

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2023
or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____
Commission File Number 001-39310

ZoomInfo Technologies Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)
805 Broadway Street, Suite 900

Vancouver, Washington

(Address of principal executive offices)

87-3037521
(I.R.S. Employer
Identification No.)

98660

(Zip Code)

(800) 914-1220

(Registrant's telephone number, including area code)

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

Title of Each Class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	ZI	The Nasdaq Stock Market LLC

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

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

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

Large Accelerated Filer Accelerated Filer
Non-accelerated Filer Smaller reporting company
Emerging growth company

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

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

As of October 20, 2023, there were 389,782,390 shares of the registrant's common stock outstanding.

ZoomInfo Technologies Inc.
Quarterly Report on Form 10-Q
For the Quarterly Period Ended September 30, 2023

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GLOSSARY

As used in this quarterly report on Form 10-Q (this “Form 10-Q”), the terms identified below have the meanings specified below unless otherwise noted or the context indicates otherwise. References in this Form 10-Q to “ZoomInfo Technologies Inc.” refer to ZoomInfo Technologies Inc. and not to any of its subsidiaries unless the context indicates otherwise. References in this Form 10-Q to “ZoomInfo,” the “Company,” “we,” “us,” and “our” refer (1) prior to the consummation of the Reorganization Transactions, to ZoomInfo OpCo and its consolidated subsidiaries, and (2) after the consummation of the Reorganization Transactions, to ZoomInfo Technologies Inc. and its consolidated subsidiaries unless the context indicates otherwise.

- “2022 Form 10-K” refers to the Annual Report on Form 10-K of ZoomInfo Technologies Inc. for the fiscal year ended December 31, 2022 as filed with the SEC on February 16, 2023.
- “AOCI” refers to *Accumulated other comprehensive income (loss)* on our Consolidated Balance Sheets.
- “Blocker Companies” refers to certain of our Pre-IPO OpCo Unitholders that are taxable as corporations for U.S. federal income tax purposes.
- “Class P Units” refers to Class P Units (including, without limitation, any indirectly held Class P Units) of ZoomInfo OpCo.
- “Common Stock Option” refers to an award granted under Section 7 of the Omnibus Plan.
- “Customers” refers to companies that have contracted with us to use our services and, at the time of measurement, maintain one or more active paid subscriptions to our platform. Paid subscriptions will generally include access for a number of employees or other affiliated persons of the customer.
- “Exchange Tax Receivable Agreement” refers to the tax receivable agreement entered into with certain Pre-IPO OpCo Unitholders.
- “HoldCo Units” refers to the class of units of ZoomInfo HoldCo.
- “HSKB” and “HSKB I” refers to HSKB Funds, LLC, a privately held limited liability company formed on February 9, 2016 for the purpose of issuing equity to certain persons who had performed and would continue to perform services for ZoomInfo OpCo.
- “HSKB II” refers to HSKB Funds II, LLC, a privately held limited liability company formed on May 28, 2020 for the purpose of effecting a reorganization of HSKB I at the time of the IPO and to issue equity to certain persons who had performed and would continue to perform services for ZoomInfo OpCo.
- “IPO” refers to the initial public offering of Class A common stock of ZoomInfo Technologies Inc.
- “LTIP Units” refers to a class of partnership units that are intended to qualify as “profit interests” in ZoomInfo OpCo for federal income tax purposes that, subject to certain conditions, including vesting, are convertible by the holder into OpCo Units.
- “Omnibus Plan” refers to the ZoomInfo Technologies Inc. 2020 Omnibus Incentive Plan.
- “OpCo Units” refers to the class of units of ZoomInfo OpCo and does not include Class P Units.
- “Pre-IPO Blocker Holders” refers to the Pre-IPO Owners that held their interests in us through the Blocker Companies immediately prior to the IPO.
- “Pre-IPO HoldCo Unitholders” refers to the Pre-IPO Owners that held HoldCo Units immediately prior to the IPO.
- “Pre-IPO OpCo Unitholders” refers to the Pre-IPO Owners that held OpCo Units immediately prior to the IPO.
- “Pre-IPO Owners” refers collectively to private equity investors, founders, management, and employees who were the owners of ZoomInfo OpCo immediately prior to the Reorganization Transactions.
- “Reorganization Tax Receivable Agreement” refers to the tax receivable agreement entered into with the Pre-IPO Blocker Holders.
- “Reorganization Transactions” refers to the transactions described under “Reorganization Transactions” in Note 1 to our 2022 Form 10-K.
- “Restricted Stock” refers to our common stock, subject to certain specified restrictions (which may include, without limitation, a requirement that the recipient remain continuously employed or provide continuous services for a specified period of time), granted under Section 8 of the Omnibus Plan.

- “Restricted Stock Unit” or “RSU” refers to an unfunded and unsecured promise to deliver shares of our common stock, cash, other securities or other property, subject to certain restrictions (which may include, without limitation, a requirement that the recipient remain continuously employed or provide continuous services for a specified period of time), granted under Section 8 of the Omnibus Plan.
- “SEC” refers to the Securities and Exchange Commission.
- “Securities Act” refers to the Securities Act of 1933, as amended.
- “Tax Receivable Agreements” or “TRA” refers collectively to the Exchange Tax Receivable Agreement and the Reorganization Tax Receivable Agreement.
- “ZoomInfo HoldCo” refers to ZoomInfo Intermediate Holdings LLC, a Delaware limited liability company, and a direct subsidiary of ZoomInfo Technologies Inc.
- “ZoomInfo OpCo” refers to ZoomInfo Holdings LLC (formerly known as DiscoverOrg Holdings, LLC), a Delaware limited liability company, and a direct subsidiary of ZoomInfo HoldCo and indirect subsidiary of ZoomInfo Technologies Inc.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

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

The following are some of the factors that could cause actual results to differ from those expressed or implied by our forward-looking statements, including forward-looking statements contained in this Quarterly Report on Form 10-Q:

- larger well-funded companies may shift their existing business models to become more competitive with us;
- we experience competition from other companies and technologies that allow companies to gather and aggregate sales, marketing, recruiting, and other data, and competing products and services could surpass ours in depth, breadth, or accuracy of our data or in other respects;
- our current and potential customers may reduce spending on sales, marketing, recruiting and other technology and information as a result of weaker economic conditions, which could harm our revenue, results of operations, and cash flows;
- our platform integrates or otherwise works with third-party systems that we do not control;
- we may be unable to attract new customers, renew existing subscriptions, or expand existing subscriptions, which could harm our revenue growth and profitability;
- changes in search engine algorithms and dynamics could negatively affect traffic to our website;
- we may be unable to successfully integrate acquired businesses, services, databases, and technologies into our operations, which could have an adverse effect on our business;
- new or changing laws and regulations may diminish the demand for our platform, restrict access to our platform, constrain the range of services we can provide, or require us to disclose or provide access to information in our possession, which could harm our business, results of operations, and financial condition;
- if we are not able to obtain and maintain accurate, comprehensive, or reliable data, we could experience reduced demand for our products and services and have an adverse effect on our business, results of operations, and financial condition;
- we may fail to protect and maintain our intellectual property;
- third-parties could use our products and services in a manner that is unlawful or contrary to our values;
- our indebtedness could adversely affect our financial position and our ability to raise additional capital and prevent us from fulfilling our obligations;

- interest rate fluctuations may affect our results of operations and financial condition;
- global economic uncertainty, catastrophic events, including global pandemics such as the COVID-19 pandemic, continued hostilities between Russia and Ukraine, and Hamas' attack against Israel, have and may disrupt our business and adversely impact our business and future results of operations and financial condition;
- the parties to our stockholders agreement have special rights and interests that may conflict with ours or yours in the future; and
- other factors described under "Risk Factors" in Part I, Item 1A of our 2022 Form 10-K, and in other reports we file from time to time with the SEC.

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

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

Website Disclosure

The Company intends to use its website as a distribution channel of material company information. Financial and other important information regarding the Company is routinely posted on and accessible through the Company's website at <https://ir.zoominfo.com>. In addition, you may automatically receive email alerts and other information about the Company when you enroll your email address by visiting the "Email Alerts" section of our investor relations page at <https://ir.zoominfo.com>. The information on our website is not incorporated herein or otherwise a part of this Form 10-Q.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

INDEX TO FINANCIAL STATEMENTS

Unaudited Consolidated Financial Statements of ZoomInfo Technologies Inc. and Subsidiaries

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

	September 30, 2023 (unaudited)	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 442.6	\$ 418.0
Short-term investments	125.3	127.7
Accounts receivable, net	218.6	222.9
Prepaid expenses and other current assets	60.6	57.8
Income tax receivable	8.0	5.6
Total current assets	855.1	832.0
Restricted cash, non-current	9.9	6.1
Property and equipment, net	58.4	52.1
Operating lease right-of-use assets, net	79.2	63.0
Intangible assets, net	349.5	395.6
Goodwill	1,692.7	1,692.7
Deferred tax assets	3,912.1	3,977.9
Deferred costs and other assets, net of current portion	114.0	117.0
Total assets	\$ 7,070.9	\$ 7,136.4
Liabilities and Permanent Equity		
Current liabilities:		
Accounts payable	\$ 20.3	\$ 35.6
Accrued expenses and other current liabilities	91.4	104.1
Unearned revenue, current portion	399.2	416.8
Income taxes payable	3.7	5.9
Current portion of tax receivable agreements liability	43.5	—
Current portion of operating lease liabilities	9.0	10.3
Current portion of long-term debt	6.0	—
Total current liabilities	573.1	572.7
Unearned revenue, net of current portion	3.9	3.1
Tax receivable agreements liability, net of current portion	2,921.4	2,978.7
Operating lease liabilities, net of current portion	88.3	67.9
Long-term debt, net of current portion	1,227.0	1,235.7
Deferred tax liabilities	2.1	1.0
Other long-term liabilities	4.7	5.5
Total liabilities	4,820.5	4,864.6
Commitments and Contingencies (Note 11)		
Permanent Equity:		
Common stock, par value \$0.01; 3,300,000,000 shares authorized, 393,306,475 and 404,083,262 issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	3.9	4.0
Preferred stock, par value \$0.01; 200,000,000 shares authorized, 0 and 0 issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	—	—
Additional paid-in capital	1,922.2	2,052.1
Accumulated other comprehensive income (loss)	35.5	39.7
Retained Earnings	288.8	176.0
Total equity	2,250.4	2,271.8
Total liabilities and permanent equity	\$ 7,070.9	\$ 7,136.4

See accompanying Notes to Consolidated Financial Statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue	\$ 313.8	\$ 287.6	\$ 923.1	\$ 796.4
Cost of service:				
Cost of service ⁽¹⁾	35.3	35.9	104.0	103.4
Amortization of acquired technology	9.5	12.3	29.5	35.8
Gross profit	269.0	239.4	789.6	657.2
Operating expenses:				
Sales and marketing ⁽¹⁾	102.3	96.4	308.1	275.7
Research and development ⁽¹⁾	47.3	54.2	141.6	149.3
General and administrative ⁽¹⁾	45.8	31.2	124.5	88.2
Amortization of other acquired intangibles	5.4	5.6	16.5	16.5
Restructuring and transaction-related expenses	5.1	0.2	9.9	3.8
Total operating expenses	205.9	187.6	600.6	533.5
Income from operations	63.1	51.8	189.0	123.7
Interest expense, net	11.9	11.6	33.8	35.1
Loss on debt modification and extinguishment	—	—	2.2	—
Other income	(8.0)	(9.8)	(29.1)	(7.0)
Income before income taxes	59.2	50.0	182.1	95.6
Income tax expense	29.0	32.1	69.3	55.6
Net income	\$ 30.2	\$ 17.9	\$ 112.8	\$ 40.0
Net income per share of common stock:				
Basic	\$ 0.08	\$ 0.04	\$ 0.28	\$ 0.10
Diluted	\$ 0.08	\$ 0.04	\$ 0.28	\$ 0.10

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Cost of service	\$ 4.3	\$ 5.1	\$ 11.8	\$ 14.7
Sales and marketing	17.5	19.2	54.6	55.7
Research and development	11.7	17.0	34.0	47.9
General and administrative	9.4	6.8	26.5	19.3
Total equity-based compensation expense	\$ 42.9	\$ 48.1	\$ 126.9	\$ 137.6

See accompanying Notes to Consolidated Financial Statements.

ZoomInfo Technologies Inc.
Consolidated Statements of Comprehensive Income (Loss)
(in millions; unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income	\$ 30.2	\$ 17.9	\$ 112.8	\$ 40.0
Other comprehensive income (loss), net of tax				
Unrealized gain (loss) on cash flow hedges	3.9	17.0	12.1	44.7
Realized (gain) loss on settlement of cash flow hedges	(6.3)	(2.3)	(17.9)	(0.9)
Amortization of deferred losses related to the dedesignated Interest Rate Swap	0.1	0.1	0.2	0.2
Other comprehensive income (loss) before tax	(2.3)	14.8	(5.6)	44.0
Tax effect	0.6	(3.9)	1.4	(11.7)
Other comprehensive income (loss), net of tax	(1.7)	10.9	(4.2)	32.3
Comprehensive income	\$ 28.5	\$ 28.8	\$ 108.6	\$ 72.3

See accompanying Notes to Consolidated Financial Statements.

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

	New ZoomInfo Common Stock		Additional paid- in capital	Retained Earnings	AOCI	Total Equity
	Shares	Amount				
Balance, December 31, 2022	404,083,262	\$ 4.0	\$ 2,052.1	\$ 176.0	\$ 39.7	\$ 2,271.8
Issuance of common stock upon vesting of RSUs	648,570	—	—	—	—	—
Shares withheld related to net share settlement and other	(163,965)	—	(4.1)	—	—	(4.1)
Exercise of stock options	11,236	—	0.2	—	—	0.2
Forfeitures / cancellations	(6,733)	—	—	—	—	—
Repurchase of common stock	(1,058,291)	—	(24.3)	—	—	(24.3)
Net income	—	—	—	44.5	—	44.5
Other comprehensive income	—	—	—	—	(6.5)	(6.5)
Equity-based compensation	—	—	37.7	—	—	37.7
Balance at March 31, 2023	403,514,079	\$ 4.0	\$ 2,061.6	\$ 220.5	\$ 33.2	\$ 2,319.3
Issuance of common stock upon vesting of RSUs	668,323	—	—	—	—	—
Issuance of common stock related to employee stock purchase plan	181,931	—	4.6	—	—	4.6
Shares withheld related to net share settlement and other	(216,700)	—	(5.4)	—	—	(5.4)
Exercise of stock options	6,086	—	0.2	—	—	0.2
Forfeitures / cancellations	(4,035)	—	—	—	—	—
Repurchase of common stock	(2,847,121)	—	(62.7)	—	—	(62.7)
Net income	—	—	—	38.1	—	38.1
Other comprehensive income	—	—	—	—	4.0	4.0
Equity-based compensation	—	—	48.9	—	—	48.9
Balance at June 30, 2023	401,302,563	\$ 4.0	\$ 2,047.2	\$ 258.6	\$ 37.2	\$ 2,347.0

ZoomInfo Technologies Inc.

Consolidated Statements of Changes in Equity (Deficit)

(in millions, except share data; unaudited)

	New ZoomInfo Common Stock					
	Shares	Amount	Additional paid-in capital	Retained Earnings	AOCI	Total Equity
Balance at June 30, 2023	401,302,563	4.0	2,047.2	258.6	37.2	2,347.0
Issuance of common stock upon vesting of RSUs	1,183,324	—	—	—	—	—
Shares withheld related to net share settlement and other	(380,329)	—	(7.5)	—	—	(7.5)
Exercise of stock options	1,126	—	—	—	—	—
Forfeitures / cancellations	(209)	—	—	—	—	—
Repurchase of common stock	(8,800,000)	(0.1)	(161.8)	—	—	(161.9)
Net income	—	—	—	30.2	—	30.2
Other comprehensive income	—	—	—	—	(1.7)	(1.7)
Equity-based compensation	—	—	44.3	—	—	44.3
Balance at September 30, 2023	<u>393,306,475</u>	<u>\$ 3.9</u>	<u>\$ 1,922.2</u>	<u>\$ 288.8</u>	<u>\$ 35.5</u>	<u>\$ 2,250.4</u>

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

	<u>New ZoomInfo Common Stock</u>		<u>Additional paid- in capital</u>	<u>Retained Earnings</u>	<u>AOCI</u>	<u>Total Equity</u>
	<u>Shares</u>	<u>Amount</u>				
Balance, December 31, 2021	403,315,989	\$ 4.0	\$ 1,871.6	\$ 112.8	\$ 9.5	\$ 1,997.9
Issuance of Class A common stock upon vesting of RSUs	187,659	—	—	—	—	—
Shares withheld related to net share settlement and other	(80,067)	—	(4.4)	—	—	(4.4)
Exercise of stock options	14,790	—	0.3	—	—	0.3
Forfeitures / cancellations	(43,210)	—	—	—	—	—
Net income	—	—	—	6.2	—	6.2
Other comprehensive income	—	—	—	—	16.9	16.9
Equity-based compensation	—	—	42.5	—	—	42.5
Balance at March 31, 2022	403,395,161	\$ 4.0	\$ 1,910.0	\$ 119.0	\$ 26.4	\$ 2,059.4
Issuance of Class A common stock upon vesting of RSUs	233,923	—	—	—	—	—
Shares withheld related to net share settlement and other	(75,351)	—	(3.2)	—	—	(3.2)
Exercise of stock options	13,714	—	0.3	—	—	0.3
Forfeitures / cancellations	(111,789)	—	—	—	—	—
Net income	—	—	—	15.9	—	15.9
Other comprehensive income	—	—	—	—	4.5	4.5
Equity-based compensation	—	—	47.0	—	—	47.0
Balance at June 30, 2022	403,455,658	\$ 4.0	\$ 1,954.1	\$ 134.9	\$ 30.9	\$ 2,123.9

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

	New ZoomInfo Common Stock		Additional paid- in capital	Retained Earnings	AOCI	Total Equity
	Shares	Amount				
Balance at June 30, 2022	403,455,658	\$ 4.0	\$ 1,954.1	\$ 134.9	\$ 30.9	\$ 2,123.9
Issuance of Class A common stock upon vesting of RSUs	399,979	—	—	—	—	—
Shares withheld related to net share settlement and other	(114,629)	—	(5.1)	—	—	(5.1)
Exercise of stock options	27,715	—	0.6	—	—	0.6
Forfeitures / cancellations	(111,395)	—	—	—	—	—
Registered offering costs	—	—	—	—	—	—
Net income	—	—	—	17.9	—	17.9
Other comprehensive income	—	—	—	—	10.9	10.9
Paid and accrued tax distributions	—	—	—	—	—	—
Equity-based compensation	—	—	48.1	—	—	48.1
Balance at September 30, 2022	403,657,328	\$ 4.0	\$ 1,997.7	\$ 152.8	\$ 41.8	\$ 2,196.3

See accompanying Notes to Consolidated Financial Statements.

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

	Nine Months Ended September 30,	
	2023	2022
Cash flows from operating activities:		
Net income	\$ 112.8	\$ 40.0
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	60.5	65.2
Amortization of debt discounts and issuance costs	1.8	2.2
Amortization of deferred commissions costs	57.2	47.4
Asset impairments	5.2	—
Loss on debt modification and extinguishment	2.2	—
Equity-based compensation expense	126.9	137.6
Deferred income taxes	68.5	47.5
Tax receivable agreement remeasurement	(13.8)	(9.5)
Provision for bad debt expense	22.0	1.8
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(17.7)	22.6
Prepaid expenses and other current assets	(4.5)	(6.3)
Deferred costs and other assets, net of current portion	(53.0)	(55.5)
Income tax receivable	(2.4)	(1.2)
Accounts payable	(15.2)	6.1
Accrued expenses and other liabilities	(27.6)	(11.2)
Unearned revenue	(16.8)	10.2
Net cash provided by operating activities	<u>306.1</u>	<u>296.9</u>
Cash flows from investing activities:		
Purchases of short-term investments	(145.0)	(40.7)
Maturities of short-term investments	151.5	26.6
Proceeds from sales of short-term investments	—	—
Purchases of property and equipment and other assets	(17.6)	(22.5)
Software development expenditures	—	—
Purchase of convertible note receivable	—	—
Cash paid for acquisitions, net of cash acquired	—	(143.7)
Net cash used in investing activities	<u>(11.1)</u>	<u>(180.3)</u>
Cash flows from financing activities:		
Payments of deferred consideration	(0.4)	(1.1)
Proceeds from debt	—	—
Repayment of debt	(4.5)	—
Payments of debt issuance and modification costs	(2.7)	(0.4)
Proceeds from exercise of stock options	0.4	1.2
Taxes paid related to net share settlement of equity awards	(17.0)	(12.7)
Proceeds from issuance of common stock under the employee stock purchase plan	4.6	—
Repurchase outstanding equity / member units	—	—
Proceeds from equity offering, net of underwriting discounts	—	—
Payments of equity issuance costs	—	(0.3)
Tax receivable agreement payments	—	(5.0)
Repurchase of common stock	(247.0)	—
Tax distributions	—	—
Net cash used in financing activities	<u>(266.6)</u>	<u>(18.3)</u>
Net increase (decrease) in cash, cash equivalents, and restricted cash	28.4	98.3
Cash, cash equivalents, and restricted cash at beginning of period	424.1	314.1
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 452.5</u>	<u>\$ 412.4</u>

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

	Nine Months Ended September 30,	
	2023	2022
Cash, cash equivalents, and restricted cash at end of period:		
Cash and cash equivalents	\$ 442.6	\$ 406.3
Restricted cash, current	—	—
Restricted cash, non-current	9.9	6.1
Total cash, cash equivalents, and restricted cash	\$ 452.5	\$ 412.4
Supplemental disclosures of cash flow information		
Interest paid in cash	\$ 43.0	\$ 44.0
Cash paid for taxes	\$ 7.5	\$ 8.7
Supplemental disclosures of non-cash investing and financing activities:		
Deferred variable consideration from acquisition of a business	\$ —	\$ 1.1
Property and equipment included in accounts payable and accrued expenses and other current liabilities	\$ 0.2	\$ 0.8
Equity-based compensation included in capitalized software	\$ 4.0	\$ —

See accompanying Notes to Consolidated Financial Statements.

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

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Note 1 - Organization and Background

Business

ZoomInfo Technologies Inc., through its operating subsidiaries, provides a go-to-market intelligence and engagement platform for sales and marketing teams. The Company's cloud-based platform provides workflow tools with integrated, accurate, and comprehensive information on organizations and professionals to help users identify target customers and decision makers, obtain continually updated predictive lead and company scoring, monitor buying signals and other attributes of target companies, craft messages, engage via automated sales tools, and track progress through the deal cycle. Unless otherwise indicated or the context otherwise requires, references to "we," "us," "our," "ZoomInfo," and the "Company" refer (1) prior to the consummation of the Reorganization Transactions, to ZoomInfo OpCo and its consolidated subsidiaries, (2) after the consummation of the Reorganization Transactions and prior to the consummation of the Holding Company Reorganization, to ZoomInfo Intermediate Inc. (formerly known as ZoomInfo Technologies Inc.) and its consolidated subsidiaries and (3) after the consummation of the Holding Company Reorganization, to ZoomInfo Technologies Inc. (formerly known as ZoomInfo NewCo Inc.) and its consolidated subsidiaries.

Organization

ZoomInfo Technologies Inc. was formed on November 14, 2019 with no operating assets or operations as a Delaware corporation for the purposes of facilitating an initial public offering ("IPO") and other related transactions in order to carry on the business of ZoomInfo Holdings LLC ("ZoomInfo OpCo") (formerly known as DiscoverOrg Holdings, LLC), a Delaware limited liability company. Following consummation of the Reorganization Transactions, ZoomInfo OpCo became a direct subsidiary of ZoomInfo Intermediate Holdings LLC ("ZoomInfo HoldCo"), a Delaware limited liability company and an indirect subsidiary of ZoomInfo Technologies Inc. Following the consummation of the Holding Company Reorganization, ZoomInfo OpCo became a direct subsidiary of ZoomInfo Technologies Inc. and ZoomInfo Intermediate Inc.

The Company headquarters are located in Vancouver, WA, and we have additional offices throughout the United States, and in Israel, Canada, the United Kingdom, and India.

