of intangible assets</td> <td></td> <td>1,465</td> <td>1,465</td>	Amortization of intangible assets		1,465	1,465	
Sinch-based compensation         811         546           Deferred income tax (bearfil) expense	Reduction in carrying amount of right-of-use assets		115	124	
Defined anoons tax (baseful) expense         6,132         88           Lors on early termination of late of redit         — 300           Revaluation of tax reactivable agreement liability         (5,201)         —           Provision for credit assests         30,884         (28,814)           Accounts reactivable agreement payable         30,884         (28,814)           Propied expenses and other assets         (394)         (524)           Accounts builtisis and tax reactivable agreement payable         (1,471)         (733)           Accounts builtisis and tax reactivable agreement payable         (1,471)         (733)           Account builtisis and tax reactivable agreement payable         (1,671)         (133)           Operating least lability         (139)         (100)           Net cash (used in ) provided by operating activities         (177)         (137)           Cash Flows Vised In Investing activities         (171)         (137)           Cash Flows Flowided by (Used In) Financing Activities:         (171)         (137)           Payments on term loan         (373)         (69)           Provided by (Used In) Financing Activities:         (171)         (137)           Payments on term loan         (171)         (137)           Provecofs from loans of craditi         (1029)	Depreciation and amortization of property, equipment and software		205	185	
Less on carly remination of law of excercises         -         300           Revulation of tax receivable agreement liability         (5,201)         -           Provision for carcitle tosses bud debt expense, net of recoveries         36         98           Changes in operating assets and liabilities:         -         -           Accounts receivable         308,84         (28,88)           Propaid expenses and other assets         (304)         (524)           Accounts receivable agreement payable         (1471)         (753)           Accounts receivable agreement payable         65         (61)           Deferred revenues         955         497           Operating lesse liability         (203)         (70)           Net cash (used in provided by operating activities         (17)         (117)           Cash Paolo reputalized software and property and equipment         (17)         (117)           Net cash used in investing activities         (17)         (117)           Cash Paolo reputalized software and property and equipment         (17)         (117)           Net cash used in investing activities         (17)         (117)           Proveeds from used reputalized software and property and equipment         (17)         (117)           Cash Paolo reputalized software and property and equ	Stock-based compensation		811	546	
Reventation of tax receivable agreement hability         (5.20)         —           Provision for credit bosses bad debt expense, not of recoveries         36         98           Changes in operating assets and liabilities:         30.884         (28,381           Provision for credit bosses bad debt expense, not of recoveries         30.894         (28,381           Provision for credit bosses bad debt expense, not of recoveries         30.894         (28,381           Provision for credit bosses bad debt expense, not of recoveries         30.894         (28,381           Cost Dest expenses         65         661         661           Operating lease liability         (1871)         (753         670           Operating lease liability         (833)         (700         64.881           Cash rece al badder of property and expirment         (177)         (137)         (137)           Not cash used in inventing activities         (177)         (137)         (137)           Cash Flows Provided by (Csed Io) Financing Activities:         (177)         (137)         (147)           Payment on term loan         (373)         (491         (473)         (491           Payment on deferred financing cotivities         (177)         (137)         (137)           Payment of deferred financing cotivities	Deferred income tax (benefit) expense		6,132	82	
