



THIRD QUARTER 2024 SUPPLEMENTAL MATERIALS

November 7, 2024

Non-GAAP Financial Measures

The below non-GAAP financial measures are not measures presented in accordance with GAAP, and our use of these terms may vary from that of other companies, limiting their usefulness for comparison purposes. These non-GAAP financial measures are not based on any comprehensive set of accounting rules or principles. These non-GAAP financial measures have limitations in that they do not reflect all of the amounts associated with the Company's results of operations determined in accordance with GAAP.

Non-GAAP financial measures exclude the certain items listed below. We believe that excluding these items from the non-GAAP measures facilitates comparisons to historical operating results and comparisons to peers, many of which exclude similar items. We believe that non-GAAP financial measures provide meaningful supplemental information regarding operational performance. We further believe these measures are useful to investors in that they allow for greater transparency of certain line items in the Company's financial statements.

Adjusted EBITDA is defined as Net income (loss) with adjustments to reflect the addition or elimination of certain items including, but not limited to: Interest expense, net; (Gain) loss on debt extinguishment, net; (Gain) loss on sale of business; (Gain) loss on investments, net; Other (income) loss, net; Income tax (benefit) expense; (Income) loss from equity method investments, net; Depreciation and amortization; Share-based compensation; Acquisition, integration, and other costs; Disposal related costs; Lease asset impairments and other charges; and Goodwill impairment on business.

Adjusted net income (loss) is defined as Net income (loss) with adjustments to reflect the addition or elimination of certain statement of operations items including, but not limited to: Interest, net; (Gain) loss on debt extinguishment, net; (Gain) loss on sale of business; (Gain) loss on investments, net; (Income) loss from equity method investments, net; Amortization; Share-based compensation; Acquisition, integration, and other costs; Disposal related costs; Lease asset impairments and other charges; and Goodwill impairment on business.

Adjusted diluted EPS is calculated by dividing Adjusted net income (loss) by the diluted weighted average shares of common stock outstanding excluding the effect of convertible debt dilution.

Free cash flow is defined as Net cash provided by operating activities, less purchases of property and equipment, plus changes in contingent consideration (if any).

Adjusted effective tax rate is calculated based upon the GAAP effective tax rate with adjustments for the tax applicable to non-GAAP adjustments to Net income (loss), generally based upon the effective marginal tax rate of each adjustment.

Non-GAAP reconciliation: Adjusted EBITDA

\$ in 000's

Ziff Davis	Three months ended September 30,	
	2024	2023
Net loss	\$ (48,577)	\$ (30,971)
Interest expense, net	4,024	2,817
Loss on investments, net	—	6,019
Other loss, net	2,633	3,571
Income tax expense	12,539	5,335
Loss (income) from equity method investments, net	77	(90)
Depreciation and amortization	51,351	55,854
Share-based compensation	10,161	6,774
Acquisition, integration, and other costs	6,705	4,457
Disposal related costs	(22)	1,633
Lease asset impairments and other charges	527	1,485
Goodwill impairment on business	85,273	56,850
Adjusted EBITDA	\$ 124,691	\$ 113,734

Non-GAAP reconciliation: Adjusted net income and Adjusted diluted EPS

\$ in 000's

Ziff Davis	Three months ended September 30,			
	2024	Per diluted share ⁽¹⁾	2023	Per diluted share ⁽¹⁾
Net loss	\$ (48,577)	\$ (1.11)	\$ (30,971)	\$ (0.67)
Interest, net	60	—	336	0.01
(Gain) loss on sale of business	(9)	—	3,433	0.07
Loss on investments, net	—	—	4,465	0.10
Loss (income) from equity method investments, net	77	—	(90)	—
Amortization	20,748	0.47	25,070	0.55
Share-based compensation	8,628	0.20	6,813	0.15
Acquisition, integration, and other costs	5,455	0.13	1,334	0.03
Disposal related costs	25	—	1,144	0.02
Lease asset impairments and other charges	381	0.01	689	0.01
Goodwill impairment on business	85,273	1.94	56,850	1.23
Adjusted net income	\$ 72,061	\$ 1.64	\$ 69,073	\$ 1.50

1. The reconciliation of Net income (loss) per diluted share to Adjusted net income per diluted share may not foot since each is calculated independently.

Reconciliation of GAAP to Non-GAAP Financial Measures

	GAAP amount	Interest, net	(Gain) loss on sale of business	(Gain) loss on investments, net	(Income) loss from equity method investments, net	Amortization	Share-based compensation	Acquisition, integration, and other costs	Disposal related costs	Lease asset impairments and other charges	Goodwill impairment on business	Adjusted non-GAAP amount
Q3 2024												
<i>\$ in 000's</i>												
Direct costs	\$(53,243)	\$—	\$—	\$—	\$—	\$59	\$68	\$64	\$—	\$—	\$—	\$(53,052)
Sales and marketing	\$(127,418)	—	—	—	—	—	1,014	3,216	—	—	—	\$(123,188)
Research, development, and engineering	\$(15,255)	—	—	—	—	—	769	1,096	—	—	—	\$(13,390)
General, administrative, and other related costs	\$(101,695)	—	—	—	—	28,444	8,310	2,329	(22)	527	—	\$(62,107)
Goodwill impairment on business	\$(85,273)	—	—	—	—	—	—	—	—	—	85,273	\$—
Interest expense, net	\$(4,024)	80	—	—	—	—	—	—	—	—	—	\$(3,944)
Other loss, net	\$(2,633)	—	(13)	—	—	—	—	—	—	—	—	\$(2,646)
Income tax expense ⁽¹⁾	\$(12,539)	(20)	4	—	—	(7,755)	(1,533)	(1,250)	47	(146)	—	\$(23,192)
Loss from equity method investment, net	\$(77)	—	—	—	77	—	—	—	—	—	—	\$—
Total non-GAAP adjustments		\$60	\$(9)	\$—	\$77	\$20,748	\$8,628	\$5,455	\$25	\$381	\$85,273	