Corporate Structure Simplification Transactions

In August 2021, the Company completed a series of reorganization transactions to simplify its corporate structure, including the distribution of shares of common stock of RCSI Acquisition Corp ("RCSI") from ZoomInfo Holdings LLC to ZoomInfo HoldCo, the merger of RCSI with and into ZoomInfo HoldCo with ZoomInfo HoldCo surviving, and the merger of ZoomInfo HoldCo with and into the Company with the Company surviving. Prior to the consummation of the HoldCo Merger, all holders of HoldCo Units (other than the Company) exchanged their HoldCo Units and paired shares of Class B common stock of the Company for shares of Class A common stock of the Company pursuant to the terms of the limited liability company agreement of HoldCo.

Note 1 - Organization and Background (continued)***Holding Company Reorganization***

In September 2021, the Board of Directors (the “Board”) unanimously approved streamlining the Company’s corporate structure and governance by eliminating the Company’s umbrella partnership-C-corporation (“UP-C”) and multi-class voting structure. In October 2021, the Company implemented this reorganization, pursuant to which (i) a subsidiary of ZoomInfo Technologies Inc. (formerly known as ZoomInfo NewCo Inc.) (“New ZoomInfo”) merged with and into ZoomInfo Intermediate Inc. (“Old ZoomInfo”), formerly known as ZoomInfo Technologies Inc., which resulted in New ZoomInfo becoming the direct parent company of Old ZoomInfo, and (ii) immediately thereafter, another subsidiary of New ZoomInfo merged with and into ZoomInfo Holdings LLC (“ZoomInfo OpCo”), which resulted in ZoomInfo OpCo becoming a subsidiary of New ZoomInfo (the combined transaction described in (i) and (ii), the “Holding Company Reorganization”). As a result of the Holding Company Reorganization, New ZoomInfo became the successor issuer and reporting company to Old ZoomInfo pursuant to Rule 12g-3(a) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and replaced the Predecessor Registrant as the public company trading on the Nasdaq Global Select Market (the “Nasdaq”) under the ticker symbol “ZI”.

After the consummation of the Holding Company Reorganization, the only class of common stock of the New ZoomInfo remaining issued and outstanding was the Class A common stock and all shares of Class B common stock were cancelled, and all shares of Class C common stock were converted to Class A common stock. In May 2022, following approval by the Company’s stockholders, the Company further amended and restated its Amended and Restated Certification of Incorporation to eliminate the multiple classes of common stock and to rename the Company’s Class A common stock as “Common Stock.” All references within this document to Class A common stock for periods subsequent to May 23, 2022, and, where the context requires, references within this document to Class A common stock for periods prior to May 23, 2022, have been updated for the renaming.

Note 2 - Basis of Presentation and Summary of Significant Accounting Policies***Basis of Presentation***

The accompanying unaudited consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”) pertaining to interim financial information. Certain information in footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) has been condensed or omitted pursuant to those rules and regulations. The financial statements included in this report should be read in conjunction with the Company’s audited financial statements for the year ended December 31, 2022.

The results of operations for the three and nine months ended September 30, 2023 are not necessarily indicative of the operating results that may be expected for the full fiscal year ending December 31, 2023 or any future period.

The accompanying unaudited consolidated financial statements contain all adjustments necessary for a fair statement of financial position as of September 30, 2023, and results of operations for the three and nine months ended September 30, 2023 and 2022, and cash flows for the nine months ended September 30, 2023 and 2022. Accordingly, certain footnote disclosures normally included in annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted.

Effective May 23, 2022, the Company’s Class A common stock was renamed as “Common Stock.” All references within this document to Class A common stock for periods subsequent to May 23, 2022, and, where the context requires, references within this document to Class A common stock for periods prior to May 23, 2022, have been updated for the renaming.

Note 2 - Basis of Presentation and Summary of Significant Accounting Policies (continued)

Use of Estimates

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

Principles of Consolidation

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

Revenue Recognition

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

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

- (1) identify the contract with a customer;
- (2) identify the performance obligations in the contract;
- (3) determine the transaction price;
- (4) allocate the transaction price; and
- (5) recognize revenue when or as the Company satisfies a performance obligation.

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

Note 2 - Basis of Presentation and Summary of Significant Accounting Policies (continued)***Cash, Cash Equivalents, and Short-term Investments***

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

Fair Value Measurements

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

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

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

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

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

Concentrations of Credit Risk and Significant Customers

Financial instruments that potentially subject us to concentrations of credit risk consist principally of cash and cash equivalents, short-term investments, and accounts receivable. The Company holds cash at major financial institutions that often exceed Federal Deposit Insurance Corporation (“FDIC”) insured limits. The Company manages its credit risk associated with cash concentrations by concentrating its cash deposits in high-quality financial institutions and by periodically evaluating the credit quality of the primary financial institutions holding such deposits. The carrying value of cash approximates fair value. Our investment portfolio is comprised of highly rated securities with a weighted-average maturity of less than 12 months in accordance with our investment policy which seeks to preserve principal and maintain a high degree of liquidity. Historically, the Company has not experienced any losses due to such cash concentrations. The Company does not have any off-balance-sheet credit exposure related to its customers. Concentrations of credit risk with respect to accounts receivable and revenue are limited due to a large, diverse customer base. We do not require collateral from clients. We maintain an allowance for credit losses based upon the expected collectability of accounts receivable. The Company performs ongoing credit evaluations of its customers and maintains allowances for possible losses, which, when realized, have been within the range of management’s expectations. No single customer accounted for 10% or more of our revenue for the three and nine months ended September 30, 2023 and 2022, or accounted for more than 10% of accounts receivable as of September 30, 2023 and December 31, 2022. Long-lived assets located outside of the United States were immaterial as of September 30, 2023 and December 31, 2022.

Note 2 - Basis of Presentation and Summary of Significant Accounting Policies (continued)***Accounts Receivable and Contract Assets***

Accounts receivable is comprised of invoices of revenue, net of allowance for expected credit losses, and does not bear interest. We consider receivables past due based on the contractual payment terms. Management's evaluation of the adequacy of the allowance for credit losses considers historical collection experience, changes in customer payment profiles, the aging of receivable balances, as well as current economic conditions, all of which may impact a customer's ability to pay. Account balances are written-off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. As of September 30, 2023 and December 31, 2022, the allowance for expected credit losses was not significant to the accompanying consolidated financial statements.

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

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

Property and Equipment, Net

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

Deferred Commissions

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

Commissions payable at September 30, 2023 were \$31.4 million, of which the current portion of \$28.1 million was included in *Accrued expenses and other current liabilities* on our Consolidated Balance Sheets, and the long-term portion of \$3.3 million was included in *Other long-term liabilities* on our Consolidated Balance Sheets. Commissions payable at December 31, 2022 were \$36.2 million, of which the current portion of \$32.1 million was included in *Accrued expenses and other current liabilities* on our Consolidated Balance Sheets, and the long-term portion of \$4.1 million was included in *Other long-term liabilities* on our Consolidated Balance Sheets.

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

Note 2 - Basis of Presentation and Summary of Significant Accounting Policies (continued)***Advertising and Promotional Expenses***

The Company expenses advertising costs as incurred. Advertising expenses of \$8.8 million and \$24.7 million were recorded for the three and nine months ended September 30, 2023. Advertising expenses of \$6.6 million and \$21.7 million were recorded for the three and nine months ended September 30, 2022. Advertising expenses are included in *Sales and marketing* on our Consolidated Statements of Operations.

Research and Development

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

Restructuring and Transaction-Related Expenses

The Company defines restructuring and transaction-related expenses as costs directly associated with restructuring, acquisition, or disposal activities. Such costs include employee severance and termination benefits, contract termination fees and penalties, and other exit or disposal costs. In general, the Company records involuntary employee-related exit and disposal costs when there is a substantive plan for employee severance and related costs that are probable and estimable. For one-time termination benefits for key members of management (i.e., no substantive plan) expense is recorded when the employees are entitled to receive such benefits and the amount can be reasonably estimated. Transaction related bonuses and related employee retention costs are recognized over the relevant service period. Contract termination fees and penalties and other exit and disposal costs are generally recorded when incurred.

Business Combinations

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

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

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

Note 2 - Basis of Presentation and Summary of Significant Accounting Policies (continued)***Goodwill and Acquired Intangible Assets***

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

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

Acquired technology, customer lists, trade names or brand portfolios, and other intangible assets are related to previous acquisitions (refer to Note 7 - Goodwill and Acquired Intangible Assets). Acquired intangible assets are amortized on a straight-line basis over the estimated period over which we expect to realize economic value related to the intangible asset. The amortization periods range from 2 years to 15 years. Any costs incurred to renew or extend the life of an intangible or long-lived asset are reviewed for capitalization.

Indefinite-lived intangible assets consist primarily of brand portfolios acquired from Pre-Acquisition ZI and represent costs paid to legally register phrases and graphic designs that identify and distinguish products sold by the Company. Brand portfolios are not amortized, rather potential impairment is considered on an annual basis in the fourth quarter, or more frequently upon the occurrence of a triggering event, when circumstances indicate that the book value of trademarks are greater than their fair value. The Company first assesses qualitative factors to determine whether it is more likely than not that the fair value of the indefinite-lived intangible asset is less than the carrying value as a basis to determine whether further impairment testing is necessary. No impairment charges relating to acquired goodwill or indefinite lived intangible assets were recorded for the three and nine month periods ended September 30, 2023 and 2022.

Impairment of Long-lived Assets

Long-lived assets, such as property and equipment and acquired intangible assets, are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the undiscounted future cash flows expected to be generated by the asset or group of assets. If the carrying amount of the asset exceeds the estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the estimated future cash flows of the asset. During the three and nine month periods ended September 30, 2023, we recorded impairment charges of \$4.6 million and \$5.2 million, respectively, to reduce the carrying value of the right-of-use assets associated with certain of our office spaces. The estimated future cash flows associated with the right-of-use assets under ASC 842 were developed by incorporating current market data and forecasts provided by reputable external real estate brokers and data sources. These projections consider prevailing rental rates, anticipated lease renewals, expected vacancy periods, and other relevant market factors that contribute to the estimation of recoverable cash flows for the impaired office spaces we do not intend to occupy. No impairment charges were recorded for the three and nine month periods ended September 30, 2022.

Leases

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

Note 2 - Basis of Presentation and Summary of Significant Accounting Policies (continued)

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

Derivative Instruments and Hedging Activities

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

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

Unearned Revenue

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

Note 2 - Basis of Presentation and Summary of Significant Accounting Policies (continued)***Debt Issuance Costs***

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

Tax Receivable Agreements

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

Amounts payable under the TRA are accrued by a charge to income when it is probable that a liability has been incurred and the amount is estimable. TRA related liabilities are classified as current or noncurrent based on the expected date of payment and are included on our Consolidated Balance Sheets under the captions *Current portion of tax receivable agreements liability* and *Tax receivable agreements liability, net of current portion*, respectively. Subsequent changes to the measurement of the TRA liability are recognized on our Consolidated Statements of Operations as a component of *Other income*. Refer to Note 15 - Tax Receivable Agreements for further details on the TRA liability.

Income Taxes

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

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

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

Note 2 - Basis of Presentation and Summary of Significant Accounting Policies (continued)

Equity-Based Compensation Expense

The Company periodically grants incentive awards to employees and non-employees, which generally vest over periods up to four years. Incentive awards may be in the form of various equity-based awards such as Restricted Stock and Restricted Stock Units, and Common Stock Options. Historically, the Company also granted awards in one of the Company's legacy subsidiary partnerships and such awards were typically in the form of profits interests. Profits interests are an interest in the increase in the value of the entity over a participation threshold. Prior to the IPO, the participation threshold was based on the valuation determined by the Board of Managers of OpCo Units on or around the grant date. Subsequent to the IPO, the participation threshold was determined by reference to the closing price of our Class A common stock from the preceding trading day. The holders of profits interests had the right to participate in distributions of profits only in excess of the participation threshold. Previously awarded profits interests were converted into Restricted Stock awards in connection with the Holding Company Reorganization (refer to Note 1 - Organization and Background).

Compensation expense for incentive awards is measured at the estimated fair value of the incentive units and is included as compensation expense over the vesting period during which an employee provides service in exchange for the award. Compensation expense for performance-based Restricted Stock Units is measured at the estimated fair value of the units and is recognized using the accelerated attribution method over the service period when it is probable that the performance condition will be satisfied.

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

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

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

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

Note 2 - Basis of Presentation and Summary of Significant Accounting Policies (continued)**Share Repurchase Program**

In March 2023, the Board authorized a program to repurchase up to \$100.0 million of the Company's Common Stock, and in July 2023, the Board approved an additional \$500.0 million of share repurchase authorization (collectively, the "Share Repurchase Program"). Under the Share Repurchase Program, shares of Common Stock may be repurchased from time to time through open market transactions in compliance with applicable securities laws. The timing, manner, price and amount of any repurchases, as well as the capital resources to fund the repurchases, are determined by the Company, in its discretion, and depend on a variety of factors, including legal requirements, price and economic and market conditions.

During the three months ended September 30, 2023, the Company repurchased and subsequently retired 8,800,000 shares of Common Stock at an average price of \$18.19, for an aggregate \$160.1 million. During the nine months ended September 30, 2023, the Company repurchased and subsequently retired 12,705,412 shares of Common Stock at an average price of \$19.44, for an aggregate \$247.0 million. As of September 30, 2023, \$353.0 million remained available and authorized for repurchases under the Share Repurchase Program.

Note 3 - Revenue from Contracts with Customers

Revenue comprised the following service offerings:

<i>(in millions)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Subscription	\$ 309.8	\$ 284.4	\$ 912.8	\$ 788.8
Usage-based	2.6	2.4	7.3	6.5
Other	1.4	0.8	3.0	1.1
Total revenue	\$ 313.8	\$ 287.6	\$ 923.1	\$ 796.4

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

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

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

Of the total revenue recognized in the three and nine months ended September 30, 2023, \$59.1 million and \$375.8 million were included in the unearned revenue balance as of December 31, 2022. Of the total revenue recognized in the three and nine months ended September 30, 2022, \$60.9 million and \$325.9 million were included in the unearned revenue balance as of December 31, 2021. Revenue recognized from performance obligations satisfied (or partially satisfied) in previous periods was not material.

Note 3 - Revenue from Contracts with Customers (continued)

Revenues derived from customers and partners located outside the United States, as determined based on the address provided by our customers and partners, accounted for approximately 13% and 13% of our total revenues for the three months ended September 30, 2023 and 2022, respectively. Revenues derived from customers and partners located outside the United States, as determined based on the address provided by our customers and partners, accounted for approximately 13% and 12% of our total revenues for the nine months ended September 30, 2023 and 2022, respectively. Contracts denominated in currencies other than U.S. Dollar were not material for the three and nine months ended September 30, 2023 and 2022.

Contract Assets and Unearned Revenue

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

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

As of September 30, 2023 and December 31, 2022, the Company had contract assets of \$5.2 million and \$5.7 million, respectively, which are recorded as current assets within *Prepaid expenses and other current assets* on our Consolidated Balance Sheets. As of September 30, 2023 and December 31, 2022, the Company had unearned revenue of \$403.1 million and \$419.9 million, respectively.

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

The remaining performance obligations consisted of the following:

<i>(in millions)</i>	Recognized within one year	Noncurrent	Total
As of September 30, 2023	\$ 795.2	\$ 261.5	\$ 1,056.7

Note 4 - Business Combinations

2022 Acquisitions

In April 2022, the Company acquired all the outstanding equity interests of Comparably, Inc. (“Comparably”) and acquired substantially all the assets and certain specified liabilities of Dogpatch Advisors, LLC (“Dogpatch”) (collectively, the “2022 Acquired Companies”) for a total purchase consideration of \$150.6 million in cash and \$10.0 million in convertible notes receivable. As part of the acquisitions, the Company issued 448,740 restricted stock units at a total grant date fair value of \$26.8 million and could be required to issue additional equity awards up to a maximum value of \$3.7 million based on the attainment of certain revenue thresholds and the continued employment of acquired employees. The acquisition of Comparably provides ZoomInfo with unique proprietary data to further build TalentOS into a best-in-class talent platform by enriching recruiter search options and providing recruiters with access to millions of quality candidates and employer brand solutions. We acquired Dogpatch Advisors to launch ZoomInfo Labs, a new go-to-market thought leadership team, driving go-to-market data analysis, product enhancements and strategy for our enterprise customers. Dogpatch is a go-to-market consultancy with expertise in scaling revenue teams and building modern sales and marketing systems. The purchase accounting for the 2022 Acquired Companies transactions has been finalized.

The Company has included the financial results of the 2022 Acquired Companies in the consolidated financial statements from each date of acquisition. Due to the integration of the 2022 Acquired Companies into the operations of ZoomInfo, the Company cannot practicably determine the contribution of the 2022 Acquired Companies to consolidated net earnings. Transaction costs associated with each acquisition were not material.

The acquisition date fair value of the total consideration transferred was comprised of the following (in millions):

	Preliminary Fair Value at Acquisition Date	Measurement Period Adjustments	Adjusted Fair Value at Acquisition Date
Cash	\$ 150.5	\$ 0.1	\$ 150.6
Conversion of Note Receivable	10.0	—	10.0
Total purchase consideration	\$ 160.5	\$ 0.1	\$ 160.6

Note 4 - Business Combinations (continued)

The following table summarizes the aggregate fair values of the assets acquired and liabilities assumed, as of the dates of the acquisition for the 2022 Acquired Companies (in millions):

	Preliminary Fair Value at Acquisition Date	Measurement Period Adjustments	Adjusted Fair Value at Acquisition Date
Cash and cash equivalents	\$ 14.8	\$ —	\$ 14.8
Accounts receivable	2.3	—	2.3
Prepaid expenses and other assets	0.3	0.7	1.0
Intangible assets	34.8	—	34.8
Accounts payable and other liabilities	(0.9)	(0.4)	(1.3)
Unearned revenue	(6.8)	—	(6.8)
Deferred tax liabilities	(6.5)	2.9	(3.6)
Total identifiable net assets acquired	38.0	3.2	41.2
Goodwill	122.5	(3.1)	119.4
Total consideration	160.5	0.1	160.6
Cash acquired	(14.8)	—	(14.8)
Cash paid for acquisitions, net of cash acquired	\$ 145.7	\$ 0.1	\$ 145.8
Cash paid (refunds received) for 2021 acquisitions in 2022 (see "2021 Acquisitions")			(2.1)
Total cash paid for acquisitions in 2022			\$ 143.7

The excess of purchase consideration over the fair value of net tangible and intangible assets acquired was recorded as goodwill. The fair values assigned to tangible and identifiable intangible assets acquired and liabilities assumed are based on management's estimates and assumptions. The fair values of assets acquired and liabilities assumed in the Comparably acquisition may be subject to change as additional information is received regarding working capital balances at the acquisition date, and the values of the identifiable intangible assets.

The following table sets forth the components of identifiable intangible assets acquired and the estimated useful lives as of the dates of acquisition (in millions):

	Preliminary Fair Value at Acquisition Date	Measurement Period Adjustments	Adjusted Fair Value at Acquisition Date	Weighted Average Useful Life
Existing Technology	\$ 27.6	\$ —	\$ 27.6	5.8 years
Customer Relationships	3.4	—	3.4	9.0 years
Trade name / Trademarks	3.8	—	3.8	8.0 years
Total intangible assets	\$ 34.8	\$ —	\$ 34.8	

Developed technology represents the fair value of the technology portfolios acquired. The goodwill is primarily attributed to the expanded market opportunities when integrating technology with the Company's technology and the assembled workforce. All goodwill acquired in the twelve months ended December 31, 2022 is expected to be deductible for U.S. income tax purposes.

Pro forma information related to the acquisitions has not been presented as the impact was not material to the Company's financial results.

Note 5 - Cash, Cash Equivalents, and Short-term Investments

Cash, cash equivalents, and short-term investments consisted of the following as of September 30, 2023:

<i>(in millions)</i>	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Current Assets:				
Cash	\$ 76.9	\$ —	\$ —	\$ 76.9
Cash equivalents				
Corporate debt securities	10.0	—	—	10.0
Money market mutual funds	355.7	—	—	355.7
Total cash equivalents	365.7	—	—	365.7
Total cash and cash equivalents	442.6	—	—	442.6
Short-term investments:				
Corporate debt securities	74.9	—	—	74.9
Securities guaranteed by U.S. government	26.4	—	(0.1)	26.3
Other governmental securities	24.1	—	—	24.1
Total short-term investments	125.4	—	(0.1)	125.3
Total cash, cash equivalents, and short-term investments	\$ 568.0	\$ —	\$ (0.1)	\$ 567.9

Cash, cash equivalents, and short-term investments consisted of the following as of December 31, 2022:

<i>(in millions)</i>	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Current Assets:				
Cash	\$ 235.6	\$ —	\$ —	\$ 235.6
Cash equivalents				
Corporate debt securities	159.9	—	(0.1)	159.8
Money market mutual funds	18.6	—	—	18.6
Securities guaranteed by U.S. government	4.0	—	—	4.0
Total cash equivalents	182.5	—	(0.1)	182.4
Total cash and cash equivalents	418.1	—	(0.1)	418.0
Short-term investments:				
Corporate debt securities	91.8	—	(0.1)	91.7
Securities guaranteed by U.S. government	25.0	—	—	25.0
Other government securities	11.0	—	—	11.0
Total short-term investments	127.8	—	(0.1)	127.7
Total cash, cash equivalents, and short-term investments	\$ 545.9	\$ —	\$ (0.2)	\$ 545.7

Refer to Note 10 - Fair Value for further information regarding the fair value of our financial instruments.

Gross unrealized losses on our available-for sale securities were immaterial at September 30, 2023 and December 31, 2022.

Note 5 - Cash, Cash Equivalents, and Short-term Investments (continued)

The following table summarizes the cost and estimated fair value of the securities classified as short-term investments based on stated effective maturities as of September 30, 2023 and December 31, 2022:

<i>(in millions)</i>	September 30, 2023		December 31, 2022	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due within one year	\$ 125.4	\$ 125.3	\$ 127.8	\$ 127.7
Total	\$ 125.4	\$ 125.3	\$ 127.8	\$ 127.7

Note 6 - Property and Equipment

The Company's fixed assets consist of the following (in millions):

	September 30, 2023	December 31, 2022
Computer equipment	\$ 14.0	\$ 13.3
Furniture and fixtures	3.7	3.8
Leasehold improvements	10.7	9.9
Internal use developed software	77.4	63.1
Construction in progress	8.3	4.0
Property and equipment, gross	114.1	94.1
Less: accumulated depreciation	(55.7)	(42.0)
Property and equipment, net	\$ 58.4	\$ 52.1

Depreciation expense was \$4.9 million and \$4.8 million for the three months ended September 30, 2023 and 2022, respectively. Depreciation expense was \$14.5 million and \$12.9 million for the nine months ended September 30, 2023 and 2022, respectively.

Note 7 - Goodwill and Acquired Intangible Assets

Intangible assets consisted of the following as of September 30, 2023:

<i>(in millions)</i>	Gross Carrying Amount	Accumulated Amortization	Net	Weighted Average Amortization Period in Years
Intangible assets subject to amortization:				
Customer relationships	\$ 287.6	\$ (107.4)	\$ 180.2	14.5
Acquired technology	330.8	(198.9)	131.9	6.3
Brand portfolio	11.5	(7.1)	4.4	7.9
Net intangible assets subject to amortization	\$ 629.9	\$ (313.4)	\$ 316.5	
Intangible assets not subject to amortization				
Pre-Acquisition ZI brand portfolio	\$ 33.0	\$ —	\$ 33.0	
Goodwill	\$ 1,692.7	\$ —	\$ 1,692.7	

Amortization expense was \$14.9 million and \$17.9 million for the three months ended September 30, 2023 and 2022, respectively. Amortization expense was \$46.0 million and \$52.3 million for the nine months ended September 30, 2023 and 2022, respectively.

Note 7 - Goodwill and Acquired Intangible Assets (continued)

Goodwill was \$1,692.7 million as of September 30, 2023. There have been no changes to goodwill amounts since December 31, 2022.

Based on the results of the Company's impairment assessment, the Company did not recognize any impairment of goodwill during the nine months ended September 30, 2023 or September 30, 2022.