Provision for credit losses had debt expense, net of recoveries         36         98           Changes in operating assets and liabilities:         30,884         (28,381           Accounts receivable         (394)         (324)           Propial depenses and other assets         (394)         (324)           Accounts receivable         (27,474)         (27,272)           Accounts payable         (27,474)         (27,274)           Accounts payable         (1471)         (735)           Income taxes payable         (65         661           Deferred revenues         (595)         4481           Operating locs liability         (107)         (137)           Net cash luced in provided by operating activities         (107)         (137)           Cash paid for capitalized software and property and equipment         (17)         (137)           Net cash used in investing activities         (17)         (137)           Payments on terms on the loan         (373)         (491)           Proceeds from ines or credit         6,700         -           Payment of actred financing costs         -         (422)           Proceeds from payment of actred financing costs         -         (198)           Net cash provided by (used in financing activities         <	Loss on early termination of line of credit		—	300	
Changes in operating assets and liabilities:         30.84         (28,381           Accounts receivable         (394)         (524           Accounts pressed other sasts         (394)         (524           Accounts pressed other sasts         (394)         (524           Accounts pressed other sasts         (3743)         27326           Accounts pressed other sasts         (1471)         (753)           Accounts pressed other sasts         (1471)         (753)           Income taxes payable         65         (66)           Deferred revenues         (55)         (497)           Operating lesse liability         (83)         (700)           Net cash (used in provided by operating activities         (17)         (17)           Cash Flows Used In Investing activities         (17)         (17)           Cash Power Used In Investing activities:         (17)         (17)           Cash and of craptialized software and property and equipment         (17)         (17)           Net cash used in investing activities:         (17)         (17)           Cash Flows Provided by (Used In Financing Activities:         (17)         (17)           Proceeds from warms exercised         (51)            Phymentor of deferred financing costs	Revaluation of tax receivable agreement liability		(5,201)	_	
Accounts receivable         30,884         (28,881           Prepaid expenses and other assets         (394)         (524           Accounts payable         (21,474)         27,326           Accounts payable         (1,471)         (753           Income taxes payable         65         (61           Deferred revenues         595         4497           Openting lease liability         (7095)         4,481           Cash Flows Used In Investing Activities         (17)         (137           Cash paid for capitalized software and property and equipment         (17)         (137           Net cash used in investing activities         (17)         (137           Cash Flows Used In Investing activities         (17)         (137           Vet cash used in investing activities         (17)         (137           Cash paid for capitalized software and property and equipment         (17)         (137           Net cash used in investing activities         (17)         (137           Payment of deferred financing activities         (17)         (137           Payment of deferred financing activities         (17)         (137           Payment of deferred financing activities         (17)         (137           Poreceeds form warmate severiced         215 <td>Provision for credit losses/bad debt expense, net of recoveries</td> <td></td> <td>36</td> <td>98</td>	Provision for credit losses/bad debt expense, net of recoveries		36	98	