	GAAP amount	Interest, net	(Gain) loss on sale of business	(Gain) loss on investments, net	(Income) loss from equity method investments, net	Amortization	Share-based compensation	Acquisition, integration, and other costs	Disposal related costs	Lease asset impairments and other charges	Goodwill impairment on business	Adjusted non-GAAP amount
Q3 2023												
<i>\$ in 000's</i>												
Direct costs	\$(55,526)	\$—	\$—	\$—	\$—	\$158	\$76	\$5	\$—	\$—	\$—	\$(55,287)
Sales and marketing	\$(125,062)	—	—	—	—	—	323	1,056	4	—	—	\$(123,679)
Research, development, and engineering	\$(17,597)	—	—	—	—	—	840	227	3	—	—	\$(16,527)
General, administrative, and other related costs	\$(99,269)	—	—	—	—	32,986	5,535	3,169	1,626	1,485	—	\$(54,468)
Goodwill impairment on business	\$(56,850)	—	—	—	—	—	—	—	—	—	56,850	\$—
Interest expense, net	\$(2,817)	388	(538)	—	—	—	—	—	—	—	—	\$(2,967)
Loss on investments, net	\$(6,019)	—	—	6,019	—	—	—	—	—	—	—	\$—
Other (loss) income, net	\$(3,571)	—	5,115	—	—	—	—	—	—	—	—	\$1,544
Income tax expense ⁽²⁾	\$(5,335)	(52)	(1,144)	(1,554)	—	(8,074)	39	(3,123)	(489)	(796)	—	\$(20,528)
Income from equity method investment, net	\$90	—	—	—	(90)	—	—	—	—	—	—	\$—
Total non-GAAP adjustments		\$336	\$3,433	\$4,465	\$(90)	\$25,070	\$6,813	\$1,334	\$1,144	\$689	\$56,850	

1. Adjusted effective tax rate was approximately 24.3% for the three months ended September 30, 2024. The calculation is based on a ratio where the numerator is the adjusted income tax expense of \$23,192 and the denominator is \$95,253, which equals adjusted net income of \$72,061 plus adjusted income tax expense.

2. Adjusted effective tax rate was approximately 22.9% for the three months ended September 30, 2023. The calculation is based on a ratio where the numerator is the adjusted income tax expense of \$20,528 and the denominator is \$89,601, which equals adjusted net income of \$69,073 plus adjusted income tax expense.

Non-GAAP reconciliation: Free Cash Flow

\$ in 000's

Ziff Davis	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Net cash provided by operating activities	\$ 105,960	\$ 72,808	\$ 232,082	\$ 227,843
Less: Purchases of property and equipment	(25,843)	(27,226)	(79,476)	(82,476)
Free cash flow	\$ 80,117	\$ 45,582	\$ 152,606	\$ 145,367

Key Operating Metrics by Segment - Subscription and Licensing

Digital Media	2022	2023				2024		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Customers ⁽¹⁾⁽²⁾	1,638	1,715	1,808	1,905	1,908	2,037	2,148	2,239
Average quarterly revenue per customer ⁽²⁾⁽³⁾	\$39.28	\$40.34	\$37.74	\$37.73	\$38.92	\$36.07	\$33.86	\$34.56
Churn rate ⁽²⁾⁽⁴⁾⁽⁵⁾	4.23%	3.57%	3.69%	3.14%	2.37%	2.97%	3.19%	2.59%
Cybersecurity and Martech	2022	2023				2024		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Customers ⁽¹⁾⁽⁶⁾	1,505	1,460	1,423	1,395	1,358	1,306	1,272	1,251
Average quarterly revenue per customer ⁽³⁾	\$49.84	\$50.01	\$51.43	\$52.37	\$52.98	\$57.79	\$54.25	\$55.99
Churn rate ⁽⁴⁾	3.87%	3.17%	3.38%	3.28%	3.38%	3.22%	4.03%	3.13%
Consolidated Total	2022	2023				2024		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Customers ⁽¹⁾⁽²⁾⁽⁶⁾	3,143	3,175	3,231	3,300	3,266	3,343	3,420	3,490
Average quarterly revenue per customer ⁽²⁾⁽³⁾	\$44.69	\$44.78	\$43.75	\$43.92	\$44.77	\$44.55	\$41.74	\$42.21
Churn rate ⁽²⁾⁽⁴⁾⁽⁵⁾	4.02%	3.30%	3.52%	3.20%	2.86%	3.09%	3.61%	2.85%

1. Represents the quarterly average of the end of month customer counts. Figures are listed in 000s.
2. The metric includes the sale of perpetual software licenses, revenue for which is recorded at a point-in time rather than over-time.
3. Represents quarterly gross subscription and licensing revenues divided by customers as defined in footnote (1).
4. Churn rate is calculated as (i) the average revenue per customer in the prior month multiplied by the number of cancellations in the current month, calculated at each business and aggregated; divided by (ii) subscription and licensing revenue in the current month, calculated at each business and aggregated.
5. Within the Digital Media segment, the churn rate calculation for Ookla includes the sum of the monthly revenue from the specific cancelled agreements in the numerator.
6. Resellers within Cybersecurity and Martech segment are counted as one customer when there is not visibility into the number of underlying customers served by the reseller.