Note 8 - Financing Arrangements

As of September 30, 2023 and December 31, 2022, the carrying values of the Company's borrowings were as follows (in millions):

Instrument	Date of Issuance	Maturity Date	Elected Interest Rate	Carrying Value as of	
				September 30, 2023	December 31, 2022
First Lien Term Loan	February 1, 2019	February 28, 2030	SOFR + 2.85%	\$ 591.7	\$ 595.5
First Lien Revolver	February 1, 2019	February 28, 2028	SOFR + 2.10%	—	—
Senior Notes	February 2, 2021	February 1, 2029	3.875%	641.3	640.2
Total Carrying Value of Debt				\$ 1,233.0	\$ 1,235.7
Less current portion				(6.0)	—
Total Long Term Debt				\$ 1,227.0	\$ 1,235.7

First Lien Credit Agreement

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

- incur additional indebtedness;
- create or incur liens;
- engage in certain fundamental changes, including mergers or consolidations;
- sell or transfer assets;
- pay dividends and distributions on our subsidiaries' capital stock;
- make acquisitions, investments, loans or advances;
- engage in certain transactions with affiliates; and
- enter into negative pledge clauses and clauses restricting subsidiary distributions.

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

Note 8 - Financing Arrangements (continued)

On December 30, 2022, the Company amended the First Lien Credit Agreement by converting the interest rate for both the first lien term loan and the first lien revolving credit facility from LIBOR plus the applicable spread to SOFR plus a credit spread adjustment of 0.1% and the applicable spread. No other terms, including the amount of borrowing or the maturity date, were changed as a result of this amendment.

First Lien Term Loan

In February 2023, we entered into an amendment to our existing First Lien Credit Agreement (the “Fifth Amendment”), pursuant to which the Company completed a repricing of its First Lien Term Loan Facility, which provided for an extension of the maturity date to February 28, 2030. The first lien term debt has a variable interest rate whereby the Company can elect to use a Base Rate or SOFR plus an applicable rate. Pursuant to the Fifth Amendment, the applicable rate decreased for Base Rate loans from 2.00% to 1.75% and from 3.10% to 2.85% for SOFR based loans. The Company recognized an immaterial loss in connection with the repricing in the nine months ended September 30, 2023 within *Loss on debt modification and extinguishment* on the Consolidated Statements of Operations. Under the terms of the Fifth Amendment, the Company is obligated to make principal payments in the amount of 0.25% of the aggregate outstanding amount each quarter.

The effective interest rate on the first lien debt was 8.30% and 7.38% as of September 30, 2023 and December 31, 2022, respectively.

First Lien Revolving Credit Facility

Pursuant to the Fifth Amendment, the Company also extended the maturity date of \$213.0 million of our \$250.0 million existing commitments of the first lien revolving credit facility to February 28, 2028. With respect to the \$37.0 million commitments which were not extended, the maturity date is November 2, 2025. Debt issuance costs were incurred in connection with the repricing of the revolving credit facility. These debt issuance costs are amortized into interest expense over the expected life of the arrangement. Unamortized debt issuance costs included in *Deferred costs and other assets, net of current portion* on our Consolidated Balance Sheets were immaterial as of September 30, 2023 and December 31, 2022.

The first lien revolving debt has a variable interest rate whereby the Company can elect to use a Base Rate or SOFR, plus an applicable rate. The applicable margin is 1.00% to 1.25% for Base Rate loans or 2.10% to 2.35% for SOFR loans, depending on the Company’s leverage.

Senior Notes

In February 2021, ZoomInfo Technologies LLC and ZoomInfo Finance Corp., indirect subsidiaries of ZoomInfo Technologies Inc. (the “Issuers”), issued \$350.0 million in aggregate principal amount of 3.875% Senior Notes due February 2029 to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. Interest on the Senior Notes is payable semi-annually in arrears beginning on August 1, 2021. The Issuers may redeem all or a part of the Notes at any time prior to February 1, 2024 at a price equal to the present value of the redemption price as of February 1, 2024, defined below, plus unaccrued and unpaid interest to February 1, 2024. In addition, beginning on February 1, 2024, the Issuers may redeem all or a part of the Notes at a redemption price equal to 101.938% of the principal amount redeemed. The redemption price decreases to 100.969% and 100.000% of the principal amount redeemed on February 1, 2025 and February 1, 2026, respectively. In addition, at any time prior to February 1, 2024, the Issuers may redeem up to 40% of the Notes from the proceeds of certain equity offerings at a redemption price equal to 103.875% of the principal amount of the Senior Notes, plus accrued and unpaid interest.

In July 2021, ZoomInfo Technologies LLC and ZoomInfo Finance Corp., indirect subsidiaries of ZoomInfo Technologies Inc., issued and sold \$300.0 million in aggregate principal amount of additional 3.875% senior notes due in 2029. The notes were issued under the same indenture as the Issuers’ existing \$350.0 million aggregate principal amount of 3.875% senior notes due 2029 (the “Existing Notes”), which were issued in February 2021, and constitute part of the same series as the Existing Notes.

Note 9 - Derivatives and Hedging Activities***Interest Rate Hedges***

We are exposed to risks from changes in interest rates related to the first lien term loan (See Note 8 - Financing Arrangements). The Company uses derivative financial instruments, specifically, interest rate swap contracts, in order to manage its exposure to interest rate movements. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. Our primary objective in holding derivatives is to reduce the volatility of cash flows associated with changes in interest rates. The Company does not enter into derivative transactions for speculative or trading purposes.

In the second quarter of 2022, two interest rate swap contracts in the notional amount of \$350.0 million matured. Interest rate swaps in the notional amount of \$500.0 million became effective in April 2022.

In the third quarter of 2022, the Company sold \$400.0 million of the notional amount of the interest rate cap contract which was not designated as an accounting hedge. We recognized a gain of \$3.0 million, partially offset by the derecognition of \$2.5 million of derivative assets, resulting from this sale within *Interest expense, net* on our Consolidated Statements of Operations.

In the fourth quarter of 2022, the Company transitioned two interest rate swap contracts and one interest cap contract from LIBOR to SOFR by terminating the original transactions and simultaneously entering into new derivatives. The terms of the new derivatives were unchanged except for the index. The Company elected optional expedients to allow for this transition without any interruptions to the hedge accounting.

As of September 30, 2023, the Company had the following outstanding interest rate derivatives that were designated as cash flow hedges of interest rate risk (\$ in millions):

Interest Rate Derivatives (Level 2)	Number of Instruments	Notional Aggregate Principal Amount	Interest Cap / Swap Rate	Maturity Date
Interest rate cap contract	One	\$ 100.0	3.500 %	April 30, 2024
Interest rate swap contracts	Two	\$ 500.0	0.370 %	January 30, 2026

The derivative interest rate swaps are designated and qualify as cash flow hedges. Consequently, the change in the estimated fair value of the effective portion of the derivative is recognized in *Accumulated other comprehensive income (loss)* on our Consolidated Balance Sheets and reclassified to *Interest expense, net*, when the underlying transaction has an impact on earnings. The Company expects to recognize approximately \$24.8 million of net pre-tax gains from accumulated other comprehensive income as a reduction of interest expense in the next twelve months associated with its interest rate swap.

Refer to the Company's Consolidated Statements of Comprehensive Income (Loss) for amounts reclassified from AOCI into earnings related to the Company's Derivative Instruments designated as cash flow hedging instruments for each of the reporting periods.

Foreign Currency Hedges

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

Note 9 - Derivatives and Hedging Activities (continued)

In the third quarter of 2023, the Company engaged in foreign currency forward contract activities, settling a portion of our contracts with a cumulative notional amount of \$12.4 million within the three months ended September 30, 2023. These transactions resulted in an immaterial loss. At September 30, 2023, our derivative financial instruments consisted of foreign currency forward contracts with a total notional value of \$13.3 million with maturities extending to December 2023.

The derivative foreign currency forward contracts are designated and qualify as cash flow hedges. Consequently, the change in the estimated fair value of the effective portion of the derivative is recognized in *Accumulated other comprehensive income (loss)* on our Consolidated Balance Sheets and reclassified to revenue or operating expenses depending on the nature of the underlying transaction, when the underlying transaction has an impact on earnings. Impacts on *Cash and cash equivalents* are presented as operating cash flows on our Consolidated Statements of Cash Flows in the period contracts are settled. The Company does not expect to recognize a material gain or loss from our existing foreign currency forward contracts in the next 12 months.

The following table summarizes the fair value and presentation on our Consolidated Balance Sheets for derivatives as of September 30, 2023 and December 31, 2022 (in millions):

Instrument	Fair Value of Derivative Instruments			
	September 30, 2023		December 31, 2022	
	(Unaudited)			
	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities
Derivatives designated as hedging instruments				
Interest rate cap contract ⁽¹⁾	\$ 1.1	\$ —	\$ 1.2	\$ —
Interest rate cap contract ⁽²⁾	—	—	0.3	—
Interest rate swap contracts ⁽¹⁾	24.0	—	21.5	—
Interest rate swap contracts ⁽²⁾	24.0	—	30.3	—
Foreign currency forward contracts ⁽³⁾	—	0.5	—	—
Total designated derivative fair value	\$ 49.1	\$ 0.5	\$ 53.3	\$ —

(1) Included in *Prepaid expenses and other current assets* on our Consolidated Balance Sheets.

(2) Included in *Deferred costs and other assets, net of current portion* on our Consolidated Balance Sheets.

(3) Included in *Accrued expenses and other current liabilities* on our Consolidated Balance Sheets.

Refer to the Company's Consolidated Statements of Comprehensive Income (Loss) for amounts reclassified from AOCI into earnings related to the Company's Derivative Instruments designated as cash flow hedging instruments for each of the reporting periods.

Note 10 - Fair Value

The Company's financial instruments consist principally of cash and cash equivalents, short-term investments, prepaid expenses and other current assets, accounts receivable, and accounts payable, accrued expenses, and long-term debt. The carrying value of cash and cash equivalents, prepaid expenses and other current assets, accounts receivable, accounts payable, and accrued expenses approximate fair value, primarily due to short maturities. We classify our money market mutual funds as Level 1 within the fair value hierarchy. We classify our corporate debt securities, securities guaranteed by U.S. government, and other governmental securities as Level 2 within the fair value hierarchy. The fair value of our first term lien debt and Senior Notes as of September 30, 2023 was \$594.8 million and \$537.9 million, respectively, based on observable market prices in less active markets and categorized as Level 2 within the fair value measurement framework.

Note 10 - Fair Value (continued)

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

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

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

Note 10 - Fair Value (continued)

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

Fair Value at September 30, 2023	Level 1	Level 2	Level 3
Measured on a recurring basis:			
Assets:			
Cash equivalents:			
Corporate debt securities	\$ —	\$ 10.0	\$ —
Money market mutual funds	\$ 355.7	\$ —	\$ —
Short-term investments:			
Corporate debt securities	\$ —	\$ 74.9	\$ —
Securities guaranteed by U.S. government	\$ —	\$ 26.3	\$ —
Other governmental securities	\$ —	\$ 24.1	\$ —
Prepaid expenses and other current assets:			
Interest rate cap contract	\$ —	\$ 1.1	\$ —
Interest rate swap contracts	\$ —	\$ 24.0	\$ —
Deferred costs and other assets, net of current portion:			
Interest rate swap contracts	\$ —	\$ 24.0	\$ —
Liabilities:			
Accrued expenses and other current liabilities:			
Foreign currency forward contracts	\$ —	\$ (0.5)	\$ —
Measured on a non-recurring basis:			
Assets:			
Impaired lease-related assets	\$ —	\$ —	\$ 13.9
Fair Value at December 31, 2022			
Measured on a recurring basis:			
Assets:			
Cash equivalents:			
Corporate debt securities	\$ —	\$ 159.8	\$ —
Money market mutual funds	\$ 18.6	\$ —	\$ —
Securities guaranteed by U.S. government	\$ —	\$ 4.0	\$ —
Short-term investments:			
Corporate debt securities	\$ —	\$ 91.7	\$ —
Securities guaranteed by U.S. government	\$ —	\$ 25.0	\$ —
Other governmental securities	\$ —	\$ 11.0	\$ —
Prepaid expenses and other current assets:			
Interest rate cap contract	\$ —	\$ 1.2	\$ —
Interest rate swap contracts	\$ —	\$ 21.5	\$ —
Deferred costs and other assets, net of current portion:			
Interest rate cap contract	\$ —	\$ 0.3	\$ —
Interest rate swap contracts	\$ —	\$ 30.3	\$ —

There have been no transfers between fair value measurements levels during the nine months ended September 30, 2023.

Note 10 - Fair Value (continued)

Refer to Note 5 - Cash, Cash Equivalents, and Short-term Investments for further information regarding the fair value of our financial instruments. Refer to Note 9 - Derivatives and Hedging Activities for further information regarding the fair value of our derivative instruments.

Note 11 - Commitments and Contingencies

Non-cancelable purchase obligations

For information related to outstanding non-cancelable purchase obligations with a term of 12 months or longer, refer to the amount disclosed in the audited financial statements in our 2022 Form 10-K. Amounts mainly relate to third-party cloud hosting and software as a service arrangements. For information regarding financing-related obligations, refer to Note 8 - Financing Arrangements. For information regarding lease-related obligations, refer to Note 13 - Leases.

Sales and use tax

The Company has conducted an assessment of sales and use tax exposure in states where the Company has established nexus. Based on this assessment, the Company has recorded a liability for taxes owed and related penalties and interest in the amount of \$5.3 million and \$4.9 million at September 30, 2023 and December 31, 2022, respectively. This liability is included in *Accrued expenses and other current liabilities* on our Consolidated Balance Sheets.

Contingent earnout payments

In connection with the acquisition of Dogpatch, the Company could be required to issue equity awards up to \$2.6 million. Refer to Note 4 - Business Combinations for additional information.

Deferred acquisition-related payments

In connection with the acquisition of Insent, the Company expects to pay an additional \$2.0 million of which \$0.8 million represents deferred consideration. Refer to Note 4 - Business Combinations in our 2022 Form 10-K for additional information.

Legal matters

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

On April 15, 2021, a putative class action lawsuit was filed against ZoomInfo Technologies LLC in the United States District Court for the Northern District of Illinois (Eastern Division) alleging ZoomInfo's use of Illinois residents' names in public-facing web pages violates the Illinois Right of Publicity Act, and seeking statutory, compensatory and punitive damages, costs, and attorneys' fees. The Company intends to vigorously defend against this lawsuit.

On September 30, 2021, a putative class action lawsuit was filed against ZoomInfo Technologies Inc. in the United States District Court for the Western District of Washington alleging ZoomInfo's use of California residents' names in public-facing web pages violates California statutory and common law regarding the right of publicity as well as misappropriation, and seeking compensatory and punitive damages, restitution, injunctive relief, declaratory relief, costs, and attorneys' fees. The Company intends to vigorously defend against this lawsuit.

Note 11 - Commitments and Contingencies (continued)

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

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

Note 12 - Earnings Per Share

As previously discussed, in May 2022, following approval by the Company's stockholders, the Company further amended and restated its Amended and Restated Certificate of Incorporation to eliminate the multiple classes of common stock and to rename the Company's Class A common stock to "Common Stock".

The following tables set forth the computation of basic and diluted net income per share of Class A common stock or Common Stock, as applicable, (in millions, except share and per share amounts):

	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2023
	Common Stock	Common Stock
Basic net income per share attributable to common stockholders		
Numerator:		
Net income	\$ 30.2	\$ 112.8
Denominator:		
Weighted average number of shares of Common Stock outstanding	396,852,350	400,485,107
Basic net income per share attributable to common stockholders	<u>\$ 0.08</u>	<u>\$ 0.28</u>
Diluted net income per share attributable to common stockholders		
Numerator:		
Allocation of undistributed earnings	\$ 30.2	\$ 112.8
Denominator:		
Number of shares used in basic computation	396,852,350	400,485,107
Add: weighted-average effect of dilutive securities exchangeable for Common Stock:		
Restricted Stock Awards	251,397	345,694
Exercise of Common Stock Options	—	31,992
Employee Stock Purchase Plan	124,423	158,627
Weighted average shares of Common Stock outstanding used to calculate diluted net income per share	<u>397,228,170</u>	<u>401,021,420</u>
Diluted net income per share attributable to common stockholders	<u>\$ 0.08</u>	<u>\$ 0.28</u>

Note 12 - Earnings Per Share (continued)

	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2022
	Common Stock	Common Stock
Basic net income per share attributable to common stockholders		
Numerator:		
Allocation of net income attributable to ZoomInfo Technologies Inc.	\$ 17.9	\$ 40.0
Denominator:		
Weighted average number of shares of Common Stock outstanding	401,961,947	401,093,021
Basic net income per share attributable to common stockholders	<u>\$ 0.04</u>	<u>\$ 0.10</u>
Diluted net income per share attributable to common stockholders		
Numerator:		
Allocation of undistributed earnings	\$ 17.9	\$ 40.0
Denominator:		
Number of shares used in basic computation	401,961,947	401,093,021
Add: weighted-average effect of dilutive securities exchangeable for Common Stock:		
Restricted Stock Awards	1,208,236	1,932,054
Exercise of Common Stock Options	178,332	207,917
Employee Stock Purchase Plan	122,794	44,189
Weighted average shares of Common Stock outstanding used to calculate diluted net income per share	<u>403,471,309</u>	<u>403,277,181</u>
Diluted net income per share attributable to common stockholders	<u>\$ 0.04</u>	<u>\$ 0.10</u>

The following weighted-average potentially dilutive securities were evaluated under the treasury stock method for potentially dilutive effects and have been excluded from diluted net income per share in the periods presented due to their anti-dilutive effect:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Restricted Stock Units	12,762,335	9,415,559	13,359,864	7,471,569
Exercise of Common Stock Options	6,544	—	—	—
Total anti-dilutive securities	<u>12,768,879</u>	<u>9,415,559</u>	<u>13,359,864</u>	<u>7,471,569</u>

Note 13 - Leases

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

Note 13 - Leases (continued)

The Company subleases two offices. The subleases have remaining lease terms of less than eight years. Sublease income, which is recorded as a reduction of rent expense and allocated to the appropriate financial statement line items to arrive at *Income from operations* on our Consolidated Statements of Operations, was immaterial for the three and nine months ended September 30, 2023 and 2022.

During the nine months ended September 30, 2023, previously executed leases for office space located in Ra'anana, Israel commenced. We recognized an impairment charge of \$4.6 million to reduce the carrying value of the associated right-of-use assets. Other impairments recognized during the year were immaterial and relate to subleased and abandoned locations. These charges were recognized within *Restructuring and transaction-related expenses* on our Consolidated Statements of Operations.

The following are additional details related to operating leases recorded on our Consolidated Balance Sheets as of September 30, 2023 and December 31, 2022:

<i>(in millions)</i>	September 30, 2023	December 31, 2022
Assets		
Operating lease right-of-use assets, net	\$ 79.2	\$ 63.0
Liabilities		
Current portion of operating lease liabilities	\$ 9.0	\$ 10.3
Operating lease liabilities, net of current portion	\$ 88.3	\$ 67.9

Rent expense was \$4.5 million and \$2.8 million for the three months ended September 30, 2023 and 2022, respectively. Rent expense was \$12.1 million and \$9.6 million for the nine months ended September 30, 2023 and 2022, respectively.

Other information related to leases was as follows:

<i>(in millions)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Supplemental Cash Flow Information				
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 2.4	\$ 3.3	\$ 9.5	\$ 9.6
Cash received for tenant incentive reimbursement	\$ —	\$ 5.0	\$ —	\$ 5.0
Lease liabilities arising from obtaining right-of-use assets				
From new and existing lease agreements and modifications	\$ 16.0	\$ 7.6	\$ 25.8	\$ 11.3

	As of	
	September 30, 2023	December 31, 2022
Weighted average remaining lease term (in years)	10.9	11.7
Weighted average discount rate	6.2 %	5.4 %

Note 13 - Leases (continued)

The table below reconciles the undiscounted future minimum lease payments under non-cancelable leases to the total lease liabilities recognized as of September 30, 2023 (in millions):

Year Ending December 31,	Operating Leases
2023 (excluding nine months ended September 30, 2023)	\$ 3.0
2024	16.9
2025	17.9
2026	17.0
2027	15.3
Thereafter	81.1
Total future minimum lease payments	151.2
Less effects of discounting	53.9
Total lease liabilities	\$ 97.3
Reported as of September 30, 2023	
Current portion of operating lease liabilities	\$ 9.0
Operating lease liabilities, net of current portion	88.3
Total lease liabilities	\$ 97.3

The table above does not include any legally binding minimum lease payments for leases signed but not yet commenced.

Expense associated with short term leases and variable lease costs were immaterial for the three and nine months ended September 30, 2023 and 2022. The expense related to short-term leases reasonably reflected our short-term lease commitments.

Undiscounted lease payments under all leases executed and not yet commenced are anticipated to be \$293.6 million, which are not included in the tabular disclosure of undiscounted future minimum lease payments under non-cancelable leases above.

Note 14 - Equity-based Compensation

2020 Omnibus Incentive Plan - On May 26, 2020, the Board adopted the Omnibus Plan. The Omnibus Plan provides for potential grants of the following awards with respect to shares of the Common Stock and OpCo Units: (i) incentive stock options qualified as such under U.S. federal income tax laws; (ii) non-qualified stock options or any other form of stock options; (iii) stock appreciation rights; (iv) Restricted Stock; (v) Restricted Stock Units; (vi) OpCo Units, and (vii) other equity-based and cash-based incentive awards as determined by the compensation committee of the Board or any properly delegated subcommittee.

The maximum aggregate number of shares of Common Stock that may be issued pursuant to awards under the Omnibus Plan shall not exceed 18,650,000 shares (including OpCo Units or other securities which have been issued under the plan and were converted into awards based on shares of common stock) (the "Plan Share Reserve"). The Omnibus Plan also contains a provision that will add an additional number of shares of Common Stock to the Plan Share Reserve on the first day of each year starting with January 1, 2021, equal to the lesser of (i) the positive difference between (x) 5% of the number of shares of Common Stock outstanding on the last day of the immediately preceding year, and (y) the Plan Share Reserve on the last day of the immediately preceding year, and (ii) a lower number of shares of Common Stock as may be determined by the Board.

The Company currently has equity-based compensation awards outstanding as follows: Restricted Stock Units, Common Stock Options, and Restricted Stock. In addition, the Company recognizes equity-based compensation expense from awards granted to employees as further described below under HSKB Incentive Units.

Note 14 - Equity-based Compensation (continued)

Except where indicated otherwise, the equity-based compensation awards described below are subject to time-based service requirements. For grants issued prior to June 2020, the service vesting condition is generally over four years with 50% vesting on the two years anniversary of the grant date of the award and the remainder vesting monthly thereafter. For awards made after May 2020 to existing employees, the service vesting condition is generally four years with 25% vesting on the one year anniversary of the grant date of the award and 6.25% vesting quarterly thereafter.

For performance-based Restricted Stock Units (“RSUs”) issued in the third quarter of 2022, the service vesting condition is one year and specified company performance targets. During the six months ended June 30, 2023, the Company issued RSUs, which were recommended by the Compensation Committee of the Board and approved by the full Board. The service vesting condition for one of the issued awards is one year. Each of the remaining RSU awards will vest in annual tranches over a three-year service period. Total RSUs earned for grants made in 2023 may vary between 0% and 200% of the RSUs granted based on the attainment of company-specific performance targets during the related performance period and continued service. All of the RSUs earned will be settled through the issuance of an equivalent number of shares of the Company’s common stock based on the payout level achieved. Certain additional grants have other vesting periods approved by the Compensation Committee of the Board.

Restricted Stock Units

Restricted Stock Unit activity was as follows during the periods indicated:

	Nine Months Ended September 30, 2023		Nine Months Ended September 30, 2022
	Restricted Stock Units	Weighted Average Grant Date Fair Value	Restricted Stock Units
Unvested at beginning of period	10,377,568	\$ 45.81	4,853,795
Granted	6,502,057	\$ 23.79	6,516,786
Granted - performance-based	509,824	\$ 24.71	147,445
Vested	(2,484,984)	\$ 44.67	(821,561)
Forfeited	(2,142,130)	\$ 43.55	(1,280,906)
Unvested at end of period	<u>12,762,335</u>	\$ 34.35	<u>9,415,559</u>

Restricted Stock

During the year ended December 31, 2021, the Company issued shares of Restricted Stock in exchange for all unvested HoldCo Units, Class P Units, and LTIP Units owned directly by employees of the Company (refer to Note 1 - Organization and Background). The exchanged shares of Restricted Stock remain subject to the same service vesting requirements of the original units. Upon fulfillment of the original employment service conditions, the restrictions will be lifted, and the Restricted Stock will convert to unrestricted Common Stock.