Prepaid expenses and other assets(394)(524 (524)Accrudi hildities and arx receivable agreement payable $(27,474)$ 2,3.26 (27,474)Accrudi hildities and arx receivable agreement payable $(1,471)$ (753)Income taxes payable65(61)Deferred revenues5954097Operating lease liability $(10,095)$ 4,481Cash cash (used in provided by operating activities $(1,095)$ 4,481Cash paid for capitalized software and property and equipment $(17)$ $(137)$ Net eash used in investing activities: $(17)$ $(137)$ Cash Flows Dved by (Used In) Financing Activities: $(51)$ $-$ Payments on term loan $(373)$ $(491)$ Proceeds from times of credit $6,700$ $-$ Payments on sheres withheld for taxes $(551)$ $-$ Proceeds from variants excressed $215$ $12$ Proceeds from variants excressed $215$ $12$ Distributions to holders of LLC Units $ (1,029)$ Net eash quavalents, beginning of the period $5,116$ $4,047$ Cash and eash equivalents $(1,029)$ $1,435$ Cash and cash equivalents. $5,3427$ $5,3420$ Supplemental Disclosure of Cash Flow Information: $5,166$ $5,3427$ Supplemental Disclosure of Cash Flow Information: $5,263$ $5,3427$ Supplemental Disclosure of Cash Flow Information: $5,263$ $5,3427$ Supplemental Disclosure of Cash Flow Information: $5,166$ $5,3427$ Supplement	Changes in operating assets and liabilities:				
Accounts payable $(27,474)$ $27,326$ Accounts payable $(1,471)$ $(733)$ Income taxes payable $65$ $(61)$ Deferred revenues $595$ $497$ Openning lesse liability $(83)$ $(70)$ Net cash (used in) provided by operating activities $(17)$ $(137)$ Cash paid for capitalized software and property and equipment $(17)$ $(137)$ Net cash used in investing activities $(17)$ $(137)$ Cash Flows Used In Pirancing Activities: $(17)$ $(137)$ Cash Flows Provided by (Used In) Financing Activities: $(17)$ $(137)$ Payments on term Ioan $(373)$ $(491)$ Proceeds from variants exercised $(551)$ $-$ Payments on term loss of credit $ (442)$ Proceeds from variants exercised $215$ $12$ Proceeds from variants exercised $215$ $12$ Distributions to holders of LLC Units $ (1,98)$ Net cash quivalents, beginning of the period $5,116$ $4,047$ Cash and cash equivalents, equivalents $(1,029)$ $1,435$ Cash and cash equivalents, end of the period $5,146$ $5,146$ Supplemental Disclosure of Cash Flow Information: $5,146$ $5,146$ Cash paid for interest $5,23,3472$ $5,2667$ Non-cash Financing Activities: $5,23,472$ $5,2667$	Accounts receivable		30,884	(28,381)	
Accured liabilities and tax receivable agreement payable $(1,471)$ $(753)$ Income taxes payable $65$ $(61)$ Deferred revenues $955$ $497$ Operating lease liability $(33)$ $(70)$ Net cash (used in provided by operating activities $(7,095)$ $44481$ Cash paid for capitalized software and property and equipment $(17)$ $(137)$ Cash paid for capitalized software and property and equipment $(17)$ $(137)$ Cash paid for capitalized software and property and equipment $(17)$ $(137)$ Cash Flows Provided by (Used In ) Financing Activities:Payments on there must non $(373)$ $(491)$ Payment of different financing costs $$ $(442)$ Proceeds from options exercised $92$ $$ Net cash provided by (used in financing activities $6,083$ $(2,999)$ <td< td=""><td>Prepaid expenses and other assets</td><td></td><td>(394)</td><td>(524)</td></td<>	Prepaid expenses and other assets		(394)	(524)	
Income taxs payable65(61)Deterred revenues395497Operating lase liability(83)(70)Net cash (used in) provided by operating activities(7,095)4,481Cash Flows Used In Investing Activities:Cash paid for capitalized software and property and equipment(17)(137)Net cash used in investing activitiesCash Flows Used In Investing Activities:Payment of the mean(17)(137)Cash Flows Provided by (Used In) Financing Activities:Payments on term Ioan(373)(49)Proceeds from lines of credit6,700Payment of deferred financing costs(551)Payment of deferred financing costs(200)Proceeds from options exercised21512Distributions to holders of LLC Units(1988)Net cash provided by (used in) financing activities(1988)Net cash provided by (used in) financing activities(1988)Net cash provided by (used in) financing activities(1988)Operating financing activities(1988)Net cash provided by (used in) financing activities(1988)Net cash provided by (used in) financing activities(1988)Cash and cash equivalents(1988)Cash and cash equivalents-	Accounts payable		(27,474)	27,326	
Deferred revenues595497Operating less liability(38)(70Net eash (used in provided by operating activities(70,05)4,481Cash point for capitalized software and property and equipment(17)(137Net cash used in investing activities(17)(137Cash Point for capitalized software and property and equipment(17)(137Net cash used in investing activities:Cash Flows Provided by (Used In) Financing Activities:Payments on term loan(373)(491Proceeds from lines of redit6,700Payments on tarnes withheld for taxes(551)Payment so tartes withheld for taxes-(412Proceeds from options exercised21512Proceeds from warrant exercised21511Proceeds from uarrant exercised21512Net cash provided by (used in) financing activities-(1,988Net cash and cash equivalents(1,029)1,435Cash and cash equivalents, beginning of the period\$4,047Sapplemental Disclosure of Cash Flow Information:\$2,047Sapplemental Disclosure of Cash Flow Information:Cash paid for interestSapplemental Disclosure of Cash Flow Information:Cash paid for interestSapplemental Disclosure of Cash Flow Information:Cash paid for interestSapplemental Disclosure of Cash Flow Information:<	Accrued liabilities and tax receivable agreement payable		(1,471)	(753)	