Note 14 - Equity-based Compensation (continued)

Restricted Stock activity was as follows during the periods indicated:

	Nine Months Ended September 30, 2023		Nine Months Ended September 30, 2022
	Restricted stock	Weighted Average Grant Date Fair Value	Restricted stock
Unvested at beginning of period	858,560	\$ 22.30	3,525,373
Vested	(439,168)	\$ 14.05	(2,005,106)
Forfeited	(10,977)	\$ 8.71	(266,394)
Unvested at end of period	408,415	\$ 31.54	1,253,873

Common Stock Options

Options activity was as follows during the period indicated:

	Nine Months Ended September 30, 2023		Nine Months Ended September 30, 2022
	Options	Weighted Average Exercise Price	Options
Outstanding at beginning of period	323,002	\$ 21.00	417,085
Exercised	(18,448)	\$ 21.00	(56,219)
Expired	(16,722)	\$ 21.00	(7,935)
Forfeited	(4,286)	\$ 21.00	(20,485)
Outstanding at end of period	283,546	\$ 21.00	332,446

Options have a maximum contractual term of ten years. The aggregate intrinsic value and weighted average remaining contractual terms of Options outstanding and Options exercisable were as follows as of September 30, 2023:

	September 30, 2023	
Aggregate intrinsic value (in millions) ⁽¹⁾		
Unit Options outstanding	\$	—
Unit Options exercisable	\$	—
Weighted average remaining contractual term (in years)		
Unit Options outstanding		6.6 years
Unit Options exercisable		6.6 years

(1) The aggregate intrinsic value of options outstanding and exercisable is \$0, as all options are out of the money.

All Options outstanding were issued at the time of the IPO in 2020. No additional options have been issued to date. The fair value of Common Stock Options granted at the time of the IPO was determined using the Black-Scholes option pricing model. We estimated the future stock price volatility based on the volatility of a set of publicly traded comparable companies with a look back period consistent with the expected term. The estimated life for the units was based on the expected hold period of private equity owners. The risk-free rate is based on the rate for a U.S. government security with the same estimated life at the time of grant.

Note 14 - Equity-based Compensation (continued)
Employee Stock Purchase Plan

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

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Volatility	—%	—%	50.4%	71.9%
Expected term (years)	0	0	0.5	0.5
Risk-free rate	—%	—%	5.4%	2.2%
Expected dividends	—%	—%	—%	—%
Weighted-average fair value per unit	\$—	\$—	\$6.72	\$9.56

The Company withheld \$1.5 million and \$5.9 million worth of ESPP contributions for the three and nine months ended September 30, 2023, respectively, on behalf of participating employees through payroll deductions included in *Accrued expenses and other current liabilities* on our Consolidated Balance Sheets. The Company withheld \$2.3 million and \$2.9 million worth of ESPP contributions for the three and nine months ended September 30, 2022, respectively, on behalf of participating employees through payroll deductions included in *Accrued expenses and other current liabilities* on our Consolidated Balance Sheets. The Company purchased 0 and 181,931 shares of Common Stock under the ESPP for the three and nine months ended September 30, 2023, respectively. No shares of Common Stock were purchased under the ESPP for the three and nine months ended September 30, 2022. The Company recognized \$0.7 million and \$2.7 million of equity-based compensation expense related to the ESPP for the three and nine months ended September 30, 2023, respectively. The Company recognized \$0.8 million and \$0.9 million of equity-based compensation expense related to the ESPP for the three and nine months ended September 30, 2022, respectively.

Note 14 - Equity-based Compensation (continued)***HSKB Incentive Units***

The founders of the Company contributed membership units of ZoomInfo OpCo into an upper tier entity, HSKB Funds, LLC, which is controlled by the current CEO of the Company (“HSKB Manager”). In connection with the Reorganization Transactions, HSKB was reorganized into HSKB I and HSKB II (together, “HSKB”), with HSKB I owning OpCo Units and HSKB II owning HoldCo Units.

During the year ended December 31, 2021, HSKB II exchanged their HoldCo Units and paired shares of Class B common stock of the Company for shares of Class A common stock of the Company pursuant to the terms of the limited liability company agreement of HoldCo. Subsequently, HSKB I exchanged their OpCo Units and paired shares of Class B common stock of the Company for shares of Class A common stock of the Company.

HSKB has issued LLC units to the employees of the Company (“HSKB Grant”) in the form of Class 1 units and Class 2 units. Such units may be exchangeable into one share of Common Stock upon vesting. HSKB awards are recorded as compensation expense of the Company in accordance with the measurement and recognition criteria of ASC 718 for awards made by economic interest holders to employees of the Company.

HSKB has also allocated \$31.3 million to be paid in cash over three years from 2019 to 2021 if the holder of an HSKB Grant remains employed by the Company as of the payment date. This pool was further expanded in March 31, 2020, when HSKB allocated an additional \$5.3 million to be paid out over three years, starting with March 31, 2020, to holders of HSKB Grants who received grants after the March 2018 Carlyle Investment, subject to the holder’s continued employment by the Company. During the nine months ended September 30, 2023, HSKB paid \$0.9 million from allocated funds.

HSKB Phantom Units

In December 2019, HSKB I adopted the HSKB Funds, LLC 2019 Phantom Unit Plan wherein HSKB may grant Phantom Units (“HSKB Phantom Units”) to employees of the Company. HSKB Phantom Units are recorded as compensation expense of the Company in accordance with the measurement and recognition criteria of ASC 718 for awards made by economic interest holders to employees of the Company. HSKB Phantom Units represent the economic equivalent of one share of common stock in the Company. In connection with the Reorganization Transactions, all HSKB Phantom Units were moved from HSKB I to HSKB II. Within 30 days of the later of the date upon which a Phantom Unit vests, HSKB II must settle the HSKB Phantom Unit in exchange for either (1) cash or (2) Common Stock as determined by the HSKB Manager, in each case, equal to the fair market value of such Common Unit at the time of such exchange.

Unamortized Equity-based Compensation

As of September 30, 2023, unamortized equity-based compensation costs related to each equity-based incentive award described above is the following:

<i>(\$ in millions, period in years)</i>	Amount	Weighted Average Remaining Service Period
Restricted Stock Units	\$ 315.6	2.4
Restricted Stock	2.8	0.7
HSKB Phantom Units	10.7	2.4
Employee Stock Purchase Plan	0.4	0.2
Total unamortized equity-based compensation cost	<u>\$ 329.5</u>	<u>2.4</u>

Note 15 - Tax Receivable Agreements

In connection with the Reorganization Transactions and the IPO, the Company entered into (i) the Exchange Tax Receivable Agreement with certain Pre-IPO OpCo Unitholders and (ii) the Reorganization Tax Receivable Agreement with the Pre-IPO Blocker Holders (collectively, the “Tax Receivable Agreements”). These Tax Receivable Agreements provide for the payment by the “ZoomInfo Tax Group” to such Pre-IPO Owners and certain Pre-IPO HoldCo Unitholders of 85.0% of the benefits, if any, that the ZoomInfo Tax Group actually realizes, or is deemed to realize in certain circumstances, as a result of utilization or deemed utilization of certain tax attributes and benefits covered by the Tax Receivable Agreements. The Company expects to benefit from the remaining 15.0% of the cash savings that it realizes.

The tax attributes and benefits covered by the Exchange Tax Receivable Agreements include (i) the ZoomInfo Tax Group’s allocable share of existing tax basis acquired in the IPO and (ii) increases in the ZoomInfo Tax Group’s allocable share of existing tax basis and tax basis adjustments that will increase the tax basis of the tangible and intangible assets of the ZoomInfo Tax Group as a result of sales or exchanges of OpCo Units for shares of common stock after the IPO, and certain other tax benefits, including tax benefits attributable to payments under the Exchange Tax Receivable Agreement.

The tax attributes and benefits covered by the Reorganization Tax Receivable Agreement includes certain tax attributes of the Blocker Companies (including the ZoomInfo Tax Group’s allocable share of existing tax basis acquired in the Reorganization Transactions), and certain other tax benefits, including tax benefits attributable to payments under the Reorganization Tax Receivable Agreement.

The Company reflected an increase in its share of the tax basis in the net assets of ZoomInfo HoldCo when OpCo Units were exchanged by Pre-IPO OpCo Unitholders. The Company treated any redemptions and exchanges of OpCo Units as direct purchases for U.S. federal income tax purposes. These increases in tax basis may reduce the amounts that it would otherwise pay in the future to various tax authorities. They may also decrease gains (or increase losses) on future dispositions of certain capital assets to the extent tax basis is allocated to those capital assets.

As of September 30, 2023 and December 31, 2022, the Company had a liability of \$2,964.9 million and \$2,978.7 million respectively, related to its projected obligations under the Tax Receivable Agreements. This liability, or a portion thereof, becomes payable once the tax attributes under the Tax Receivable Agreements reduce the Company’s current income tax liability which would have been otherwise due absent such tax attributes. The liability will be reduced to the extent the tax attributes are expected to expire or otherwise cannot be applied to reduce the Company’s tax liabilities. The liability is classified as current or noncurrent based on the expected date of payment and are included on our Consolidated Balance Sheets under the captions *Current portion of tax receivable agreements liability* and *Tax receivable agreements liability, net of current portion*, respectively. During the nine months ended September 30, 2023, no payment was made pursuant to the Tax Receivable Agreement. During the nine months ended September 30, 2022, we paid a total of \$5.0 million, pursuant to the Tax Receivable Agreements. During the nine months ended September 30, 2023, we recognized a TRA measurement gain of \$13.8 million, principally due to updates to tax attributes as well as movements in our blended state tax rate resulting from legislation enacted in the first three quarters of 2023 and changes in the apportionment of payroll, property and sales in the states in which we operate, within *Other income* on our Consolidated Statements of Operations. During the nine months ended September 30, 2022, we recognized a TRA measurement gain of \$9.5 million due to legislation passed in 2022 that impacted our blended state tax rate, as well as updates to tax attributes, within *Other income* on our Consolidated Statements of Operations.

Note 16 - Income Taxes

The Company's provision for income taxes for the three and nine months ended September 30, 2023 and September 30, 2022 was based on our projected annual effective tax rate for fiscal year 2023 and 2022, adjusted for specific items that are required to be recognized in the period in which they occur.

The effective tax rate, inclusive of items specific to the period, for the nine months ended September 30, 2023 and 2022 was 38.1% and 58.1% respectively. The Company recorded income tax expense of \$29.0 million and \$32.1 million for the three months ended September 30, 2023 and 2022, respectively. The Company recorded income tax expense of \$69.3 million and \$55.6 million for the nine months ended September 30, 2023 and 2022, respectively.

The Company's projected 2023 annual effective tax rate differed from the U.S federal statutory rate of 21.0% due to U.S. state taxes, foreign taxes, accrued costs of repatriating foreign earnings and non-deductible equity compensation expense, offset by research and development credits. Further, the Company's annual effective tax rate included period specific costs associated with global intangible low-taxed income implications of a favorable tax ruling issued by the Israeli tax authorities, prior year research and development credits, shortfalls in tax-deductible equity compensation compared to amounts recognized in our financial accounts, and the impact of various state law changes.

On August 16, 2022, the U.S. enacted the Inflation Reduction Act ("IRA") of 2022, which, among other things, implemented a 15% minimum tax on book income of certain large corporations, a 1% excise tax on net stock repurchases, and several tax incentives to promote clean energy. We evaluated the provisions of the IRA and do not expect any material impact to our 2023 income tax provision.

The gross liabilities for unrecognized tax benefits, which is reflected as a reduction of deferred tax assets, were \$12.3 million and \$0 million as of September 30, 2023 and September 30, 2022, respectively. No interest or penalties are accrued with respect to the unrecognized tax benefits. If the unrecognized tax benefits as of September 30, 2023 were recognized, the entire balance would impact the effective tax rate. It is not anticipated any of the unrecognized tax benefit will be recognized within the next twelve months.

Note 17 - Subsequent Events

Share Repurchase Program

Subsequent to September 30, 2023 and up through October, 27, 2023, the Company repurchased and subsequently retired approximately 5.6 million shares of the Company's Common Stock in the open market at a cost of approximately \$93.3 million, for an average price of \$16.67 per share, under the Share Repurchase Program described further in Note 2 - Basis of Presentation and Summary of Significant Accounting Policies to the consolidated 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 the financial statements and related notes included in our 2022 Form 10-K, the information included under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Part II, Item 7 of our 2022 Form 10-K, and the unaudited consolidated financial statements and related notes included in Part I, Item 1 of this Form 10-Q. In addition to historical data, the following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed in our forward-looking statements as a result of various factors, including but not limited to those discussed under “Cautionary Statement Regarding Forward-Looking Statements” in this Form 10-Q and under “Risk Factors” in Part I, Item 1A of our 2022 Form 10-K.

References in this Form 10-Q to “ZoomInfo Technologies Inc.” refer to ZoomInfo Technologies Inc. and not to any of its subsidiaries unless the context indicates otherwise. References in this Form 10-Q to “ZoomInfo,” the “Company,” “we,” “us,” and “our” refer (1) prior to the consummation of the Reorganization Transactions, to ZoomInfo OpCo and its consolidated subsidiaries, and (2) after the consummation of the Reorganization Transactions, to ZoomInfo Technologies Inc. and its consolidated subsidiaries unless the context indicates otherwise. Numerical figures included in this Form 10-Q have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in various tables may not be arithmetic aggregations of the figures that precede them.

Overview

ZoomInfo is a global leader in modern go-to-market software, data, and intelligence for sales, marketing, operations, and recruiting professionals.

RevOS – our modern, cloud-based operating system for revenue professionals – allows sales, marketing, operations, and recruiting teams to shorten sales cycles and increase win rates by delivering the right message to the right person at the right time, in the right way. We do this by delivering timely insights and offering services that make reaching prospects fast and easy.

ZoomInfo, formerly known as DiscoverOrg, was co-founded in 2007 by Founder and CEO Henry Schuck. He has led the Company’s growth and profitability by efficiently developing innovative ways of gathering and improving our data and insights and using intelligent automation to put those insights into action.

Today, our Company defines the modern go-to-market technology stack across three distinct layers that build upon each other:

- Our Intelligence Layer is the foundation of our data-driven strategy. Our best-in-class data, curated through first- and third-party sources, includes billions of data points about companies and contacts, such as intent, hierarchy, location, and financial information.
- Our Orchestration Layer integrates and enriches our data sources. At this stage, our products assign and route data, leads, and insights to the appropriate people. This creates a dataset that is continuously updated and can be used to power automated business workflows. Our services connect with major CRM providers.

- Our Engagement Layer allows sales, marketing, operations, and recruiting professionals to put data-driven insights into action to identify and communicate with prospects and customers. In SalesOS, frontline teams, managers, and leaders use Engage for multi-touch and multi-channel sales engagement, as well as Chorus for call and web meeting recording, transcription, insight generation, and coaching. In MarketingOS, marketers drive awareness, lead generation, and deal acceleration campaigns through account-based marketing, advertising, and onsite conversion optimization solutions, along with ZoomInfo Chat for intelligent onsite experiences through live conversation and chatbots. In TalentOS, recruiters and talent acquisition professionals access a platform that helps them efficiently find candidates. Recruiters can filter and reach more good-fit candidates, use pipeline management tools to collaborate and organize the hiring process, and automate the candidate outreach process. In OperationsOS, our sales operations customers use a suite of products, services, and solutions to ingest, match, enrich, and connect data feeds into multiple systems.

We generate substantially all of our revenue from sales of subscriptions to our platform. Subscriptions include the use of our platform and access to customer support. Subscriptions generally range from one to three years in length. Over 40% of customer contracts (based on annualized value) are multi-year agreements. We typically bill our customers at the beginning of each annual, semi-annual, or quarterly period and recognize revenue ratably over the term of the subscription period.

We sell our software to both new and existing customers. We price our subscriptions based on the functionality, users, and records under management that are included in each product edition. Our paid products are SalesOS, MarketingOS, OperationsOS, and TalentOS (with add-on options for some products), and we have a free Community Edition.

To address our market opportunity, we have built and continue to tune our efficient and comprehensive go-to-market engine. We have integrated our insights and data into an automated engine with defined processes and specialized roles in order to market and sell our services. We are constantly improving the effectiveness of our engine in order to identify and close more business.

Recent Developments

Impact of Macroeconomic Conditions

Our business and financial condition have and may continue to be impacted by adverse macroeconomic conditions. See “Risk Factors - Geopolitical Risks” in Part I, Item 1A of our 2022 Form 10-K for further discussion of the possible impact of these issues on our business.

First Lien Term Loan

In February 2023, we entered into an amendment to our existing First Lien Credit Agreement (the “Fifth Amendment”), pursuant to which the Company completed a repricing of its First Lien Term Loan Facility, which provided for an extension of the maturity date to February 28, 2030 and a decrease in the applicable margin rate by 0.25%. Under the terms of the Fifth Amendment, the Company is obligated to make principal payments in the amount of 0.25% of the aggregate outstanding amount each quarter.

First Lien Revolving Credit Facility

Pursuant to the Fifth Amendment, the Company also extended the maturity date of \$213.0 million of our \$250.0 million existing commitments of the first lien revolving credit facility to February 28, 2028. With respect to the \$37.0 million commitments which were not extended, the maturity date is November 2, 2025.

Share Repurchase Program

In March 2023, the Board of Directors authorized a program to repurchase up to \$100.0 million of the Company's Common Stock, and in July 2023, the Board approved an additional \$500.0 million of share repurchase authorization (collectively, the "Share Repurchase Program"). Under the Share Repurchase Program, shares of Common Stock may be repurchased from time to time through open market transactions in compliance with applicable securities laws. The timing, manner, price and amount of any repurchases, as well as the capital resources to fund the repurchases, are determined by the Company at its discretion and depend on a variety of factors, including legal requirements, price and economic and market conditions.

During the three months ended September 30, 2023, the Company repurchased and subsequently retired 8,800,000 shares of Common Stock at an average price of \$18.19, for an aggregate \$160.1 million. During the nine months ended September 30, 2023, the Company repurchased and subsequently retired 12,705,412 shares of Common Stock at an average price of \$19.44, for an aggregate \$247.0 million. As of September 30, 2023, \$353.0 million remained available and authorized for repurchases under the Share Repurchase Program.

Key Factors Affecting Our Performance

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

Continuing to Acquire New Customers

We are focused on continuing to grow the number of customers that use our platform in the United States and around the world. The majority of revenue growth when comparing the three months ended September 30, 2023 to the three months ended September 30, 2022 was the result of new customers added over the last 12 months. Our operating results and growth prospects will depend in part on our ability to continue to attract new customers. Additionally, acquiring new customers strengthens the power of our contributory networks. We plan to continue to invest in our efficient go-to-market effort to acquire new customers.

Increasing Usage of Our Platform

We believe that expanding the value that we provide to our customers and the corresponding revenue generated as a result is an important measure of the health of our business, and we believe there is a significant opportunity to add additional users, data integration, and additional functionality within our existing customers. We monitor net revenue retention to measure the expanding value that we provide to our customers and the corresponding revenue growth. Net revenue retention is an annual metric that we calculate based on customers of ZoomInfo at the beginning of the year, and is calculated as: (a) the total ACV for those customers at the end of the year, divided by (b) the total ACV for those customers at the beginning of the year. Our net annual retention rate was 104% for the year ended December 31, 2022. In the near term, we expect our net retention rate to be adversely impacted by macroeconomic conditions. See section "Recent Developments - Impact of Macroeconomic Conditions". We also measure our success in expanding relationships with existing customers by the number of customers that contract for more than \$100,000 in ACV. As of September 30, 2023, we had 1,869 customers with over \$100,000 in ACV.

Non-GAAP Financial Measures

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

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

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

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

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

We define Adjusted Net Income as Adjusted Operating Income less (i) interest expense, net (ii) other (income) expense, net, excluding TRA liability remeasurement expense (benefit) and (iii) income tax expense (benefit) including incremental tax effects of adjustments to arrive at Adjusted Operating Income and current tax benefits related to the TRA. Adjusted Net Income is presented because it is used by management to evaluate our financial performance and for planning and forecasting purposes. Additionally, we believe that it and similar measures are widely used by securities analysts and investors as a means of evaluating a company's operating performance. Adjusted Net Income should not be considered as an alternative to cash flows from operating activities as a measure of liquidity or as an alternative to operating income or net income as indicators of operating performance.

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

(\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income	\$ 30.2	\$ 17.9	\$ 112.8	\$ 40.0
Add: Expense from income taxes	29.0	32.1	69.3	55.6
Add: Interest expense, net	11.9	11.6	33.8	35.1
Add: Loss on debt modification and extinguishment	—	—	2.2	—
Add (less): Other expense (income), net ^(a)	(8.0)	(9.8)	(29.1)	(7.0)
Income from operations	63.1	51.8	189.0	123.7
Add: Impact of fair value adjustments to acquired unearned revenue ^(b)	0.1	0.2	0.2	2.0
Add: Amortization of acquired technology	9.5	12.3	29.5	35.8
Add: Amortization of other acquired intangibles	5.4	5.6	16.5	16.5
Add: Equity-based compensation	42.9	48.1	126.9	137.6
Add: Restructuring and transaction-related expenses ^(c)	5.1	0.2	9.9	3.8
Add: Integration costs and acquisition-related expenses ^(d)	—	0.1	—	1.6
Adjusted Operating Income	126.2	118.4	372.1	320.9
Less: Interest expense, net	(11.9)	(11.6)	(33.8)	(35.1)
Less (add): Other expense (income), net, excluding TRA liability remeasurement (benefit) expense	5.4	(0.6)	15.2	(2.4)
Less: Expense from income taxes	(29.0)	(32.1)	(69.3)	(55.6)
Add: Tax impacts of adjustments to net income	14.4	22.7	26.8	27.0
Adjusted Net Income	\$ 105.0	\$ 96.8	\$ 311.0	\$ 254.7
Shares for Adjusted Net Income Per Share ^(e)	411	411	414	410
Adjusted Net Income Per Share	\$ 0.26	\$ 0.24	\$ 0.75	\$ 0.62

(a) Primarily represents revaluations on tax receivable agreement liability and foreign exchange remeasurement gains and losses.

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

(c) Represents costs directly associated with acquisition or disposal activities, including employee severance and termination benefits, contract termination fees and penalties, and other exit or disposal costs. For the three and nine months ended September 30, 2023, this expense is primarily related to costs associated with a June 2023 reduction in force, and impairment charges related to the Ra'anana office and other offices. For the three and nine months ended September 30, 2022, this expense related primarily to transition and retention payments related to 2021 and 2022 acquisitions.

- (d) Represents costs directly associated with integration activities for acquisitions and acquisition-related compensation, which includes transaction bonuses and retention awards. For the three and nine months ended September 30, 2022, this expense related to retention awards from the acquisitions of Clickagy and Everstring, and Insent, and professional fees related to integration projects. This expense is included in cost of service, sales and marketing expense, research and development expense, and general and administrative expense as follows:

(\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Cost of service	\$ —	\$ —	\$ —	\$ 0.2
Sales and marketing	—	—	—	0.5
Research and development	—	0.1	—	0.5
General and administrative	—	—	—	0.3
Total integration costs and acquisition-related compensation	\$ —	\$ 0.1	\$ —	\$ 1.6

- (e) Diluted earnings per share is computed by giving effect to all potential weighted average Common Stock, and any securities that are convertible into Common Stock, including options and restricted stock units. The dilutive effect of outstanding awards and convertible securities is reflected in diluted earnings per share by application of the treasury stock method, excluding deemed repurchases assuming proceeds from unrecognized compensation as required by GAAP. Shares and grants issued in conjunction with the IPO were assumed to be issued at the beginning of the period.

We define Adjusted Operating Income Margin as Adjusted Operating Income divided by the sum of revenue and the impact of fair value adjustments to acquired unearned revenue.

(\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Income from operations	\$ 63.1	\$ 51.8	\$ 189.0	\$ 123.7
Adjusted Operating Income	\$ 126.2	\$ 118.4	\$ 372.1	\$ 320.9
Revenue	\$ 313.8	\$ 287.6	\$ 923.1	\$ 796.4
Impact of fair value adjustments to acquired unearned revenue	0.1	0.2	0.2	2.0
Revenue for adjusted operating margin calculation	\$ 313.9	\$ 287.8	\$ 923.4	\$ 798.4
Operating Income Margin	20 %	18 %	20 %	16 %
Adjusted Operating Income Margin	40 %	41 %	40 %	40 %

Adjusted Operating Income for the three months ended September 30, 2023 was \$126.2 million and represented an Adjusted Operating Income Margin of 40%. Adjusted Operating Income for the three months ended September 30, 2022 was \$118.4 million and represented an Adjusted Operating Income Margin of 41%. The increase of \$7.8 million, or 7%, was driven primarily from the growth in revenue driven by additional customers and increasing revenue from existing customers. Adjusted Operating Income Margin decreased to 40% in the three months ended September 30, 2023 from 41% in the three months ended September 30, 2022 due to increased general and administrative expenses due to higher bad debt accruals.

Adjusted Operating Income for the nine months ended September 30, 2023 was \$372.1 million and represented an Adjusted Operating Income Margin of 40%. Adjusted Operating Income for the nine months ended September 30, 2022 was \$320.9 million and represented an Adjusted Operating Income Margin of 40%. The increase of \$51.2 million, or 16%, was driven primarily from the growth in revenue driven by additional customers and increasing revenue from existing customers. Adjusted Operating Income Margin stayed consistent at 40% in the nine months ended September 30, 2023 as increased general and administrative expenses due to higher bad debt accruals were offset by efficiencies within cost of service and research and development.

Adjusted EBITDA

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

The following table presents a reconciliation of net income (loss) to Adjusted EBITDA for the periods presented:

(\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income	\$ 30.2	\$ 17.9	\$ 112.8	\$ 40.0
Add: Expense from income taxes	29.0	32.1	69.3	55.6
Add: Interest expense, net	11.9	11.6	33.8	35.1
Add: Loss on debt modification and extinguishment	—	—	2.2	—
Add: Depreciation	4.9	4.8	14.5	12.9
Add: Amortization of acquired technology	9.5	12.3	29.5	35.8
Add: Amortization of other acquired intangibles	5.4	5.6	16.5	16.5
EBITDA	\$ 90.9	\$ 84.3	\$ 278.6	\$ 195.9
Add (less): Other expense (income), net ^(a)	(8.0)	(9.8)	(29.1)	(7.0)
Add: Impact of fair value adjustments to acquired unearned revenue ^(b)	0.1	0.2	0.2	2.0
Add: Equity-based compensation expense	42.9	48.1	126.9	137.6
Add: Restructuring and transaction related expenses ^(c)	5.1	0.2	9.9	3.8
Add: Integration costs and acquisition-related expenses ^(d)	—	0.1	—	1.6
Adjusted EBITDA	\$ 131.1	\$ 123.2	\$ 386.6	\$ 333.7

(a) Primarily represents revaluations on tax receivable agreement liability and foreign exchange remeasurement gains and losses.

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

(c) Represents costs directly associated with acquisition or disposal activities, including employee severance and termination benefits, contract termination fees and penalties, and other exit or disposal costs. For three and nine months ended September 30, 2023, this expense is primarily related to costs associated with a June 2023 reduction in force, and impairment charges related to the Ra'anana office and other offices. For the three and nine months ended September 30, 2022, this expense related primarily to transition and retention payments related to 2021 and 2022 acquisitions.

- (d) Represents costs directly associated with integration activities for acquisitions and acquisition-related compensation, which includes transaction bonuses and retention awards. For the three and nine months ended September 30, 2022, this expense related to retention awards from the acquisitions of Clickagy and Everstring, and Insent, and professional fees related to integration projects. This expense is included in cost of service, sales and marketing expense, research and development expense, and general and administrative expense as follows:

(\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Cost of service	\$ —	\$ —	\$ —	\$ 0.2
Sales and marketing	—	—	—	0.5
Research and development	—	0.1	—	0.5
General and administrative	—	—	—	0.3
Total integration costs and acquisition-related compensation	\$ —	\$ 0.1	\$ —	\$ 1.6

Adjusted EBITDA for the three months ended September 30, 2023 was \$131.1 million, an increase of \$7.9 million, or 6%, relative to the three months ended September 30, 2022. This increase was driven primarily from the growth in revenue and additional customers in 2023 and 2022.

Adjusted EBITDA for the nine months ended September 30, 2023 was \$386.6 million, an increase of \$52.9 million, or 16%, relative to the nine months ended September 30, 2022. This increase was driven primarily from the growth in revenue and additional customers in 2023 and 2022.

Components of Our Results of Operations

Revenue

We derive 99% of our revenue from subscription services and the remainder from recurring usage-based services and other revenue. Our subscription services consist of our SaaS applications. Pricing of our subscription contracts are generally based on the functionality provided, the number of users that access our applications, and the amount of data that the customer integrates into their systems. Our subscription contracts typically have a term ranging from one to three years and are non-cancelable. We typically bill for services in advance either annually, semi-annually, or quarterly, and we typically require payment at the beginning of each annual, semi-annual, or quarterly period.

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

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

Cost of Service

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

We anticipate that we will continue to invest in costs of service and that costs of service as a percentage of revenue modestly decrease as we realize operating leverage in the business.

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

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

Gross Profit and Gross Margin

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

Operating Expenses

Our operating expenses consist of sales and marketing, research and development, general and administrative, restructuring and transaction expenses, and amortization of acquired intangibles (other than acquired technology). The most significant component of our operating expenses is personnel costs, which consists of salaries, bonuses, sales commissions, equity-based compensation, and other employee-related benefits. Operating expenses also include overhead costs for facilities, technology, professional fees, depreciation and amortization expense, and marketing.

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

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

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

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

General and administrative. General and administrative expenses primarily consist of employee-related costs such as salaries, bonuses, equity-based compensation, and other employee related benefits for our executive, finance, legal, human resources, IT, and business operations and administrative teams, as well as overhead costs. Additionally, we incur expenses related to bad debt and collections, as well as for professional fees including legal services, accounting, banking, and other consulting services, including those associated with operating as a public company.

We expect general and administrative expenses as a percentage of revenue to modestly decrease as we realize operating leverage in the business.

Amortization of other acquired intangibles. Amortization of acquired intangibles primarily consists of amortization of customer relationships, trade names, and brand portfolios.

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

Restructuring and transaction-related expenses. Restructuring and transaction expenses primarily consist of various restructuring and acquisition activities we have undertaken to achieve strategic or financial objectives. Restructuring and acquisition activities include, but are not limited to, consolidation of offices and responsibilities, office relocation, administrative cost structure realignment, and acquisition-related professional services fees.

We anticipate that restructuring and transaction expenses, including potential impairments, will be influenced by future acquisition activity, strategic restructuring activities, and the commencement of new leases. Specifically, as new leases commence, we may face increased impairment expenses for spaces that we do not intend to occupy and/or that we plan to sublease, which could cause these costs to vary, potentially significantly, from our historic levels.

Interest Expense, Net

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

We anticipate that interest expense could be impacted by changes in variable interest rates or the issuance of additional debt.

Loss on Debt Modification and Extinguishment

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

We anticipate that losses related to debt extinguishment will only occur if we extinguish indebtedness before the contractual repayment dates.

Other (Income) Expense, Net

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

Changes to existing tax law including changes to the corporate income tax rates and the Company's state tax footprint could lead to substantial revaluations of the tax receivable agreement liability recorded through other income and expense, net.

The magnitude of other income and expenses, net may increase as we expand operations internationally and add complexity to our operations.

Income Tax Expense

ZoomInfo Technologies Inc. is treated as a U.S. corporation for U.S. federal, state, and local income tax purposes. Accordingly, a provision for income taxes will be recorded for the anticipated tax consequences of our reported results of operations for federal, state and local, and foreign income taxes. In addition to tax expenses, we also will make payments under the tax receivable agreements, which we expect to be significant.

Results of Operations

The following table presents our results of operations for the three and nine months ended September 30, 2023 and 2022:

(\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue	\$ 313.8	\$ 287.6	\$ 923.1	\$ 796.4
Cost of service:				
Cost of service ⁽¹⁾	35.3	35.9	104.0	103.4
Amortization of acquired technology	9.5	12.3	29.5	35.8
Gross profit	269.0	239.4	789.6	657.2
Operating expenses:				
Sales and marketing ⁽¹⁾	102.3	96.4	308.1	275.7
Research and development ⁽¹⁾	47.3	54.2	141.6	149.3
General and administrative ⁽¹⁾	45.8	31.2	124.5	88.2
Amortization of other acquired intangibles	5.4	5.6	16.5	16.5
Restructuring and transaction-related expenses	5.1	0.2	9.9	3.8
Total operating expenses	205.9	187.6	600.6	533.5
Income from operations	63.1	51.8	189.0	123.7
Interest expense, net	11.9	11.6	33.8	35.1
Loss on debt modification and extinguishment	—	—	2.2	—
Other income	(8.0)	(9.8)	(29.1)	(7.0)
Income before income taxes	59.2	50.0	182.1	95.6
Income tax expense	29.0	32.1	69.3	55.6
Net income	\$ 30.2	\$ 17.9	\$ 112.8	\$ 40.0

(1) Includes equity-based compensation expense as follows:

(\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Cost of service	\$ 4.3	\$ 5.1	\$ 11.8	\$ 14.7
Sales and marketing	17.5	19.2	54.6	55.7
Research and development	11.7	17.0	34.0	47.9
General and administrative	9.4	6.8	26.5	19.3
Total equity-based compensation expense	\$ 42.9	\$ 48.1	\$ 126.9	\$ 137.6

Three Months Ended September 30, 2023 and Three Months Ended September 30, 2022

Revenue. Revenue was \$313.8 million for the three months ended September 30, 2023, an increase of \$26.2 million, or 9%, as compared to \$287.6 million for the three months ended September 30, 2022. This increase was primarily due to the addition of new customers over the past 12 months partially offset by cancellations among existing customers.

Cost of Service. Cost of service was \$44.8 million for the three months ended September 30, 2023, a decrease of \$3.4 million, or 7%, as compared to \$48.2 million for the three months ended September 30, 2022. The decrease was primarily due to completion of amortization expense related to intangible assets from 2019 acquisition, and reduced equity-based compensation.

Operating Expenses. Operating expenses were \$205.9 million for the three months ended September 30, 2023, an increase of \$18.3 million, or 10%, as compared to \$187.6 million for the three months ended September 30, 2022. Excluding equity-based compensation expenses, operating expenses were \$167.3 million for the three months ended September 30, 2023, an increase of \$22.7 million, or 16%, as compared to \$144.6 million for the three months ended September 30, 2022. The increase excluding equity-based compensation was primarily due to:

- an increase in sales and marketing expense (excluding equity-based compensation) of \$7.6 million, or 10%, to \$84.8 million for the three months ended September 30, 2023, due primarily to additional salaries and benefits expenses added to drive continued incremental sales, as well as additional commission expense and amortization of deferred commissions related to obtaining contracts with customers;
- a decrease in research and development expense (excluding equity-based compensation) of \$1.6 million, or 4%, to \$35.6 million for the three months ended September 30, 2023, due primarily to a reduction in salaries and benefits expenses;
- an increase in general and administrative expense (excluding equity-based compensation) of \$12.0 million, or 49%, to \$36.4 million for the three months ended September 30, 2023, due primarily to increased accruals for bad debt;
- a decrease in amortization of acquired intangibles expense of \$0.2 million, or 4%, to \$5.4 million for the three months ended September 30, 2023; and
- restructuring and transaction-related expense of \$5.1 million for the three months ended September 30, 2023. This represented an increase of \$4.9 million, or 2450%, as compared to expense of \$0.2 million for the three months ended September 30, 2022, which were primarily comprised of costs incurred related to the Ra'anana lease impairment.

Equity-based Compensation Expense. Equity-based compensation expense was \$42.9 million for the three months ended September 30, 2023, a decrease of \$5.2 million, or 11%, as compared to \$48.1 million for the three months ended September 30, 2022, primarily due to slower headcount growth and higher forfeitures of unvested awards.

Other (income) expense, net. Other income was \$8.0 million for the three months ended September 30, 2023, which primarily consists of \$6.7 million of investment income and \$2.6 million of TRA remeasurement gain, offset by \$1.3 million of loss on foreign currency transactions, as compared to other expense of \$9.8 million for the three months ended September 30, 2022, which primarily consists of \$10.3 million of TRA remeasurement gain and \$0.7 million of investment income, offset by \$1.2 million of loss on foreign currency transactions.

Interest Expense, Net. Interest expense, net was \$11.9 million for the three months ended September 30, 2023, an increase of \$0.3 million, or 3%, as compared to \$11.6 million for the three months ended September 30, 2022. The increase was primarily due to fluctuations in derivative instruments, partially offset by increases in deposit rates that drove incremental interest income.

Income Tax Expense. Expense from income taxes for the three months ended September 30, 2023 was \$29.0 million, representing an effective tax rate of 49.0%, as compared to expense from income taxes of \$32.1 million for the three months ended September 30, 2022, representing an effective tax rate of 64.2%. The decrease in the effective tax rate was primarily due to a reduction in non-deductible equity-based compensation in 2023 compared to 2022. The current quarter's effective tax rate differed from the U.S. federal statutory rate due to U.S. state taxes, foreign taxes, accrued costs of repatriating foreign earnings and non-deductible equity compensation expense, offset by research and development credits.

Nine Months Ended September 30, 2023 and Nine Months Ended September 30, 2022

Revenue. Revenue was \$923.1 million for the nine months ended September 30, 2023, an increase of \$126.7 million, or 16%, as compared to \$796.4 million for the nine months ended September 30, 2022. This increase was primarily due to the addition of new customers over the past 12 months partially offset by cancellations among existing customers.

Cost of Service. Cost of service was \$133.5 million for the nine months ended September 30, 2023, a decrease of \$5.7 million, or 4%, as compared to \$139.2 million for the nine months ended September 30, 2022. The decrease was primarily due to completion of amortization expense related to intangible assets from 2019 acquisition and reduced equity-based compensation, offset by additional depreciation from internal use developed software.

Operating Expenses. Operating expenses were \$600.6 million for the nine months ended September 30, 2023, an increase of \$67.1 million, or 13%, as compared to \$533.5 million for the nine months ended September 30, 2022. Excluding equity-based compensation expenses, operating expenses were \$485.5 million for the nine months ended September 30, 2023, an increase of \$74.9 million, or 18%, as compared to \$410.6 million for the nine months ended September 30, 2022. The increase excluding equity-based compensation was primarily due to:

- an increase in sales and marketing expense (excluding equity-based compensation) of \$33.5 million, or 15%, to \$253.5 million for the nine months ended September 30, 2023, due primarily to additional salaries and benefits expenses added to drive continued incremental sales, as well as additional commission expense and amortization of deferred commissions related to obtaining contracts with customers;
- an increase in research and development expense (excluding equity-based compensation) of \$6.2 million, or 6%, to \$107.6 million for the nine months ended September 30, 2023, due primarily to additional salaries and benefits expenses added to support continued innovation of our services and acquired products;
- an increase in general and administrative expense (excluding equity-based compensation) of \$29.1 million, or 42%, to \$98.0 million for the nine months ended September 30, 2023, due primarily to increased accruals for bad debt;
- restructuring and transaction-related expense of \$9.9 million for the nine months ended September 30, 2023. This represented an increase of \$6.1 million, or 161%, as compared to expense of \$3.8 million for the nine months ended September 30, 2022, which were primarily comprised of costs incurred related to a June 2023 reduction in force and the Ra'anana and other lease impairments, offset by the reduction of costs related to acquisitions.

Equity-based Compensation Expense. Equity-based compensation expense was \$126.9 million for the nine months ended September 30, 2023, a decrease of \$10.7 million, or 8%, as compared to \$137.6 million for the nine months ended September 30, 2022, primarily due to slower headcount growth and higher forfeitures of unvested awards.

Other (income) expense, net. Other income was \$29.1 million for the nine months ended September 30, 2023, which primarily consists of \$13.8 million of TRA remeasurement gain and \$17.2 million of investment income, offset by \$1.9 million of loss on foreign currency transactions, as compared to other expense of \$7.0 million for the nine months ended September 30, 2022, which primarily consists of \$9.5 million of TRA remeasurement gain and \$1.0 million of investment income, offset by \$3.5 million on loss on foreign currency transactions.

Interest Expense, Net. Interest expense, net was \$33.8 million for the nine months ended September 30, 2023, a decrease of \$1.3 million, or 4%, as compared to \$35.1 million for the nine months ended September 30, 2022. The decrease was primarily due to increases in deposit rates that drove incremental interest income.

Income Tax Expense. Expense from income taxes for the nine months ended September 30, 2023 was \$69.3 million, representing an effective tax rate of 38.1%, as compared to expense from income taxes of \$55.6 million for the nine months ended September 30, 2022, representing an effective tax rate of 58.1%. The decrease in the effective tax rate was primarily due to a reduction in non-deductible equity-based compensation in 2023 compared to 2022. The current quarter's effective tax rate differed from the U.S. federal statutory rate due to U.S. state taxes, foreign taxes, accrued costs of repatriating foreign earnings and non-deductible equity compensation expense, offset by research and development credits. On October 4, 2023, Massachusetts enacted legislation requiring corporations to apportion net income to the state by use of the sales factor only for its income tax liability. This may have a significant impact to the Company's deferred tax assets, tax rate, and tax receivable agreement liability; however, our tax provision and tax receivable agreement liability exclude this development and are presented based solely on laws enacted as of September 30, 2023. Further, the value of the Company's deferred tax assets and its tax receivable agreement liability, which considers a projected state tax profile, may be materially impacted as the Company periodically re-forecasts its distribution of payroll, property and sales, and consider new information which could affect the method of apportioning income.

Liquidity and Capital Resources

As of September 30, 2023, we had \$442.6 million of cash and cash equivalents, \$125.3 million of short-term investments, and \$250.0 million available under our first lien revolving credit facility. We have financed our operations primarily through cash generated from operations.

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

We generally invoice our subscription customers annually, semi-annually, or quarterly in advance of our subscription services. Therefore, a substantial source of our cash is from such prepayments, which are included on our Consolidated Balance Sheets as unearned revenue. Unearned revenue consists of billed fees for our subscriptions, prior to satisfying the criteria for revenue recognition, which are subsequently recognized as revenue in accordance with our revenue recognition policy. As of September 30, 2023, we had unearned revenue of \$403.1 million, of which \$399.2 million was recorded as a current liability and is expected to be recorded as revenue in the next 12 months, provided all other revenue recognition criteria have been met.

Our cash flows from operations, borrowing availability, and overall liquidity are subject to risks and uncertainties. We may not be able to obtain additional liquidity on reasonable terms, or at all. In addition, our liquidity and our ability to meet our obligations and to fund our capital requirements are dependent on our future financial performance, which is subject to general economic, financial, and other factors that are beyond our control. Accordingly, our business may not generate sufficient cash flow from operations and future borrowings may not be available from additional indebtedness or otherwise to meet our liquidity needs. If we decide to pursue one or more significant acquisitions, we may incur additional debt or sell additional equity to finance such acquisitions, which would result in additional expenses or dilution. See "Risk Factors" in Part I, Item 1A of our 2022 Form 10-K.

Historical Cash Flows

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

(\$ in millions)	Nine Months Ended September 30,	
	2023	2022
Net cash provided by operating activities	\$ 306.1	\$ 296.9
Net cash used in investing activities	(11.1)	(180.3)
Net cash used in financing activities	(266.6)	(18.3)
Net increase in cash and cash equivalents and restricted cash	\$ 28.4	\$ 98.3

Cash Flows from (used in) Operating Activities

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

Net cash provided by operations was \$296.9 million for the nine months ended September 30, 2022 as a result of net income of \$40.0 million, adjusted by non-cash charges of \$292.2 million and the change in our operating assets net of operating liabilities of \$35.3 million. The non-cash charges are primarily comprised of equity-based compensation of \$137.6 million, depreciation and amortization of \$65.2 million, amortization of deferred commission costs of \$47.4 million, and a decrease in deferred tax assets net of deferred tax liabilities of \$47.5 million. The change in operating assets net of operating liabilities was primarily the result of an increase in deferred costs and other assets of \$55.5 million, and a decrease in accrued expenses and other liabilities of \$11.2 million, partially offset by a decrease in accounts receivable of \$22.6 million and an increase in unearned revenue of \$10.2 million.

We may continue to make future acquisitions as part of our business strategy which may require the use of capital resources and drive additional future restructuring and transaction-related cash expenditures as well as integration and acquisition-related compensation cash costs. During the nine months ended September 30, 2023, and 2022, we incurred the following cash expenditures:

(\$ in millions)	Nine Months Ended September 30,	
	2023	2022
Cash interest expense	\$ 43.0	\$ 44.0
Restructuring and transaction-related expenses paid in cash ^(a)	\$ 5.5	\$ 12.6
Integration costs and acquisition-related compensation paid in cash ^(b)	\$ 0.5	\$ 3.0

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

(b) Represents cash payments directly associated with integration activities for acquisitions and acquisition-related compensation, which includes transaction bonuses and retention awards. For the nine months ended September 30, 2023, these payments related to retention compensation from the Insent acquisition. For the nine months ended September 30, 2022, these payments related to retention awards from the acquisitions of Clickagy, Everstring, and Insent, and professional fees relating to integration projects.

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

Cash Flows from (used in) Investing Activities

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

Cash used in investing activities for the nine months ended September 30, 2022 was \$180.3 million, consisting of cash paid for acquisitions of \$143.7 million, purchases of short-term investments of \$40.7 million, purchases of property and equipment and other assets of \$22.5 million, partially offset by maturities of short-term investments of \$26.6 million.

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

Cash Flows from (used in) Financing Activities

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

Cash used in financing activities for the nine months ended September 30, 2022 was \$18.3 million, primarily comprised of payments of taxes related to net share settlement of equity awards of \$12.7 million, payments related to our tax receivable agreements of \$5.0 million, payments of deferred consideration of \$1.1 million, payments of issuance fees from prior transactions of \$0.7 million, partially offset by proceeds from exercise of stock options of \$1.2 million.

Refer to Note 8 - Financing Arrangements of our consolidated financial statements for additional information related to each of our borrowings.

Debt Obligations

As of September 30, 2023, the Company has a remaining balance of \$595.5 million with respect to its first lien term loans. The Company is obligated to make principal payments in the amount of 0.25% of the aggregate outstanding amount each quarter, with the remaining balance due at the contractual maturity date of February 28, 2030. As of September 30, 2023, the aggregate remaining balance of \$650.0 million of 3.875% Senior Notes is due, in its entirety, at the contractual maturity date of February 1, 2029. Interest on the Senior Notes is payable semi-annually in arrears beginning on August 1, 2021. The foregoing currently represent the only existing required future debt principal repayment obligations that will require future uses of the Company's cash.

The first lien term debt has a variable interest rate whereby the Company can elect to use a Base Rate or SOFR plus an applicable rate. The applicable rate is 1.75% for Base Rate loans or 2.75% for SOFR loans, plus a credit spread adjustment of 0.1%, depending on the Company's leverage. The first lien revolving credit facility, which had no amount outstanding as of September 30, 2023, has a variable interest rate whereby the Company can elect to use a Base Rate or SOFR plus an applicable rate. The applicable margin is 1.00% to 1.25% for Base Rate loans or 2.10% to 2.35% for SOFR loans, depending on the Company's leverage. The effective interest rate on the first lien debt was 8.30% and 7.38% as of September 30, 2023 and December 31, 2022, respectively.

Our total net leverage ratio to Adjusted EBITDA is defined as total contractual maturity of outstanding indebtedness less cash and cash equivalents, restricted cash, and short-term investments, divided by trailing twelve months Adjusted EBITDA. Adjusted EBITDA for the 12 months ended September 30, 2023 was \$518.2 million. Our total net leverage ratio to Adjusted EBITDA as of September 30, 2023 was 1.3x.