Operating lease liability(83)(70Net cash (used in) provided by operating activities(7,095)4,481Cash Flows Used In Investing Activities:Cash paid for capitalized software and property and equipment(17)(137Net cash used in investing activitiesCash Flows Provided by (Used In) Financing Activities:Payments on term Ioan(373)(491Proceeds from lines of creditPayments on shares withheld for taxes(551)Payment of deferred financing costs(442Proceeds from options exercised21512Distributions to holders of LLC Units(1,988Net (decrease) increase in cash and cash equivalents(1,029)1,435Cash and cash equivalents(1,029)1,435	Income taxes payable		65	(61)	
Net cash (used in) provided by operating activities       (7,095)       4,481         Cash Flows Used In Investing Activities:       (17)       (137)         Cash paid for capitalized software and property and equipment       (17)       (137)         Net cash used in investing activities       (17)       (137)         Cash Flows Provided by (Used In) Financing Activities:       (17)       (137)         Payments on term loan       (373)       (491)         Proceeds from lines of credit       6,700          Payment of deferred financing costs        (442)         Proceeds from options exercised       92          Proceeds from warrants exercised       215       121         Distributions to holders of LLC Units        (1,988)         Net cash provided by (used in) financing activities       6,083       (2,909)         Net (decrease) increase in cash and cash equivalents       (1,029)       1,435         Cash and cash equivalents, beginning of the period       \$       4,087         Supplemental Disclosure of Cash Flow Information:       -       -         Cash and cash equivalents.       \$       3,472       \$         Supplemental Disclosure of Cash Flow Information:       \$       3,472       \$         No	Deferred revenues		595	497	
Cash Paid For apitalized software and property and equipment       (17)       (137)         Net cash used in investing activities       (17)       (137)         Cash paid for apitalized software and property and equipment       (17)       (137)         Net cash used in investing activities       (17)       (137)         Cash paid for apitalized software and property and equipment       (17)       (137)         Net cash used in investing activities       (17)       (137)         Cash paid for apitalized software and property and equipment       (17)       (137)         State and used in investing activities       (17)       (137)         Cash paid for apitalized software and property and equipment       (17)       (137)         Cash paid for tareas in term loan       (373)       (491)         Proceeds from users the red inancing costs       -       (442)         Proceeds from varrants exercised       92       -         Proceeds from varrants exercised       215       12         Distributions to holders of LLC Units       -       (1,988)         Net cash provided by (used in) financing activities       (1,029)       1,435         Cash and cash equivalents, beginning of the period       5,116       4,047         Cash and cash equivalents, end of the period       \$       5,349	Operating lease liability		(83)	(70)	
Cash paid for capitalized software and property and equipment       (17)       (137         Net cash used in investing activities       (17)       (137         Cash Flows Provided by (Used In) Financing Activities:       (17)       (137         Payments on term loan       (373)       (491         Proceeds from lines of credit       6,700       -         Payment on term loan       (351)       -         Payment of deferred financing costs       -       (442         Proceeds from options exercised       92       -         Proceeds from variants exercised       215       12         Distributions to holders of LLC Units       -       (1,029)       14,35         Cash and cash equivalents, beginning of the period       5,116       4,047         Cash and cash equivalents, cod of the period       \$       4,088       \$         Supplemental Disclosure of Cash Flow Information:       \$       3,402       \$       3,442         Non-cash Financing Activities:       \$       3,472       \$       2,067	Net cash (used in) provided by operating activities		(7,095)	4,481	
Cash paid for capitalized software and property and equipment       (17)       (137         Net cash used in investing activities       (17)       (137         Cash Flows Provided by (Used In) Financing Activities:       (17)       (137         Payments on term loan       (373)       (491         Proceeds from lines of credit       6,700       -         Payment on term loan       (351)       -         Payment of deferred financing costs       -       (442         Proceeds from options exercised       92       -         Proceeds from variants exercised       215       12         Distributions to holders of LLC Units       -       (1,029)       14,35         Cash and cash equivalents, beginning of the period       5,116       4,047         Cash and cash equivalents, cod of the period       \$       4,088       \$         Supplemental Disclosure of Cash Flow Information:       \$       3,402       \$       3,442         Non-cash Financing Activities:       \$       3,472       \$       2,067	Cash Flows Used In Investing Astivities				
Net cash used in investing activities(17)(137)Cash Flows Provided by (Used In) Financing Activities:(17)(137)Payments on term loan(373)(491)Proceeds from lines of credit(6,700)(491)Payments on shares withheld for taxes(551)(551)Payment of deferred financing costs(17)(182)Proceeds from options exercised22(17)Proceeds from options exercised21512Distributions to holders of LLC Units(17)(188)Net cash provided by (used in) financing activities(1029)1.435Cash and cash equivalents(1,029)1.435Cash and cash equivalents, beginning of the period(1,029)1.435Supplemental Disclosure of Cash Flow Information:S2.667Non-cash Financing Activities:S2.667			(17)	(127)	
Cash Flows Provided by (Used In) Financing Activities:         Payments on term loan       (373)       (491)         Proceeds from lines of credit       6,700       -         Payments on shares withheld for taxes       (551)       -         Payment of deferred financing costs       -       (442)         Proceeds from options exercised       92       -         Proceeds from warrants exercised       92       -         Proceeds from varrants exercised       215       12         Distributions to holders of LLC Units       -       (1,988         Net cash provided by (used in) financing activities       (1,029)       1,435         Cash and cash equivalents, beginning of the period       5,116       4,047         Supplemental Disclosure of Cash Flow Information:       Supplemental Disclosure of Cash Flow Information:       Supplemental Disclosure of Cash Flow Information:         Non-cash Financing Activities:       S       263       \$ 3,472       \$ 2,667					
Payments on term loan(373)(491)Proceeds from lines of credit6,700Payments on shares withheld for taxes(551)Payment of deferred financing costs(442)Proceeds from options exercised92Proceeds from warrants exercised21512Distributions to holders of LLC Units(1,988)Net cash provided by (used in) financing activities6,083(2,909)Net (decrease) increase in cash and cash equivalents(1,029)1,435Cash and cash equivalents, beginning of the period5,1164,047Supplemental Disclosure of Cash Flow Information:S263Cash paid for interest\$3,472\$Non-cash Financing Activities:S263\$Non-cash Financing Activities:S263\$	Net cash used in investing activities		(17)	(137)	
Proceeds from lines of credit $6,700$ Payments on shares withheld for taxes $(551)$ Payment of deferred financing costs $(442)$ Proceeds from options exercised92Proceeds from warrants exercised21512Distributions to holders of LLC Units $(1,988)$ Net cash provided by (used in) financing activities $6,083$ $(2,909)$ Net (decrease) increase in cash and cash equivalents $(1,029)$ $1,435$ Cash and cash equivalents, beginning of the period $5,116$ $4,047$ Supplemental Disclosure of Cash Flow Information: $$$$$$$$$$$$$$$$$$$$$$$$$$$$$$$$$$$$$$	Cash Flows Provided by (Used In) Financing Activities:				
Payments on shares withheld for taxes       (551)          Payment of deferred financing costs        (442         Proceeds from options exercised       92          Proceeds from warrants exercised       215       12         Distributions to holders of LLC Units        (1,988         Net cash provided by (used in) financing activities       6,083       (2,909         Net (decrease) increase in cash and cash equivalents       (1,029)       1,435         Cash and cash equivalents, beginning of the period       5,116       4,047         Supplemental Disclosure of Cash Flow Information:           Cash paid for interest       \$       3,472       \$       3,472         Non-cash Financing Activities:        \$       3,472       \$       2,667	Payments on term loan		(373)	(491)	