(\$ in millions, except leverage ratios)

Total contractual maturity of outstanding indebtedness	\$	1,245.5
Less: Cash and cash equivalents, restricted cash, and short-term investments		577.8
Net Debt	\$	667.7
Trailing Twelve Months (TTM) Adjusted EBITDA	\$	518.2
Total net leverage ratio to Adjusted EBITDA		1.3x

Our consolidated first lien net leverage ratio is defined in the agreement governing our existing first lien credit facilities (the “First Lien Credit Agreement”) as total contractual maturity of outstanding First Lien indebtedness less cash and cash equivalents and short-term investments, divided by trailing twelve months Cash EBITDA (defined as Consolidated EBITDA in our Credit Agreements). Cash EBITDA differs from Adjusted EBITDA due to certain defined add-backs, including cash generated from changes in unearned revenue; see table below for reconciliation. Cash EBITDA for the 12 months ended September 30, 2023 was \$542.0 million. Our consolidated first lien net leverage ratio as of September 30, 2023 was 0.1x.

(\$ in millions, except leverage ratios)

Total contractual maturity of First Lien indebtedness	\$	595.5
Less: Cash and cash equivalents, and short-term investments		567.9
Net Debt	\$	27.6
Trailing Twelve Months (TTM) Cash EBITDA	\$	542.0
Consolidated first lien net leverage ratio		0.1x

Our total net leverage ratio to Cash EBITDA (defined as Consolidated EBITDA in our Credit Agreements) is defined as total contractual maturity of outstanding indebtedness less cash and cash equivalents, restricted cash, and short-term investments, divided by trailing twelve months Cash EBITDA. Cash EBITDA for the 12 months ended September 30, 2023 was \$542.0 million. Our total net leverage ratio to Cash EBITDA as of September 30, 2023 was 1.2x.

(\$ in millions, except leverage ratios)

Total contractual maturity of outstanding indebtedness	\$	1,245.5
Less: Cash and cash equivalents, restricted cash, and short-term investments		577.8
Net Debt	\$	667.7
Trailing Twelve Months (TTM) Cash EBITDA	\$	542.0
Total net leverage ratio to Cash EBITDA		1.2x

<i>(in millions)</i>	Trailing Twelve Months as of September 30, 2023	
Net income	\$	136.0
Add: Expense from income taxes		145.2
Add: Interest expense, net		46.2
Add: Loss on debt modification and extinguishment		2.2
Add: Depreciation		19.2
Add: Amortization of acquired technology		41.9
Add: Amortization of other acquired intangibles		22.1
EBITDA	\$	412.8
Add (less): Other expense (income), net ^(a)		(88.5)
Add: Impact of fair value adjustments to acquired unearned revenue ^(b)		0.3
Add: Equity-based compensation expense		181.6
Add: Restructuring and transaction related expenses ^(c)		10.2
Add: Integration costs and acquisition-related expenses ^(d)		1.8
Adjusted EBITDA	\$	518.2
Add: Unearned revenue adjustment		21.5
Add (less): Cash rent adjustment		(0.4)
Add (less): Other lender adjustments		2.7
Cash EBITDA	\$	542.0

(a) Primarily represents revaluations on tax receivable agreement liability and foreign exchange remeasurement gains and losses.

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

(c) Represents costs directly associated with acquisition or disposal activities, including employee severance and termination benefits, contract termination fees and penalties, and other exit or disposal costs. For the trailing twelve months ended September 30, 2023, this expense related primarily to cost associated with a June 2023 reduction in force, impairment charges related to the Ra'anana office and other offices, and the 2021 and 2022 acquisitions.

(d) Represents costs directly associated with integration activities for acquisitions and acquisition-related compensation, which includes transaction bonuses and retention awards. For the trailing twelve months ended September 30, 2023, this expense related primarily to transition and retention payments pursuant to the 2021 and 2022 acquisitions. This expense is included in cost of service, sales and marketing expense, research and development expense, and general and administrative expense as follows:

<i>(in millions)</i>	Trailing Twelve Months as of September 30, 2023	
Cost of service	\$	—
Sales and marketing		—
Research and development		1.8
General and administrative		—
Total integration costs and acquisition-related compensation	\$	1.8

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

Tax Receivable Agreements

We have entered into two tax receivable agreements. We entered into (i) the Exchange Tax Receivable Agreement with certain Pre-IPO OpCo Unitholders and (ii) the Reorganization Tax Receivable Agreement with the Pre-IPO Blocker Holders. These tax receivable agreements provide for the payment by members of the ZoomInfo Tax Group to such Pre-IPO Owners and certain Pre-IPO HoldCo Unitholders of 85% of the benefits, if any, that the ZoomInfo Tax Group is deemed to realize (calculated using certain assumptions) as a result of certain tax attributes and benefits covered by the tax receivable agreements.

The tax attributes and benefits covered by the Exchange Tax Receivable Agreements include (i) the ZoomInfo Tax Group’s allocable share of existing tax basis acquired in the IPO and (ii) increases in the ZoomInfo Tax Group’s allocable share of existing tax basis and tax basis adjustments that will increase the tax basis of the tangible and intangible assets of the ZoomInfo Tax Group as a result of sales or exchanges of OpCo Units for shares of Common Stock after the IPO, and certain other tax benefits, including tax benefits attributable to payments under the Exchange Tax Receivable Agreement.

The tax attributes and benefits covered by the Reorganization Tax Receivable Agreement include certain tax attributes of the Blocker Companies (including the ZoomInfo Tax Group’s allocable share of existing tax basis acquired in the Reorganization Transactions), and certain other tax benefits, including tax benefits attributable to payments under the Reorganization Tax Receivable Agreement.

In each case, these increases in existing tax basis and tax basis adjustments generated over time may increase the ZoomInfo Tax Group’s depreciation and amortization deductions for tax purposes and, therefore, may reduce the amount of tax that the ZoomInfo Tax Group would otherwise be required to pay in the future, although the IRS may challenge all or part of the validity of that tax basis, and a court could sustain such a challenge.

The ZoomInfo Tax Group’s allocable share of existing tax basis acquired in the IPO and the increase in the ZoomInfo Tax Group’s allocable share of existing tax basis and the tax basis adjustments upon exchanges of OpCo Units for shares of Common Stock may also decrease gains (or increase losses) on future dispositions of certain capital assets to the extent tax basis is allocated to those capital assets. The ZoomInfo Tax Group expects to benefit from the remaining 15% of realized cash tax benefits.

For purposes of the tax receivable agreements, the realized cash tax benefits will be computed by comparing the actual income tax liability of the ZoomInfo Tax Group (calculated with certain assumptions) to the amount of such taxes that the ZoomInfo Tax Group would have been required to pay had the tax receivable agreements not been entered into and had there been no existing tax basis, no anticipated tax basis adjustments of the assets of the ZoomInfo Tax Group as a result of exchanges, and no utilization of certain tax attributes of the Blocker Companies (including the Blocker Companies' allocable share of existing tax basis). The term of each tax receivable agreement will continue until all such tax benefits have been utilized or expired, unless (i) ZoomInfo Tax Group exercises its right to terminate one or both tax receivable agreements for an amount based on the agreed payments remaining to be made under the agreement, (ii) ZoomInfo Tax Group breaches any of its material obligations under one or both tax receivable agreements in which case all obligations (including any additional interest due relating to any deferred payments) generally will be accelerated and due as if ZoomInfo Tax Group had exercised its right to terminate the tax receivable agreements, or (iii) there is a change of control of ZoomInfo Tax Group, in which case the Pre-IPO Owners may elect to receive an amount based on the agreed payments remaining to be made under the agreement determined as described above in clause (i). Estimating the amount of payments that may be made under the tax receivable agreements is by its nature imprecise, insofar as the calculation of amounts payable depends on a variety of factors. The amount of existing tax basis and the anticipated tax basis adjustments, as well as the amount and timing of any payments under the tax receivable agreements, will vary depending upon a number of factors, including our blended federal and state tax rate, the amount and timing of our income, and situations where no net benefit is received from the tax attributes.

We expect that as a result of the size of the ZoomInfo Tax Group's allocable share of existing tax basis acquired in the IPO, the increase in the ZoomInfo Tax Group's allocable share of existing tax basis and the tax basis adjustment of the tangible and intangible assets of the ZoomInfo Tax Group upon the exchange of OpCo Units for shares of Common Stock and our expected utilization of certain tax attributes, the payments that ZoomInfo Tax Group may make under the tax receivable agreements will be substantial. As of September 30, 2023, the Company had a liability of \$2,964.9 million related to its projected obligations under the Tax Receivable Agreements in connection with the Reorganization Transactions and OpCo Units. During the nine months ended September 30, 2023, no payment was made pursuant to the Tax Receivable Agreements. During the nine months ended September 30, 2022, we paid a total of \$5.0 million, pursuant to the Tax Receivable Agreements. The payments under the tax receivable agreements are not conditioned upon continued ownership of us by the exchanging holders of OpCo Units.

Share Repurchase Program

In March 2023, the Board of Directors authorized a program to repurchase up to \$100.0 million of the Company's Common Stock, and in July 2023, the Board approved an additional \$500.0 million of share repurchase authorization (collectively, the "Share Repurchase Program"). Under the Share Repurchase Program, shares of Common Stock may be repurchased from time to time through open market transactions in compliance with applicable securities laws. The timing, manner, price and amount of any repurchases, as well as the capital resources to fund the repurchases, are determined by the Company at its discretion and depend on a variety of factors, including legal requirements, price and economic and market conditions.

Contractual Obligations and Commitments

As of September 30, 2023, we had additional operating leases for office space that have not yet commenced with anticipated undiscounted future lease payments of \$293.6 million. Refer to Note 13 - Leases of the notes to our unaudited consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for further details.

Except as set forth above and in Note 11 - Commitments and Contingencies of the notes to our unaudited consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q, there have been no material changes outside of the ordinary course of business in the contractual obligations and commitments disclosed in our 2022 Form 10-K.

Critical Accounting Policies and Estimates

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

There have been no material changes to our critical accounting policies and estimates as compared to the critical accounting policies and estimates described under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Part II, Item 7 of our 2022 Form 10-K.

Recently Issued Accounting Pronouncements

Refer to Note 2 - Basis of Presentation and Summary of Significant Accounting Policies of our consolidated financial statements included in Part I, Item 1 of this Form 10-Q regarding recently issued accounting pronouncements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

Inflation

We do not believe that inflation has had a material direct effect on our business, financial condition, or results of operations. Our business, financial condition, or results of operations may be impacted by macroeconomic conditions, including underlying factors such as inflation. See “Risk Factors - Geopolitical Risks” in Part I, Item 1A of our 2022 Form 10-K for further discussion of the possible impact of these issues on our business. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset higher costs through price increases and our inability or failure to do so could potentially harm our business, financial condition, and results of operations.

Interest Rate Risk

Our operating results are subject to market risk from interest rate fluctuations on our first lien term loan, which bears a variable interest rate based on SOFR. As of September 30, 2023, the total principal balance outstanding was \$595.5 million. We have implemented a hedging strategy to mitigate the interest rate risk by entering into certain derivative instruments (refer to Note 8 - Financing Arrangements of our consolidated financial statements included in Part I, Item 1 of this Form 10-Q). Based on the outstanding balances and interest rates of our debt as of September 30, 2023, a hypothetical relative increase or decrease in our effective interest rate by 100 basis points or 1% would have caused an immaterial corresponding change over the next 12 months.

Additionally, from time to time, we have redesignated certain cash flow hedging relationships due to repricing of the terms and partial prepayment of the outstanding principal of our first lien term loan since loan inception. As of September 30, 2023, all cash flow hedging relationships are designated as accounting hedges.

Foreign Currency Exchange Rate Risk

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

To manage the foreign currency exchange rate risk and to reduce the volatility associated with the fluctuation of foreign currencies, we initiated an foreign currency hedging program this quarter. This program aims to mitigate potential adverse effects on our financial results from significant currency movements. As of September 30, 2023, our derivative financial instruments consisted of foreign currency forward contracts relating to our exposure to the Israeli shekel with a total notional value of \$13.3 million with maturities extending to December 2023.

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

Credit Risk

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

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer), of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Based on such evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective as of September 30, 2023 to provide reasonable assurance that information to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and such information is accumulated and communicated to management, including our principal executive and principal financial officers or persons performing similar functions, as appropriate to allow timely decisions regarding disclosure. Our disclosure controls and procedures were developed through a process in which our management applied its judgment in assessing the costs and benefits of such controls and procedures, which, by their nature, can provide only reasonable assurance regarding the control objectives. You should note that the design of any system of disclosure controls and procedures is based in part upon various assumptions about the likelihood of future events, and we cannot assure you that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

Changes in Internal Control Over Financial Reporting

We transitioned to a new accounting and financial reporting system, which replaced our existing accounting and financial reporting system. The go-live for this new system occurred the third quarter of 2023. Management evaluated the process changes as a result of the system implementation, and where needed, modified the design of and the testing for operating effectiveness of internal control over financial reporting. The modification to the design of and testing for operating effectiveness was specific to the new accounting and financial reporting system’s functionalities and features. We did not identify any previously unidentified risks or design gaps as a result of the system implementation. Testing for effectiveness of internal control over financial reporting is ongoing and will be completed by the fiscal year ended December 31, 2023, at which time, management will conclude on the operating effectiveness of the internal control over financial reporting under the new accounting and financial reporting system.

There have been no significant changes in our internal control over financial reporting during the quarter ended September 30, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, do not expect that our disclosure controls or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II - OTHER INFORMATION**ITEM 1. LEGAL PROCEEDINGS**

For a description of certain legal and regulatory proceedings, please read “Legal Matters” in Note 11 (Commitments and Contingencies) to our unaudited consolidated financial statements included in Part I, Item 1 of this Form 10-Q, which is incorporated herein by reference.

ITEM 1A. RISK FACTORS

We are subject to various risks that could have a material adverse impact on our financial position, results of operations or cash flows. Although it is not possible to predict or identify all such risks and uncertainties, they may include, but are not limited to, the factors discussed under “Risk Factors” in Part I, Item 1A of our 2022 Form 10-K. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our financial position, results of operations or cash flows. There have been no material changes to the risk factors included in our 2022 Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**Issuer Purchases of Equity Securities**

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

(\$ in millions, except average price per share)

Period	Total Number of Shares Purchased ⁽¹⁾	Weighted Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽²⁾	Maximum Number (or Approximate Dollar Value) of Shares that May Yet be Purchased Under the Plan or Programs
July 1 through July 31, 2023	—	\$ —	—	\$ 513.0
August 1 through August 31, 2023	8,408,022	\$ 18.18	8,400,000	\$ 360.4
September 1 through September 30, 2023	407,152	\$ 18.42	400,000	\$ 353.0
Total	8,815,174		8,800,000	

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

(2) In March 2023, the Board of Directors authorized a program to repurchase up to \$100.0 million of the Company’s Common Stock, and in July 2023, the Board approved an additional \$500.0 million of share repurchase authorization (collectively, the “Share Repurchase Program”). The Share Repurchase Program was announced on March 14, 202 and July 31, 2023. The Share Repurchase Program has no time limits and could be suspended or discontinued completely at any time.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Rule 10b5-1 Trading Plans

On July 5, 2023, Henry Schuck, Chief Executive Officer of the Company and a member of the board of directors, and a trust controlled by Mr. Schuck, terminated a Rule 10b5-1 trading plan, which plan was previously adopted on February 24, 2023 and intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act. The plan provided for the potential sale of up to 6,000,000 shares of Common Stock held by Mr. Schuck and up to 250,000 shares of Common Stock held by the trust between May 11, 2023 and November 11, 2023. Prior to its termination, Mr. Schuck and the trust sold 2,000,000 shares and 83,334 shares, respectively, under the plan.

On September 12, 2023, Chris Hays, then President and Chief Operating Officer of the Company, adopted a Rule 10b5-1 trading arrangement. The duration of the trading arrangement begins on December 12, 2023, and ends on June 1, 2024. The volume of sales will be determined, in part, based on pricing triggers outlined in the trading arrangement, with a maximum potential sale under the plan of 150,000 shares of Common Stock. Mr. Hays' trading arrangement was entered into during an open insider trading window and is intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act and the Company's policies regarding insider transactions.

Amended and Restated Bylaws

On October 25, 2023, in connection with the recent SEC rules regarding universal proxy cards, certain recent changes to the Delaware General Company Law (the "DGCL"), and a periodic review of the Company's bylaws, the Board adopted and approved amended and restated bylaws (the "Amended and Restated Bylaws"), effective immediately. Among other things, the amendments effected by the Amended and Restated Bylaws:

- Enhance procedural mechanics and disclosure requirements in connection with shareholder nominations of directors made in connection with annual and special meetings of shareholders by, including, without limitation:
 - Adding a requirement that any shareholder submitting a nomination notice make a representation as to whether such shareholder intends to engage in solicitations in accordance with Rule 14a-19 under the Exchange Act;
 - Providing that the number of nominees proposed by shareholders submitting a nomination notice may not exceed the number of directors to be elected at the relevant meeting of shareholders; and
 - Requiring additional disclosures from nominating shareholders or proposing persons, proposed nominees and, if the nominating or proposing shareholder is not a natural person, the natural person(s) associated with such shareholder responsible for the decision to propose the business or nomination.
- Modify the provisions relating to availability of lists of shareholders entitled to vote at shareholder meetings, in each case, to reflect recent amendments to the DGCL; and
- Make various other updates, including technical, ministerial and conforming changes related to recent amendments in the DGCL.

The foregoing summary of the amendments effected by the Amended and Restated Bylaws does not purport to be complete and is qualified in its entirety by reference to the complete text of the Amended and Restated Bylaws, which are filed as Exhibit 3.2 hereto and are incorporated herein by reference.

ITEM 6. EXHIBITS

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

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference
3.1	Second Amended and Restated Certificate of Incorporation of ZoomInfo Technologies Inc.	8-K filed May 19, 2022	001-39310	3.1
+3.2	Amended and Restated Bylaws of ZoomInfo Technologies Inc.			
4.1	Indenture, dated as of February 2, 2021, by and among ZoomInfo Technologies LLC, ZoomInfo Finance Corp., the guarantors named on the signature pages thereto, and Wells Fargo National Association, as trustee	8-K filed July 15, 2021	001-39310	4.1
4.2	Supplemental Indenture, dated as of July 15, 2021, by and among ZoomInfo Technologies LLC, ZoomInfo Finance Corp., the guarantors named on the signature pages thereto, and Wells Fargo National Association, as trustee	8-K filed July 15, 2021	001-39310	4.2
4.3	Form of 3.875% Senior Note due 2029 (included in Exhibit 4.1)	8-K filed July 15, 2021	001-39310	4.3
+31.1	Certification of Principal Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			
+31.2	Certification of Principal Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			
+32.1*	Certifications of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			
+101.INS	Inline XBRL Instance Document			
+101.SCH	Inline XBRL Taxonomy Extension Schema Document			
+101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document			
+101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document			
+101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document			
+101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document			
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)			

† Management contract or compensatory plan or arrangement.

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

SIGNATURES

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

ZOOMINFO TECHNOLOGIES INC.

By: /s/ P. Cameron Hyzer

Name: P. Cameron Hyzer

Title: Chief Financial Officer

(Principal Financial Officer and Authorized
Signatory)

Date: October 30, 2023

AMENDED AND RESTATED BYLAWS

OF

ZOOMINFO TECHNOLOGIES INC.**(EFFECTIVE AS OF OCTOBER 25, 2023)****ARTICLE I****Offices**

Section 1.01 Registered Office. The registered office and registered agent of ZoomInfo Technologies Inc. (the “Corporation”) in the State of Delaware shall be as set forth in the Certificate of Incorporation (as defined below). The Corporation may also have offices in such other places in the United States or elsewhere as the Board of Directors of the Corporation (the “Board of Directors”) may, from time to time, determine or as the business of the Corporation may require as determined by any officer of the Corporation.

ARTICLE II**Meetings of Stockholders**

Section 2.01 Annual Meetings. Annual meetings of stockholders may be held at such place, if any, either within or without the State of Delaware, and at such time and date as the Board of Directors shall determine and state in the notice of meeting. The Board of Directors may, in its sole discretion, determine that annual meetings of the stockholders shall not be held at any place, but may instead be held solely by means of remote communication as described in Section 2.11 of these Amended and Restated Bylaws (the “Bylaws”) in accordance with Section 211(a)(2) of the General Corporation Law of the State of Delaware (the “DGCL”). The Board of Directors may postpone, reschedule or cancel any annual meeting of stockholders previously scheduled by the Board of Directors.

Section 2.02 Special Meetings. Special meetings of the stockholders may only be called in the manner provided in the Corporation’s certificate of incorporation as then in effect (as the same may be amended and/or restated from time to time, the “Certificate of Incorporation”) and may be held at such place, if any, either within or without the State of Delaware, and at such time and date as the Board of Directors, the Chairman of the Board of Directors or the Chief Executive Officer of the Corporation (the “Chief Executive Officer”) shall determine and state in the notice of such meeting. The Board of Directors may, in its sole discretion, determine that special meetings of the stockholders shall not be held at any place, but may instead be held solely by means of remote communication as described in Section 2.11 of these Bylaws in accordance with Section 211(a)(2) of the DGCL. The Board of Directors may postpone, reschedule or cancel any special meeting of the stockholders previously scheduled by the Board of Directors, the Chairman of the Board of Directors or the Chief Executive Officer; *provided, however*, that with respect to any special meeting of stockholders previously scheduled by the Board of Directors or the Chairman of the Board of Directors at the request of a Sponsor (as defined in the Certificate of Incorporation), the Board of Directors shall not postpone, reschedule or cancel such special meeting without the prior written consent of such Sponsor.

Section 2.03 Notice of Stockholder Business and Nominations.

(1) Annual Meetings of Stockholders.

(a) Nominations of persons for election to the Board of Directors and the proposal of other business to be considered by the stockholders may be made at an annual meeting of stockholders only (a) as provided in the Stockholders Agreement (as defined in the Certificate of Incorporation) (with respect to nominations of persons for election to the Board of Directors only), (b) pursuant to the Corporation's notice of meeting (or any supplement thereto) delivered pursuant to Section 2.04 of these Bylaws, (c) by or at the direction of the Board of Directors or any authorized committee thereof or (d) by any stockholder of the Corporation who is entitled to vote at the meeting, who, subject to paragraph (C)(5) of this Section 2.03, complied with the notice procedures set forth in paragraphs (A)(2) and (A)(3) of this Section 2.03 and who was a stockholder of record at the time such notice is delivered to the Secretary of the Corporation.

(b) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (d) of paragraph (A)(1) of this Section 2.03, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation, and, in the case of business other than nominations of persons for election to the Board of Directors, such other business must constitute a proper matter for stockholder action. To be timely, a stockholder's notice shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation not less than ninety (90) days nor more than one hundred and twenty (120) days prior to the date of the first anniversary of the preceding year's annual meeting; *provided, however*, that in the event that the date of the annual meeting is advanced by more than thirty (30) days, or delayed by more than seventy (70) days, from the anniversary date of the previous year's meeting, or if no annual meeting was held in the preceding year, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the one hundred and twentieth (120th) day prior to such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting or the tenth (10th) day following the day on which public announcement (as defined below) of the date of such meeting is first made by the Corporation. The number of nominees a stockholder may nominate for election at the annual meeting (or in the case of a stockholder giving the notice on behalf of a beneficial owner, the number of nominees a stockholder may nominate for election on behalf of such beneficial owner) shall not exceed the number of directors to be elected at such meeting. Public announcement of an adjournment or postponement of an annual meeting shall not commence a new time period (or extend any time period) for the giving of a stockholder's notice. Notwithstanding anything in this Section 2.03(A)(2) to the contrary, if the number of directors to be elected to the Board of Directors at an annual meeting is increased after the time period for which nominations would otherwise be due under this Section 2.03 and there is no public announcement by the Corporation naming all of the nominees for director or specifying the size of the increased Board of Directors at least one hundred (100) calendar days prior to the first anniversary of the prior year's annual meeting of stockholders, then a stockholder's notice required by this Section 2.03 shall be considered timely, but only with respect to nominees for any new positions created by such increase, if it is received by the Secretary of the Corporation not later than the close of business on the tenth (10th) calendar day following the day on which such public announcement is first made by the Corporation.