Payment of deferred financing costs       -       (442         Proceeds from options exercised       92       -         Proceeds from warrants exercised       215       12         Distributions to holders of LLC Units       -       (1,988         Net cash provided by (used in) financing activities       6,083       (2,909         Net (decrease) increase in cash and cash equivalents       (1,029)       1,435         Cash and cash equivalents, beginning of the period       5,116       4,047         Supplemental Disclosure of Cash Flow Information:       \$       3,472       \$       5,342         Non-cash Financing Activities:       \$       3,472       \$       2,667	Proceeds from lines of credit		6,700	—	
Proceeds from options exercised       92       -         Proceeds from warrants exercised       215       12         Distributions to holders of LLC Units       -       (1,988         Net cash provided by (used in) financing activities       6,083       (2,909         Net (decrease) increase in cash and cash equivalents       (1,029)       1,435         Cash and cash equivalents, beginning of the period       5,116       4,047         Cash and cash equivalents, end of the period       \$       5,482         Supplemental Disclosure of Cash Flow Information:       -       -         Cash paid for taxes       \$       263       \$       349         Cash paid for interest       \$       3,472       \$       2,667	Payments on shares withheld for taxes		(551)	_	
Proceeds from warrants exercised       215       12         Distributions to holders of LLC Units       —       (1,988         Net cash provided by (used in) financing activities       6,083       (2,909         Net (decrease) increase in cash and cash equivalents       (1,029)       1,435         Cash and cash equivalents, beginning of the period       5,116       4,047         Cash and cash equivalents, end of the period       \$       4,087       \$         Supplemental Disclosure of Cash Flow Information:       S       263       \$       349         Cash paid for taxes       \$       263       \$       349         Non-cash Financing Activities:       \$       3,472       \$       2,667	Payment of deferred financing costs		_	(442)	
Distributions to holders of LLC Units       —       (1,988         Net cash provided by (used in) financing activities       6,083       (2,909         Net (decrease) increase in cash and cash equivalents       (1,029)       1,435         Cash and cash equivalents, beginning of the period       5,116       4,047         Cash and cash equivalents, end of the period       \$       4,087       \$       5,482         Supplemental Disclosure of Cash Flow Information:       ************************************	Proceeds from options exercised		92	_	
Net cash provided by (used in) financing activities       6,083       (2,909         Net (decrease) increase in cash and cash equivalents       (1,029)       1,435         Cash and cash equivalents, beginning of the period       5,116       4,047         Cash and cash equivalents, end of the period       \$       4,087       \$       5,482         Supplemental Disclosure of Cash Flow Information:         Cash paid for taxes       \$       263       \$       349         Cash paid for interest       \$       3,472       \$       2,667         Non-cash Financing Activities:       \$       3,472       \$       2,667	Proceeds from warrants exercised		215	12	
Net (decrease) increase in cash and cash equivalents       (1,029)       1,435         Cash and cash equivalents, beginning of the period       5,116       4,047         Cash and cash equivalents, end of the period       \$       4,087       \$       5,482         Supplemental Disclosure of Cash Flow Information:         Cash paid for taxes       \$       263       \$       349         Cash paid for interest       \$       3,472       \$       2,667         Non-cash Financing Activities:       \$       3,472       \$       2,667	Distributions to holders of LLC Units		—	(1,988)	
Cash and cash equivalents, beginning of the period       5,116       4,047         Cash and cash equivalents, end of the period       \$       4,087       \$       5,482         Supplemental Disclosure of Cash Flow Information:	Net cash provided by (used in) financing activities		6,083	(2,909	
Cash and cash equivalents, beginning of the period       5,116       4,047         Cash and cash equivalents, end of the period       \$       4,087       \$       5,482         Supplemental Disclosure of Cash Flow Information:	Net (decrease) increase in cash and cash equivalents		(1.029)	1,435	
Cash and cash equivalents, end of the period       \$ 4,087       \$ 5,482         Supplemental Disclosure of Cash Flow Information:       \$ 263       \$ 349         Cash paid for taxes       \$ 3,472       \$ 2,667         Non-cash Financing Activities:       \$ 3,472       \$ 2,667			( ) )		
Cash paid for taxes       \$       263       \$       349         Cash paid for interest       \$       3,472       \$       2,667         Non-cash Financing Activities:       \$       3,472       \$       2,667		\$		5,482	
Cash paid for taxes       \$       263       \$       349         Cash paid for interest       \$       3,472       \$       2,667         Non-cash Financing Activities:       \$       3,472       \$       2,667					
Cash paid for interest \$ 3,472 \$ 2,667		<u>^</u>	a.ca . 6		
Non-cash Financing Activities:	•				
5	Cash paid for interest	\$	3,472 \$	2,667	
5	Non-cash Financing Activities:				
		\$	— \$	3,540	

### NON-GAAP FINANCIAL MEASURES

In addition to our results determined in accordance with U.S. generally accepted accounting principles ("GAAP"), including, in particular operating income, net cash provided by operating activities, and net income, we believe that earnings before interest, taxes, depreciation and amortization ("EBITDA"), as adjusted for loss on early termination of line of credit, revaluation of tax receivable agreement liability and stock-based compensation ("Adjusted EBITDA"), a non-GAAP financial measure, is useful in evaluating our operating performance. The most directly comparable GAAP measure to Adjusted EBITDA is net income (loss).

In addition to operating income and net income, we use Adjusted EBITDA as a measure of operational efficiency. We believe that this non-GAAP financial measure is useful to investors for period-to-period comparisons of our business and in understanding and evaluating our operating results for the following reasons:

- Adjusted EBITDA is widely used by investors and securities analysts to measure a company's operating performance without regard to items such as depreciation and amortization, interest expense, provision for income taxes, stock-based compensation, revaluation of tax receivable agreement liability and certain one-time items such as acquisition costs, losses from early termination or redemption of credit agreements or preferred units and gains from settlements or loan forgiveness that can vary substantially from company to company depending upon their financing, capital structures and the method by which assets were acquired;
- Our management uses Adjusted EBITDA in conjunction with GAAP financial measures for planning purposes, including the preparation of our annual operating budget, as a measure of operating performance and the effectiveness of our business strategies and in communications with our board of directors concerning our financial performance; and
- Adjusted EBITDA provides consistency and comparability with our past financial performance, facilitates period-to-period comparisons of operations, and also
  facilitates comparisons with other peer companies, many of which use similar non-GAAP financial measures to supplement their GAAP results.

Our use of this non-GAAP financial measure has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our financial results as reported under GAAP. The following table presents a reconciliation of Adjusted EBITDA to net income (loss) for each of the periods presented:

### NON-GAAP FINANCIAL METRICS (unaudited, in thousands)

	Three Mon Septem		Nine Months Ended September 30,		
	 2024	2023	2024	2023	
Net (loss) income	\$ (6,377)	\$ 3,351	\$ (13,338)	\$ 3,212	
Add back (deduct):					
Interest expense	1,413	1,060	4,068	3,104	
Amortization of intangible assets	488	488	1,465	1,465	
Stock-based compensation	149	242	811	546	
Depreciation and amortization of property, equipment and software	67	64	205	185	
Loss on early termination of line of credit	—	—	—	300	
Income tax expense	6,606	166	6,132	166	
Revaluation of tax receivable agreement liability	(5,201)	—	(5,201)	—	
Adjusted EBITDA	\$ (2,855)	\$ 5,371	\$ (5,858)	\$ 8,978	

## **Contacts:**

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