(c) A stockholder's notice delivered pursuant to this Section 2.03 shall set forth: (a) as to each person whom the stockholder proposes to nominate for election or re-election as a director, all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Section 14(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder, including such person's written consent to being named as a nominee of the stockholder in a proxy statement and

accompanying proxy card relating to the meeting at which directors are to be elected and to serving as a director if elected; (b) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and, in the event that such business includes a proposal to amend these Bylaws, the language of the proposed amendment), the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; (c) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the Corporation's books and records, and of such beneficial owner, (ii) the class or series and number of shares of capital stock of the Corporation that are owned, directly or indirectly, beneficially and of record by such stockholder and such beneficial owner, (iii) a representation that the stockholder is a holder of record of the stock of the Corporation at the time of the giving of the notice, will be entitled to vote at such meeting and will appear in person or by proxy at the meeting to propose such business or nomination, (iv) a representation whether the stockholder or the beneficial owner, if any, will be or is part of a group that will engage in a solicitation with respect to such nomination or proposal and (x), in the case of a proposal of business other than nominations, deliver a proxy statement and/or form of proxy to holders of at least the percentage of the voting power of the Corporation's outstanding capital stock required to approve or adopt the proposal or (y) in the case of any solicitation that is subject to Rule 14a-19 of the Exchange Act, engage in such solicitation in accordance with Rule 14a-19 under the Exchange Act, (v) a certification regarding whether such stockholder and beneficial owner, if any, have complied with all applicable federal, state and other legal requirements in connection with the stockholder's and/or beneficial owner's acquisition of shares of capital stock or other securities of the Corporation and/or the stockholder's and/or beneficial owner's acts or omissions as a stockholder of the Corporation and (vi) any other information relating to such stockholder and beneficial owner, if any, required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in an election contest pursuant to and in accordance with Section 14(a) of the Exchange Act and the rules and regulations promulgated thereunder; (d) a description of any agreement, arrangement or understanding with respect to the nomination or proposal and/or the voting of shares of any class or series of stock of the Corporation between or among the stockholder giving the notice, the beneficial owner, if any, on whose behalf the nomination or proposal is made, any of their respective affiliates or associates and/or any others acting in concert with any of the foregoing (collectively, "proponent persons" and each, a "proponent person"); and (e) a description of any agreement, arrangement or understanding (including without limitation any contract to purchase or sell, acquisition or grant of any option, right or warrant to purchase or sell, swap or other instrument) to which any proponent person is a party, the intent or effect of which may be (i) to transfer to or from any proponent person, in whole or in part, any of the economic consequences of ownership of any security of the Corporation, (ii) to increase or decrease the voting power of any proponent person with respect to shares of any class or series of stock of the Corporation and/or (iii) to provide any proponent person, directly or indirectly, with the opportunity to profit or share in any profit derived from, or to otherwise benefit economically from, any increase or decrease in the value of any security of the Corporation. A stockholder providing notice of a proposed nomination for election to the Board of Directors or other business proposed to be brought before a meeting (whether given pursuant to this paragraph (A)(3) or paragraph (B) of this Section 2.03) shall update and supplement such notice from time to time to the extent necessary so that the information provided or required to be provided in such notice shall be true, correct and complete in all material respects (including disclosure of all material facts necessary to make the statements, made, in light of the circumstances under which they were made not misleading) (x) as of the record date for determining the stockholders entitled to notice of the meeting and (y) as of the date that is fifteen (15) days prior to the meeting or any adjournment or postponement thereof; *provided* that if the record date for determining the stockholders entitled to vote at the meeting is less than fifteen (15) days prior to the meeting or any adjournment or postponement thereof, the information shall be supplemented and updated as of such later date.

Any such update and supplement shall be delivered in writing to the Secretary of the Corporation at the principal executive offices of the Corporation not later than five (5) days after the record date for determining the stockholders entitled to notice of the meeting (in the case of any update and supplement required to be made as of the record date for determining the stockholders entitled to notice of the meeting), not later than ten (10) days prior to the date for the meeting or any adjournment or postponement thereof (in the case of any update or supplement required to be made as of fifteen (15) days prior to the meeting or adjournment or postponement thereof) and not later than five (5) days after the record date for determining the stockholders entitled to vote at the meeting, but no later than the day prior to the meeting or any adjournment or postponement thereof (in the case of any update and supplement required to be made as of a date less than fifteen (15) days prior to the date of the meeting or any adjournment or postponement thereof). In addition, if any stockholder provides notice of a proposed nomination for election to the Board pursuant to Rule 14a-19 under the Exchange Act, such stockholder shall deliver to the Corporation, no later than five (5) days prior to the applicable meeting, documentation reasonably satisfactory to the Corporation demonstrating that such stockholder has met the requirements of Rule 14a-19(a)(3) under the Exchange Act. The Corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as a director of the Corporation and to determine the independence of such director under the Exchange Act and rules and regulations thereunder and applicable stock exchange rules. In addition to the other requirements of this Section 2.03, each person whom a stockholder proposes to nominate for election to the Board of Directors must deliver in writing (in accordance with the time periods prescribed for delivery of notice under Section 2.03(A)(2) herein) to the Secretary of the Corporation at the principal executive offices of the Corporation (1) a completed written questionnaire signed by such proposed nominee with respect to the background, qualifications, stock ownership and independence of such proposed nominee (the form of which questionnaire shall be provided by the Secretary of the Corporation upon written request of any stockholder of record identified by name), and (2) a written representation and agreement (the form of which representation and agreement shall be provided by the Secretary of the Corporation upon written request of any stockholder of record identified by name) which shall be signed by such proposed nominee and pursuant to which such proposed nominee shall represent and agree that such proposed nominee (A) consents to serving as a director if elected and to being named in the Corporation's form of proxy and proxy statement as a nominee, and currently intends to serve as a director for the full term for which such person is standing for election, (B) is not and will not become a party to any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity (1) as to how such proposed nominee, if elected as a director of the Corporation, will act or vote on any issue or question that has not been disclosed to the Corporation or (2) that could limit or interfere with such proposed nominee's ability to comply, if elected as a director, with such person's fiduciary duties under applicable law, (C) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director or nominee that has not been disclosed to the Corporation, and (D) would be in compliance, if elected as a director of the Corporation, and will comply with, all applicable publicly disclosed corporate governance, code of conduct and ethics, conflict of interest, confidentiality, corporate opportunities, stock ownership, trading and any other policies and guidelines of the Corporation applicable to directors of the Corporation. In addition, the Board of Directors may require any proposed nominee to submit to interviews with the Board of Directors or any committee thereof, and such proposed nominee shall make himself or herself available for any such interviews within ten (10) days following any reasonable request therefor from the Board of Directors or any committee thereof. Refusal by a proposed nominee to participate in such interview will render the nomination ineffective for failure to satisfy the requirements of these Bylaws. The Board of Directors or any committee thereof may also require the proposed nominee to consent to and cooperate with a background screening conducted by a background screening company selected by the Board of Directors or any such committee thereof with experience in conducting background screenings of public company directors. Refusal by a proposed nominee to cooperate

with such a background screening will render the nomination ineffective for failure to satisfy the requirements of these Bylaws. For the avoidance of doubt, the obligation to update and supplement as set forth in this Section 2.03 or any other Section of these Bylaws shall not limit the Corporation's rights with respect to any deficiencies in any notice provided by a stockholder, extend any applicable deadlines hereunder or enable or be deemed to permit a stockholder who has previously submitted notice hereunder to amend or update any proposal or to submit any new proposal, including by changing or adding matters, business or resolutions proposed to be brought before a meeting of stockholders.

(d) If any proponent person or an individual nominated for election as a director is determined to have any direct or indirect interest that is or may reasonably be considered to be competitive or in conflict with the Corporation, or any affiliate or associate (each within the meaning of Rule 12b-2 under the Exchange Act, for purposes of these Bylaws) of the Corporation (a "Conflict"), no person nominated by any such proponent person in the case where such proponent person is so determined to have a Conflict, or any such individual nominated for election as a director in the case where only such nominee is so determined to have a Conflict, shall be qualified to serve as a director or be eligible to be nominated to serve as a director.

(e) Any stockholder directly or indirectly soliciting proxies from other stockholders must use a proxy card color other than white, which shall be reserved for the exclusive use by the Board of Directors.

(2) Special Meetings of Stockholders. Only such business (including the election of specific individuals to fill vacancies or newly created directorships on the Board of Directors) shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. At any time that stockholders are not prohibited from filling vacancies or newly created directorships on the Board of Directors, nominations of persons for the election to the Board of Directors to fill any vacancy or unfilled newly created directorship may be made at a special meeting of stockholders at which any proposal to fill any vacancy or unfilled newly created directorship is to be presented to the stockholders (1) as provided in the Stockholders Agreement, (2) by or at the direction of the Board of Directors or any committee thereof or (3) provided that the Board of Directors (or any Sponsor pursuant to Section 7.1 of the Certificate of Incorporation) has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who is entitled to vote at the meeting on such matters, who (subject to paragraph (C)(5) of this Section 2.03) complies with the notice procedures set forth in paragraphs (A)(2) and (A)(3) of this Section 2.03 and who is a stockholder of record at the time such notice is delivered to the Secretary of the Corporation. The number of nominees a stockholder may nominate for election at the special meeting (or in the case of a stockholder giving the notice on behalf of a beneficial owner, the number of nominees a stockholder may nominate for election at the special meeting on behalf of such beneficial owner) shall not exceed the number of directors to be elected at such special meeting. In the event the Corporation calls a special meeting of stockholders for the purpose of submitting a proposal to stockholders for the election of one or more directors to fill any vacancy or newly created directorship on the Board of Directors, any such stockholder entitled to vote on such matter may nominate a person or persons (as the case may be) for election to such position(s) as specified in the Corporation's notice of meeting if the stockholder's notice as required by paragraph (A)(2) of this Section 2.03 shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the one hundred and twentieth (120th) day prior to such special meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such special meeting or the tenth (10th) day following the day on which the Corporation first makes a public announcement of the date of the special meeting at which directors are to be elected. In no event shall the public announcement of an adjournment or postponement of a special meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

(3) General.

(a) Notwithstanding the foregoing provisions of this Section 2.03, unless otherwise required by law, if any stockholder or beneficial owner (a) provides notice pursuant to Rule 14a-19(b) under the Exchange Act with respect to any proposed nominee or includes the information required by Rule 14a-19(b) under the Exchange Act in a preliminary or definitive proxy statement previously filed by such stockholder and (b) subsequently fails to comply with any requirements of Rule 14a-19 under the Exchange Act or any other rules or regulations thereunder, including the provision to the Corporation of notices required thereunder in a timely manner (or fails to timely provide documentation reasonably satisfactory to the Corporation demonstrating that such stockholder has met the requirements of Rule 14a-19(a)(3) under the Exchange Act in accordance with Section 2.03(A)(3)), then the nomination of each such proposed nominee shall be disregarded, notwithstanding that the nominee is included as a nominee in the Corporation's notice of meeting and notwithstanding that proxies or votes in respect of the election of such proposed nominees may have been received by the Corporation (which proxies and votes shall be disregarded). In addition, any stockholder that provides notice of a proposed nomination for election to the Board of Directors pursuant to Rule 14a-19(b) under the Exchange Act or that includes the information required by Rule 14a-19(b) under the Exchange Act in a preliminary or definitive proxy statement previously filed by such stockholder shall notify the Secretary of the Corporation within two (2) days of any change in such stockholder's intent to deliver a proxy statement and form of proxy to the amount of holders of shares of the Company's outstanding capital stock required under Rule 14a-19 under the Exchange Act.

(b) Except as provided in paragraph (C)(5) of this Section 2.03, only such persons who are nominated in accordance with the procedures set forth in this Section 2.03 or the Stockholders Agreement shall be eligible to serve as directors and only such business shall be conducted at an annual or special meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 2.03. Except as otherwise provided by the DGCL, the Certificate of Incorporation or these Bylaws, the chairman of the meeting shall, in addition to making any other determination that may be appropriate for the conduct of the meeting, have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in these Bylaws and, if any proposed nomination or business is not in compliance with these Bylaws, to declare that such defective proposal or nomination shall be disregarded. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting by the chairman of the meeting. The Board of Directors may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the chairman of the meeting shall have the right and authority to convene and (for any or no reason) to recess and/or adjourn the meeting, to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chairman of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting, (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders entitled to vote at the meeting, their duly authorized and constituted proxies or such other persons as the chairman of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants and on shareholder approvals. Notwithstanding the foregoing provisions of this Section 2.03, unless otherwise required by the DGCL, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual or special meeting of stockholders of the Corporation to present a nomination or business, such nomination shall be disregarded and such proposed business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation. For purposes of this Section 2.03, to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders. Unless and to the extent determined by the Board of Directors or the chairman of the meeting, the meeting of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

(c) Whenever used in these Bylaws, “public announcement” shall mean disclosure (a) in a press release released by the Corporation, provided such press release is released by the Corporation following its customary procedures, is reported by the Dow Jones News Service, Associated Press or comparable national news service, or is generally available on internet news sites, or (b) in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act and the rules and regulations promulgated thereunder.

(d) Notwithstanding the foregoing provisions of this Section 2.03, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations promulgated thereunder with respect to the matters set forth in this Section 2.03; *provided, however*, that, to the fullest extent permitted by law, any references in these Bylaws to the Exchange Act or the rules and regulations promulgated thereunder are not intended to and shall not limit any requirements applicable to nominations or proposals as to any other business to be considered pursuant to these Bylaws (including paragraphs (A)(1)(d) and (B) of this Section 2.03), and compliance with paragraphs (A)(1)(d) and (B) of this Section 2.03 shall be the exclusive means for a stockholder to make nominations or submit other business. Nothing in these Bylaws shall be deemed to affect any rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect directors under specified circumstances.

(e) Notwithstanding anything to the contrary contained in this Section 2.03, for as long as the Stockholders Agreement remains in effect with respect to the Stockholder Parties (as defined in the Certificate of Incorporation), the Stockholder Parties (to the extent then subject to the Stockholders Agreement) shall not be subject to the notice procedures set forth in paragraphs (A)(2), (A)(3) or (B) of this Section 2.03 with respect to any annual or special meeting of stockholders.

Section 2.04 Notice of Meetings. Whenever stockholders are required or permitted to take any action at a meeting, a timely notice in writing or by electronic transmission, in the manner provided in Section 232 of the DGCL, of the meeting, which shall state the place, if any, date and time of the meeting, the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, the record date for determining the stockholders entitled to vote at the meeting, if such date is different from the record date for determining stockholders entitled to notice of the meeting, and, in the case of a special meeting, the purposes for which the meeting is called, shall be mailed to or transmitted electronically by the Secretary of the Corporation to each stockholder of record entitled to vote thereat as of the record date for determining the stockholders entitled to notice of the meeting. Unless otherwise provided by law, the Certificate of Incorporation or these Bylaws, the notice of any meeting shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting as of the record date for determining the stockholders entitled to notice of the meeting.

Section 2.05 Quorum. Unless otherwise required by law, the Certificate of Incorporation or the rules of any stock exchange upon which the Corporation's securities are listed, the holders of record of a majority of the voting power of the issued and outstanding shares of capital stock of the Corporation entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum for the transaction of business at all meetings of stockholders. Notwithstanding the foregoing, where a separate vote by a class or series or classes or series is required, a majority in voting power of the outstanding shares of such class or series or classes or series, present in person or represented by proxy, shall constitute a quorum entitled to take action with respect to the vote on that matter. Once a quorum is present to organize a meeting, it shall not be broken by the subsequent withdrawal of any stockholders.

Section 2.06 Voting. Except as otherwise provided by or pursuant to the provisions of the Certificate of Incorporation, each stockholder entitled to vote at any meeting of the stockholders shall be entitled to one vote for each share of stock held by such stockholder that has voting power upon the matters in question. Each stockholder entitled to vote at a meeting of stockholders or to express consent to corporate action without a meeting may authorize another person or persons to act for such stockholder by proxy in any manner provided under Section 212(c) of the DGCL or as otherwise provided under applicable law, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. A proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy that is not irrevocable by attending the meeting and voting in person or by delivering to the Secretary of the Corporation a revocation of the proxy or a new proxy bearing a later date. Unless required by the Certificate of Incorporation or applicable law, or determined by the chairman of the meeting to be advisable, the vote on any question need not be by ballot. On a vote by ballot, each ballot shall be signed by the stockholder voting, or by such stockholder's proxy, if there be such proxy. When a quorum is present or represented at any meeting, the vote of the holders of a majority of the voting power of the shares of stock present in person or represented by proxy and entitled to vote on the subject matter shall decide any question brought before such meeting, unless the question is one upon which, by express provision of applicable law, of the rules or regulations of any stock exchange applicable to the Corporation, of any regulation applicable to the Corporation or its securities, of the Certificate of Incorporation or of these Bylaws, a different vote is required, in which case such express provision shall govern and control the decision of such question. Notwithstanding the foregoing sentence and subject to the Certificate of Incorporation, all elections of directors shall be determined by a plurality of the votes cast in respect of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors.

Section 2.07 Chairman of Meetings. The Chairman of the Board of Directors, if one is elected, or, in his or her absence or disability, the Chief Executive Officer of the Corporation, or in the absence of the Chairman of the Board of Directors and the Chief Executive Officer, a person designated by the Board of Directors shall be the chairman of the meeting and, as such, preside at all meetings of the stockholders.

Section 2.08 Secretary of Meetings. The Secretary of the Corporation shall act as Secretary at all meetings of the stockholders. In the absence or disability of the Secretary, the Chairman of the Board of Directors or the Chief Executive Officer shall appoint a person to act as Secretary at such meetings.

Section 2.09 Consent of Stockholders in Lieu of Meeting. Any action required or permitted to be taken at any annual or special meeting of stockholders of the Corporation may be taken without a meeting, without prior notice and without a vote only to the extent permitted by and in the manner provided in the Certificate of Incorporation and in accordance with applicable law.

Section 2.10 Adjournment. At any meeting of stockholders of the Corporation, if less than a quorum be present, the chairman of the meeting or stockholders holding a majority in voting power of the shares of outstanding stock of the Corporation, present in person or by proxy and entitled to vote thereon, shall have the power to adjourn the meeting from time to time (including an adjournment taken to address a technical failure to convene or continue a meeting using remote communication) without notice if the time, place, if any, thereof, and the means of remote communications, if any, by which stockholders may be deemed to be present in person and vote at such adjourned meeting are (i) announced at the meeting at which the adjournment is taken, (ii) displayed, during the time scheduled for the meeting, on the same electronic network used to enable stockholders to participate in the meeting by means of remote communication or (iii) set forth in the notice of meeting. Any business may be transacted at the adjourned meeting that might have been transacted at the meeting originally noticed. If the adjournment is for more than thirty (30) days, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. If after the adjournment a new record date for determination of stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote at the adjourned meeting, and shall give notice of the adjourned meeting to each stockholder of record entitled to vote at such adjourned meeting as of the record date so fixed for notice of such adjourned meeting.

Section 2.11 Remote Communication. If authorized by the Board of Directors in its sole discretion, and subject to such guidelines and procedures as the Board of Directors may adopt, stockholders and proxy holders not physically present at a meeting of stockholders may, by means of remote communication:

(1) participate in a meeting of stockholders; and

(2) be deemed present in person and vote at a meeting of stockholders whether such meeting is to be held at a designated place or solely by means of remote communication;

provided, that

(a) the Corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxyholder;

(b) the Corporation shall implement reasonable measures to provide such stockholders and proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings; and

(c) if any stockholder or proxyholder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the Corporation.

Section 2.12 Inspectors of Election. The Corporation may, and shall if required by law, in advance of any meeting of stockholders, appoint one or more inspectors of election, who may be employees of the Corporation, to act at the meeting or any adjournment thereof and to make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. In the event that no inspector so appointed or designated is able to act at a meeting of stockholders, the chairman of the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath to execute faithfully the duties of inspector with strict impartiality and according to the best of his or her ability. The inspector or inspectors so appointed or designated shall (i) ascertain the number of shares of capital stock of the Corporation outstanding and the voting power of each such share, (ii) determine the shares of capital stock of the Corporation represented at the meeting and the validity of proxies and ballots, (iii) count all votes and ballots, (iv) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors and (v) certify their determination of the number of shares of capital stock of the Corporation represented at the meeting and such inspectors' count of all votes and ballots. Such certification and report shall specify such other information as may be required by law. In determining the validity and counting of proxies and ballots cast at any meeting of stockholders of the Corporation, the inspectors may consider such information as is permitted by applicable law. No person who is a candidate for an office at an election may serve as an inspector at such election.

Section 2.13 Delivery to the Corporation. Whenever this Article II requires one or more persons (including a record or beneficial owner of stock) to deliver a document or information to the Corporation or any officer, employee or agent thereof (including any notice, request, questionnaire, revocation, representation or other document or agreement), except as otherwise requested or consented to by the Corporation, such document or information shall be in writing exclusively (and not in an electronic transmission) and shall be delivered exclusively by hand (including, without limitation, overnight courier service) or by certified or registered mail, return receipt requested, and the Corporation shall not be required to accept delivery of any document not in such written form or so delivered. For the avoidance of doubt, the Corporation expressly opts out of Section 116 of the DGCL with respect to the delivery of information and documents to the Corporation required by this Article II.

ARTICLE III

Board of Directors

Section 3.01 Powers. Except as otherwise provided by the Certificate of Incorporation or the DGCL, the business and affairs of the Corporation shall be managed by or under the direction of its Board of Directors. The Board of Directors may exercise all such authority and powers of the Corporation and do all such lawful acts and things as are not by the DGCL or the Certificate of Incorporation directed or required to be exercised or done by the stockholders.

Section 3.02 Number and Term; Chairman. Subject to the Certificate of Incorporation, the number of directors shall be fixed exclusively by resolution of the Board of Directors. Directors shall be elected by the stockholders at their annual meeting, and the term of each director so elected shall be as set forth in the Certificate of Incorporation. Directors need not be stockholders. The Board of Directors shall elect from its ranks a Chairman of the Board of Directors, who shall have the powers and perform such duties as provided in these Bylaws and as the Board of Directors may from time to time prescribe. The Chairman of the Board of Directors shall preside at all meetings of the Board of Directors at which he or she is present. If the Chairman of the Board of Directors is not present at a meeting of the Board of Directors, the Chief Executive Officer (if the Chief Executive Officer is a director and is not also the Chairman of the Board of Directors) shall preside at such meeting, and, if the Chief Executive Officer is not present at such meeting or is not a director, a majority of the directors present at such meeting shall elect one (1) of their members to preside over such meeting.

Section 3.03 Resignations. Any director may resign at any time upon notice given in writing or by electronic transmission to the Board of Directors, the Chairman of the Board of Directors, the Chief Executive Officer or the Secretary of the Corporation. The resignation shall take effect at the time or upon the happening of any event specified therein, and if no specification is so made, at the time of its receipt. The acceptance of a resignation shall not be necessary to make it effective unless otherwise expressly provided in the resignation.

Section 3.04 Removal. Directors of the Corporation may be removed in the manner provided in the Certificate of Incorporation and applicable law.

Section 3.05 Vacancies and Newly Created Directorships. Except as otherwise provided by the DGCL and subject to the Stockholders Agreement, vacancies occurring in any directorship (whether by death, resignation, retirement, disqualification, removal or other cause) and newly created directorships resulting from any increase in the number of directors shall be filled in accordance with the Certificate of Incorporation. Any director elected to fill a vacancy or newly created directorship shall hold office until the next election of the class for which such director shall have been chosen and until his or her successor shall be elected and qualified, or until his or her earlier death, resignation, retirement, disqualification or removal.

Section 3.06 Meetings. Regular meetings of the Board of Directors may be held at such places and times as shall be determined from time to time by the Board of Directors. Special meetings of the Board of Directors may be called by the Chief Executive Officer of the Corporation or the Chairman of the Board of Directors, and shall be called by the Chief Executive Officer or the Secretary of the Corporation if directed by a majority of the directors then in office and shall be at such places and times as they or he or she shall fix. Notice need not be given of regular meetings of the Board of Directors. At least twenty four (24) hours before each special meeting of the Board of Directors, either written notice, notice by electronic transmission or oral notice (either in person or by telephone) notice of the time, date and place of the meeting shall be given to each director. Unless otherwise indicated in the notice thereof, any and all business may be transacted at a special meeting.

Section 3.07 Quorum, Voting and Adjournment. Except as otherwise provided by the DGCL, the Certificate of Incorporation or these Bylaws, a majority of the total number of directors shall constitute a quorum for the transaction of business. Except as otherwise provided by the DGCL, the Certificate of Incorporation or these Bylaws, the act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. In the absence of a quorum, a majority of the directors present thereat may adjourn such meeting to another time and place. Notice of such adjourned meeting need not be given if the time and place of such adjourned meeting are announced at the meeting so adjourned or are provided in any other manner permitted by the DGCL.

Section 3.08 Committees; Committee Rules. The Board of Directors may designate one or more committees, including but not limited to an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee, each such committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee to replace any absent or disqualified member at any meeting of the committee. Any such committee, to the extent provided in the resolution of the Board of Directors establishing such committee, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers that may require it; *provided* that no such committee shall have the power or authority in reference to the following matters: (a) approving or adopting, or recommending to the stockholders, any action or matter (other than the election or removal of directors) expressly required by the DGCL to be submitted to stockholders for approval or (b) adopting, amending or repealing any Bylaw of the Corporation. Each committee of the Board of Directors may fix its own rules of procedure and shall hold its meetings as provided by such rules, except as may otherwise be provided by a resolution of the Board of Directors designating such committee. Unless otherwise provided in such a resolution, the presence of at least a majority of the members of the committee shall be necessary to constitute a quorum unless the committee shall consist of one or two members, in which event one member shall constitute a quorum; and all matters shall be determined by a majority vote of the members present at a meeting of the committee at which a quorum is present. Unless otherwise provided in such a resolution, in the event that a member and that member's alternate, if alternates are designated by the Board of Directors, of such committee is or are absent or disqualified, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member.

Section 3.09 Action Without a Meeting. Unless otherwise restricted by the Certificate of Incorporation, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if all members of the Board of Directors or any committee thereof, as the case may be, consent thereto in writing or by electronic transmission. After an action is taken, the consent or consents, or electronic transmission or transmissions, relating thereto shall be filed in the minutes of proceedings of the Board of Directors in accordance with applicable law. Such filing shall be in paper form if the minutes are maintained in paper form or shall be in electronic form if the minutes are maintained in electronic form.

Section 3.10 Remote Meeting. Unless otherwise restricted by the Certificate of Incorporation, members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting by means of conference telephone or other communications equipment in which all persons participating in the meeting can hear each other. Participation in a meeting by means of conference telephone or other communications equipment shall constitute presence in person at such meeting.

Section 3.11 Compensation. The Board of Directors shall have the authority to fix the compensation, including fees and reimbursement of expenses, of directors for services to the Corporation in any capacity.

Section 3.12 Reliance on Books and Records. A member of the Board of Directors, or a member of any committee designated by the Board of Directors shall, in the performance of such person's duties, be fully protected in relying in good faith upon records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of the Corporation's officers or employees, or committees of the Board of Directors, or by any other person as to matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

ARTICLE IV

Officers

Section 4.01 Number. The officers of the Corporation shall include any officers required by the DGCL, each of whom shall be elected by the Board of Directors and who shall hold office for such terms as shall be determined by the Board of Directors and until their successors are elected and qualify or until their earlier resignation or removal. In addition, the Board of Directors may elect a Chief Executive Officer, a President, one or more Vice Presidents, including one or more Executive Vice Presidents, Senior Vice Presidents, a Treasurer and one or more Assistant Treasurers, a Secretary, one or more Assistant Secretaries and any other additional officers as the Board of Directors deems necessary or advisable, who shall hold their office for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors. Any number of offices may be held by the same person.

Section 4.02 Other Officers and Agents. The Board of Directors may appoint such other officers and agents as it deems advisable, who shall hold their office for such terms and shall exercise and perform such powers and duties as shall be determined from time to time by the Board of Directors.

Section 4.03 Chief Executive Officer/President. The Chief Executive Officer, who shall also be the President, subject to the determination of the Board of Directors, shall have general executive charge, management, and control of the properties and operations of the Corporation in the ordinary course of its business, with all such powers with respect to such properties and operations as may be reasonably incident to such responsibilities. If the Board of Directors has not elected a Chairman of the Board of Directors or in the absence or inability to act as the Chairman of the Board of Directors, the Chief Executive Officer shall exercise all of the powers and discharge all of the duties of the Chairman of the Board of Directors, but only if the Chief Executive Officer is a director of the Corporation.

Section 4.04 Vice Presidents. Each Vice President, if any are elected, of whom one or more may be designated an Executive Vice President or Senior Vice President, shall have such powers and shall perform such duties as shall be assigned to him or her by the Chief Executive Officer or the Board of Directors.

Section 4.05 Treasurer. The Treasurer shall have custody of the corporate funds, securities, evidences of indebtedness and other valuables of the Corporation and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation. The Treasurer shall deposit all moneys and other valuables in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors or its designees selected for such purposes. The Treasurer shall disburse the funds of the Corporation, taking proper vouchers therefor. The Treasurer shall render to the Chief Executive Officer and the Board of Directors, upon their request, a report of the financial condition of the Corporation. If required by the Board of Directors, the Treasurer shall give the Corporation a bond for the faithful discharge of his or her duties in such amount and with such surety as the Board of Directors shall prescribe.

In addition, the Treasurer shall have such further powers and perform such other duties incident to the office of Treasurer as from time to time are assigned to him or her by the Chief Executive Officer or the Board of Directors.

Section 4.06 Secretary. The Secretary shall: (a) cause minutes of all meetings of the stockholders and directors to be recorded and kept properly; (b) cause all notices required by these Bylaws or otherwise to be given properly; (c) see that the minute books, stock books, and other nonfinancial books, records and papers of the Corporation are kept properly; and (d) cause all reports, statements, returns, certificates and other documents to be prepared and filed when and as required. The Secretary shall have such further powers and perform such other duties as prescribed from time to time by the Chief Executive Officer or the Board of Directors.

Section 4.07 Assistant Treasurers and Assistant Secretaries. Each Assistant Treasurer and each Assistant Secretary, if any are elected, shall be vested with all the powers and shall perform all the duties of the Treasurer and Secretary, respectively, in the absence or disability of such officer, unless or until the Chief Executive Officer or the Board of Directors shall otherwise determine. In addition, Assistant Treasurers and Assistant Secretaries shall have such powers and shall perform such duties as shall be assigned to them by the Chief Executive Officer or the Board of Directors.

Section 4.08 Corporate Funds and Checks. The funds of the Corporation shall be kept in such depositories as shall from time to time be prescribed by the Board of Directors or its designees selected for such purposes. All checks or other orders for the payment of money shall be signed by the Chief Executive Officer, a Vice President, the Treasurer or the Secretary or such other person or agent as may from time to time be authorized and with such countersignature, if any, as may be required by the Board of Directors.

Section 4.09 Contracts and Other Documents. The Chief Executive Officer and the Secretary, or such other officer or officers as may from time to time be authorized by the Board of Directors or any other committee given specific authority in the premises by the Board of Directors during the intervals between the meetings of the Board of Directors, shall have power to sign and execute on behalf of the Corporation deeds, conveyances and contracts, and any and all other documents requiring execution by the Corporation.

Section 4.10 Ownership of Stock of Another Corporation. Unless otherwise directed by the Board of Directors, the Chief Executive Officer, a Vice President, the Treasurer or the Secretary, or such other officer or agent as shall be authorized by the Board of Directors, shall have the power and authority, on behalf of the Corporation, to attend and to vote at any meeting of securityholders of any entity in which the Corporation holds securities or equity interests and may exercise, on behalf of the Corporation, any and all of the rights and powers incident to the ownership of such securities or equity interests at any such meeting, including the authority to execute and deliver proxies and consents on behalf of the Corporation.

Section 4.11 Delegation of Duties. In the absence, disability or refusal of any officer to exercise and perform his or her duties, the Board of Directors may delegate to another officer such powers or duties.

Section 4.12 Resignation and Removal. Any officer of the Corporation may be removed from office for or without cause at any time by the Board of Directors. Any officer may resign at any time in the same manner prescribed under Section 3.03 of these Bylaws.

Section 4.13 Vacancies. The Board of Directors shall have the power to fill vacancies occurring in any office.

ARTICLE V

Stock

Section 5.01 Shares With Certificates. The shares of stock of the Corporation shall be represented by certificates, *provided* that the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of the Corporation's stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Every holder of stock in the Corporation represented by certificates shall be entitled to have a certificate signed by, or in the name of, the Corporation by any two authorized officers of the Corporation (it being understood that each of the Chairman of the Board of Directors, the Vice Chairman of the Board of Directors, Chief Executive Officer, President, Chief Financial Officer, a Vice President, the Treasurer, any Assistant Treasurer, the Secretary and any Assistant Secretary of the Corporation shall be an authorized officer for such purpose), certifying the number and class of shares of stock of the Corporation owned by such holder. Any or all of the signatures on the certificate may be a facsimile. The Board of Directors shall have the power to appoint one or more transfer agents and/or registrars for the transfer or registration of certificates of stock of any class, and may require stock certificates to be countersigned or registered by one or more of such transfer agents and/or registrars.

Section 5.02 Uncertificated Shares. If the Board of Directors chooses to issue uncertificated shares, within a reasonable time after the issue or transfer of uncertificated shares, the Corporation shall, if required by the DGCL, give a notice to the registered owner thereof containing the information required to be set forth or stated on stock certificates by the applicable provisions of the DGCL. The Corporation may adopt a system of issuance, recordation and transfer of its shares of stock by electronic or other means not involving the issuance of certificates, provided that the use of such system by the Corporation is permitted by applicable law.

Section 5.03 Transfer of Shares. Shares of stock of the Corporation shall be transferable upon its books by the holders thereof, in person or by their duly authorized attorneys or legal representatives, upon surrender to the Corporation by delivery thereof (to the extent evidenced by a physical stock certificate) to the person in charge of the stock and transfer books and ledgers. Certificates representing such shares, if any, shall be cancelled and new certificates, if the shares are to be certificated, shall thereupon be issued. Shares of capital stock of the Corporation that are not represented by a certificate shall be transferred in accordance with any procedures adopted by the Corporation or its agents and applicable law. A record shall be made of each transfer. Whenever any transfer of shares shall be made for collateral security, and not absolutely, it shall be so expressed in the entry of the transfer if, when the certificates are presented to the Corporation for transfer or uncertificated shares requested to be transferred, both the transferor and transferee request the Corporation do so. The Corporation shall have power and authority to make such rules and regulations as it may deem necessary or proper concerning the issue, transfer and registration of certificates representing shares of stock of the Corporation and uncertificated shares.

Section 5.04 Lost, Stolen, Destroyed or Mutilated Certificates. A new certificate of stock or uncertificated shares may be issued in the place of any certificate previously issued by the Corporation alleged to have been lost, stolen or destroyed, and the Corporation may, in its discretion, require the owner of such lost, stolen or destroyed certificate, or his or her legal representative, to give the Corporation a bond, in such sum as the Corporation may direct, in order to indemnify the Corporation against any claims that may be made against it in connection therewith. A new certificate or uncertificated shares of stock may be issued in the place of any certificate previously issued by the Corporation that has become mutilated upon the surrender by such owner of such mutilated certificate and, if required by the Corporation, the posting of a bond by such owner in an amount sufficient to indemnify the Corporation against any claim that may be made against it in connection therewith.

Section 5.05 List of Stockholders Entitled to Vote. The Corporation shall prepare, no later than the tenth (10th) day before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting (*provided, however*, if the record date for determining the stockholders entitled to vote is less than ten (10) days before the date of the meeting, the list shall reflect the stockholders entitled to vote as of the tenth (10th) day before the meeting date), arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Nothing in this Section 5.05 requires the Corporation to include the electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting for a period of ten (10) days ending on the day before the meeting date (a) on a reasonably accessible electronic network; *provided* that the information required to gain access to such list is provided with the notice of meeting or (b) during ordinary business hours at the principal place of business of the Corporation. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. Except as otherwise provided by the DGCL, the stock ledger shall be the only evidence as to who are the stockholders entitled to examine the list of stockholders required by this Section 5.05 or to vote in person or by proxy at any meeting of stockholders.

Section 5.06 Fixing Date for Determination of Stockholders of Record.

(i) In order that the Corporation may determine the stockholders entitled to notice of any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall, unless otherwise required by law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If the Board of Directors so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board of Directors determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; *provided, however*, that the Board of Directors may fix a new record date for determination of stockholders entitled to vote at the adjourned meeting, and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote in accordance herewith at the adjourned meeting.

(ii) In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall not be more than sixty (60) days prior to such action. If no such record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

(iii) Unless otherwise restricted by the Certificate of Incorporation, in order that the Corporation may determine the stockholders entitled to express consent to corporate action without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. If no record date for determining stockholders entitled to express consent to corporate action without a meeting is fixed by the Board of Directors, (i) when no prior action of the Board of Directors is required by law, the record date for such purpose shall be the first date on which a signed consent setting forth the action taken or proposed to be taken is delivered to the Corporation in accordance with applicable law, and (ii) if prior action by the Board of Directors is required by law, the record date for such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

Section 5.07 Registered Stockholders. Prior to the surrender to the Corporation of the certificate or certificates for a share or shares of stock or notification to the Corporation of the transfer of uncertificated shares with a request to record the transfer of such share or shares, the Corporation may treat the registered owner of such share or shares as the person entitled to receive dividends, to vote, to receive notifications and otherwise to exercise all the rights and powers of an owner of such share or shares. To the fullest extent permitted by law, the Corporation shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof.

ARTICLE VI

Notice and Waiver of Notice

Section 6.01 Notice. If mailed, notice to stockholders shall be deemed given when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the Corporation, and if given by any other form, including any form of electronic transmission, permitted by the DGCL, shall be deemed given as provided in the DGCL. Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders may be given by electronic transmission in the manner provided in Section 232 of the DGCL.

Section 6.02 Waiver of Notice. A written waiver of any notice, signed by a stockholder or director, or waiver by electronic transmission by such person, whether given before or after the time of the event for which notice is to be given, shall be deemed equivalent to the notice required to be given to such person. Neither the business nor the purpose of any meeting need be specified in such a waiver. Attendance at any meeting (in person or by remote communication) shall constitute waiver of notice except attendance for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened.

ARTICLE VII

Indemnification

Section 7.01 Right to Indemnification. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a “proceeding”), by reason of the fact that he or she is or was a director or an officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee, agent or trustee of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an “indemnatee”), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee, agent or trustee or in any other capacity while serving as a director, officer, employee, agent or trustee, shall be indemnified and held harmless by the Corporation to the fullest extent permitted by Delaware law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys’ fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) actually and reasonably incurred or suffered by such indemnatee in connection therewith; provided, however, that, except as provided in Section 7.03 of these Bylaws with respect to proceedings to enforce rights to indemnification or advancement of expenses or with respect to any compulsory counterclaim brought by such indemnatee, the Corporation shall indemnify any such indemnatee in connection with a proceeding (or part thereof) initiated by such indemnatee only if such proceeding (or part thereof) was authorized by the Board of Directors.

Any reference to an officer of the Corporation in this Article VII shall be deemed to refer exclusively to the Chief Executive Officer, President, Chief Financial Officer, General Counsel and Secretary of the Corporation appointed pursuant to Article IV of these Bylaws, and to any Vice President, Assistant Secretary, Assistant Treasurer or other officer of the Corporation appointed by the Board of Directors pursuant to Article IV of these Bylaws, and any reference to an officer of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise shall be deemed to refer exclusively to an officer appointed by the board of directors or equivalent governing body of such other entity pursuant to the certificate of incorporation and bylaws or equivalent organizational documents of such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise. The fact that any person who is or was an employee of the Corporation or an employee of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, but not an officer thereof as described in the preceding sentence, has been given or has used the title of “Vice President” or any other title that could be construed to suggest or imply that such person is or may be such an officer of the Corporation or of such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise shall not result in such person being constituted as, or being deemed to be, such an officer of the Corporation or of such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise for purposes of this Article VII.

Section 7.02 Right to Advancement of Expenses. In addition to the right to indemnification conferred in Section 7.01 of these Bylaws, an indemnitee shall also have the right to be paid by the Corporation the expenses (including attorney's fees) incurred in appearing at, participating in or defending any such proceeding in advance of its final disposition or in connection with a proceeding brought to establish or enforce a right to indemnification or advancement of expenses under this Article VII (which shall be governed by Section 7.03 of these Bylaws (hereinafter an "advancement of expenses"); *provided, however,* that, if the DGCL requires or in the case of an advance made in a proceeding brought to establish or enforce a right to indemnification or advancement, an advancement of expenses incurred by an indemnitee in his or her capacity as a director or officer of the Corporation (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made solely upon delivery to the Corporation of an undertaking (hereinafter an "undertaking"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "final adjudication") that such indemnitee is not entitled to be indemnified or entitled to advancement of expenses under Section 7.01 and Section 7.02 of these Bylaws or otherwise.

Section 7.03 Right of Indemnitee to Bring Suit. If a claim under Section 7.01 or Section 7.02 of these Bylaws is not paid in full by the Corporation within (i) sixty (60) days after a written claim for indemnification has been received by the Corporation or (ii) twenty (20) days after a claim for an advancement of expenses has been received by the Corporation, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim or to obtain advancement of expenses, as applicable. To the fullest extent permitted by law, if the indemnitee is successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the DGCL. Neither the failure of the Corporation (including by its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the DGCL, nor an actual determination by the Corporation (including by its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article VII or otherwise shall be on the Corporation.

Section 7.04 Indemnification Not Exclusive.

(1) The provision of indemnification to or the advancement of expenses and costs to any indemnitee under this Article VII, or the entitlement of any indemnitee to indemnification or advancement of expenses and costs under this Article VII, shall not limit or restrict in any way the power of the Corporation to indemnify or advance expenses and costs to such indemnitee in any other way permitted by law or be deemed exclusive of, or invalidate, any right to which any indemnitee seeking indemnification or advancement of expenses and costs may be entitled under any law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such indemnitee's capacity as an officer, director, employee or agent of the Corporation and as to action in any other capacity.

(2) Given that certain jointly indemnifiable claims (as defined below) may arise due to the service of the indemnitee as a director and/or officer of the Corporation and as a director, officer, employee or agent of one or more indemnitee-related entities (as defined below), the Corporation shall be fully and primarily responsible for the payment to the indemnitee in respect of indemnification or advancement of expenses in connection with any such jointly indemnifiable claims, pursuant to and in accordance with the terms of this Article VII, irrespective of any right of recovery the indemnitee may have from any indemnitee-related entity. Under no circumstance shall the Corporation be entitled to any right of subrogation or contribution by any indemnitee-related entity and no right of advancement or recovery the indemnitee may have from any indemnitee-related entity shall reduce or otherwise alter the rights of the indemnitee or the obligations of the Corporation hereunder. In the event that any indemnitee-related entity shall make any payment to the indemnitee in respect of indemnification or advancement of expenses with respect to any jointly indemnifiable claim, such indemnitee-related entity shall be subrogated to the extent of such payment to all of the rights of recovery of the indemnitee against the Corporation, and the indemnitee shall execute all papers reasonably required and shall do all things that may be reasonably necessary to secure such rights, including the execution of such documents as may be necessary to enable any indemnitee-related entity effectively to bring suit to enforce such rights. Each of the indemnitee-related entities shall be third-party beneficiaries with respect to this Section 7.04(B), entitled to enforce this Section 7.04(B).

For purposes of this Section 7.04(B), the following terms shall have the following meanings:

(a) The term "indemnitee-related entities" means any corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise (other than the Corporation or any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise for which the indemnitee has agreed, on behalf of the Corporation or at the Corporation's request, to serve as a director, officer, employee or agent and which service is covered by the indemnity described herein) from whom an indemnitee may be entitled to indemnification or advancement of expenses with respect to which, in whole or in part, the Corporation may also have an indemnification or advancement obligation (other than as a result of obligations under an insurance policy).

(b) The term "jointly indemnifiable claims" shall be broadly construed and shall include, without limitation, any action, suit or proceeding for which the indemnitee shall be entitled to indemnification or advancement of expenses from both an indemnitee-related entity and the Corporation pursuant to Delaware law, any agreement or certificate of incorporation, bylaws, partnership agreement, operating agreement, certificate of formation, certificate of limited partnership or comparable organizational documents of the Corporation or an indemnitee-related entity, as applicable.

Section 7.05 Nature of Rights. The rights conferred upon indemnitees in this Article VII shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be a director or officer and shall inure to the benefit of the indemnitee's heirs, executors and administrators. Any amendment, alteration or repeal of this Article VII that adversely affects any right of an indemnitee or its successors shall be prospective only and shall not limit, eliminate, or impair any such right with respect to any proceeding involving any occurrence or alleged occurrence of any action or omission to act that took place prior to such amendment or repeal.

Section 7.06 Insurance. The Corporation may purchase and maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL.

Section 7.07 Indemnification of Employees and Agents of the Corporation. The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Corporation to the fullest extent of the provisions of this Article VII with respect to the indemnification and advancement of expenses of directors and officers of the Corporation.

ARTICLE VIII

Miscellaneous

Section 8.01 Electronic Transmission, etc. For purposes of these Bylaws, the terms "electronic transmission," "electronic mail," and "electronic mail address," as used herein, shall have the meanings ascribed thereto in the DGCL.

Section 8.03 Corporate Seal. The Board of Directors may provide a suitable seal, containing the name of the Corporation, which seal shall be in the charge of the Secretary. If and when so directed by the Board of Directors or a committee thereof, duplicates of the seal may be kept and used by the Treasurer or by an Assistant Secretary or Assistant Treasurer.

Section 8.04 Fiscal Year. The fiscal year of the Corporation shall end on December 31, or such other day as the Board of Directors may designate.

Section 8.05 Section Headings. Section headings in these Bylaws are for convenience of reference only and shall not be given any substantive effect in limiting or otherwise construing any provision herein.

Section 8.06 Inconsistent Provisions. In the event that any provision of these Bylaws is or becomes inconsistent with any provision of the Certificate of Incorporation, the DGCL or any other applicable law, such provision of these Bylaws shall not be given any effect to the extent of such inconsistency but shall otherwise be given full force and effect.

ARTICLE IX

Amendments

Section 9.01 Amendments. The Board of Directors is expressly authorized to make, amend, alter, change, add to or repeal, in whole or in part, these Bylaws without the assent or vote of the stockholders in any manner not inconsistent with the laws of the State of Delaware or the Certificate of Incorporation. Notwithstanding any other provisions of these Bylaws or any provision of law that might otherwise permit a lesser vote of the stockholders, at any time when the Stockholder Parties beneficially own, in the aggregate, less than 50% of the total voting power of all the then outstanding shares of stock of the Corporation entitled to vote generally in the election of directors, in addition to any vote of the holders of any class or series of capital stock of the Corporation required by the Certificate of Incorporation (including any certificate of designation relating to any series of Preferred Stock (as defined in the Certificate of Incorporation)), these Bylaws or applicable law, the affirmative vote of the holders of at least 66 2/3% of the total voting power of all the then outstanding shares of stock of the Corporation entitled to vote thereon, voting together as a single class, shall be required in order for the stockholders of the Corporation to alter, amend, repeal or rescind, in whole or in part, any provision of these Bylaws (including, without limitation, this Section 9.01) or to adopt any provision inconsistent herewith.

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**Management Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Henry Schuck, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of ZoomInfo Technologies Inc.;
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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) 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
 - (d) 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: October 30, 2023

/s/ Henry Schuck

Henry Schuck

Chief Executive Officer

(Principal Executive Officer)

**Management Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, P. Cameron Hyzer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of ZoomInfo Technologies Inc.;
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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) 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
 - (d) 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: October 30, 2023

/s/ P. Cameron Hyzer

P. Cameron Hyzer

Chief Financial Officer

(Principal Financial Officer)

**Certification of CEO and CFO Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q of ZoomInfo Technologies Inc. (the "Company") for the quarterly period ended September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Henry Schuck, as Chief Executive Officer of the Company, and P. Cameron Hyzer, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

This certification shall not be deemed "filed" for any purpose, nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, regardless of any general incorporation language in such filing.

Date: October 30, 2023

/s/ Henry Schuck

Henry Schuck

Chief Executive Officer

(Principal Executive Officer)

/s/ P. Cameron Hyzer

P. Cameron Hyzer

Chief Financial Officer

(Principal Financial Officer)