UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

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

For the fiscal year ended December 31, 2021
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: 0-25965

ZIFF DAVIS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**47-1053457**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

114 5th Avenue, New York, New York 10011, (212) 503-3500
(Address and telephone number of principal executive offices)

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, $0.01 par value	ZD	Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ☐ No ☒

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," "small 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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

As of the last business day of the registrant's most recently completed second fiscal quarter, the approximate aggregate market value of the common stock held by non-affiliates, based upon the closing price of the common stock as quoted by the Nasdaq Global Select Market was $3,961,400,936. Shares of common stock held by executive officers, directors and holders of more than 5% of the outstanding common stock have been excluded. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of March 9, 2022, the registrant had 47,272,227 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the definitive Proxy Statement to be delivered to stockholders in connection with the Annual Meeting of Stockholders to be held May 10, 2022 are incorporated by reference into Part III of this Form 10-K.

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PART I

Item 1. Business

Overview

Ziff Davis, Inc., together with its subsidiaries (“Ziff Davis”, the “Company”, “our”, “us” or “we”), is a leading provider of internet information and services. Our Digital Media business specializes in the technology, shopping, entertainment, and health and wellness markets, offering content, tools and services to consumers and businesses. Our Cybersecurity and Martech business provides cloud-based subscription services to consumers and businesses including cybersecurity, privacy and marketing technology.

Our Digital Media business generates revenues from advertising and sponsorships, subscription and usage fees, performance marketing and licensing fees. Our Cybersecurity and Martech businesses generate revenues primarily from customer subscription and usage fees.

In addition to growing our business organically, on a regular basis we acquire businesses to grow our customer bases, expand and diversify our service offerings, enhance our technologies, acquire skilled personnel and enter into new markets.

Our consolidated revenues are currently generated primarily from two basic business models, each with different financial profiles and variability. Our Digital Media business is driven primarily by advertising revenues, has relatively higher sales and marketing expense and has seasonal strength in the fourth quarter. Our Cybersecurity and Martech business is driven primarily by subscription revenues, with relatively stable and predictable margins from quarter to quarter. We continue to pursue additional acquisitions, which may include companies operating under business models that differ from those we operate under today. Such acquisitions could impact our consolidated profit margins and the variability of our revenues.

In March 2022, Ziff Davis issued its first annual Environmental, Social & Governance (ESG) Report. Included in the report are the findings from our first GreenHouse Gas inventory, which calculates our Scope 1, 2, and 3 emissions. Our ESG efforts focus on five critical pillars: diversity, equity and inclusion; data security and data privacy; environmental sustainability; community engagement; and governance, transparency and accountability. The report highlights the policies, programs and practices Ziff Davis has in place to tackle critical challenges and the tangible results we have already achieved across our business, within our industry, and in our communities. Included in the report are details about several new programs including our Global Mentorship Program, ReStart Returnship Program, and Internal Mobility Program, among others.

Ziff Davis was incorporated in 2014 as a Delaware corporation through the creation of a holding company structure. Our Cybersecurity and Martech businesses are operated by our wholly owned subsidiary J2 Global Ventures, LLC. Prior to the spin-off of Consensus Cloud Solutions, Inc. (“Consensus”), our Cybersecurity and Martech businesses were operated by our former wholly owned subsidiary J2 Cloud Services, LLC (formerly J2 Cloud Services, Inc.), which was founded in 1995, and subsidiaries of J2 Cloud Services, LLC. On October 7, 2021 (the “Distribution Date”), the Company completed the previously announced separation (the “Separation”) of its cloud fax business into Consensus, an independent publicly traded company, and the Company transferred J2 Cloud Services, LLC to Consensus who in turn transferred non-fax assets and liabilities back to Ziff Davis such that Consensus was left with the cloud fax business. In connection with the Separation we changed our name to Ziff Davis, Inc. (“Ziff Davis”) from J2 Global, Inc. (for certain events prior to October 7, 2021, the Company may be referred to as J2 Global) and began trading under the stock symbol “ZD”. The Separation was achieved through the Company’s distribution of 80.1% of the shares of Consensus common stock to holders of Company common stock as of the close of business on October 1, 2021, the record date for the distribution. Before the Separation, we reported our results as Digital Media and Cloud Services. In connection with the Separation, we now refer to these segments as Digital Media and Cybersecurity and Martech, each of which is further described below.

Digital Media

Our Digital Media business operates a portfolio of web properties and apps which includes IGN, RetailMeNot, Mashable, PCMag, Humble Bundle, Speedtest, Offers, Black Friday, MedPageToday, Everyday Health, BabyCenter and What to Expect, among others. During 2021, our Digital Media web properties attracted approximately 8.5 billion web visits and 29.6 billion views.

Our properties provide trusted reviews of technology, shopping and entertainment products and services; news and commentary related to their vertical markets; professional networking tools, targeted emails and white papers for IT professionals; speed testing for internet and mobile network connections; online deals and discounts for consumers; news, interactive tools and mobile applications that enable consumers to manage a broad array of health and wellness needs on a daily basis, including medical conditions, pregnancy, diet and fitness; and news, tools and information for healthcare professionals to stay abreast of industry, legislative and regulatory developments across major medical specialties.

Our Digital Media business generates revenues from the sale of display and video advertising; customer clicks to online merchants as well as commissions on sales attributed to clicks to online merchants; business-to-business leads to IT vendors; the licensing of technology, data and other intellectual property to clients; and the sale of subscription services to consumers and businesses.

We believe competitive factors relating to attracting and retaining users include the ability to provide premium and exclusive content and the reach, effectiveness, and efficiency of our marketing services to attract consumers, advertisers, healthcare professionals and publishers. We continue to seek opportunities to acquire additional web properties, both within and outside of the technology, shopping, entertainment, and health and wellness verticals, with the goal of monetizing their audiences and content through application of our proprietary technologies and insight.

Web Properties

Our Digital Media properties and services include the following:

Technology

PCMag is an online resource for laboratory-based product reviews, technology news and buying guides. We operate one of the largest and oldest independent testing facilities for consumer technology products. Founded in 1984, our lab produces unbiased technology product and service reviews, and PCMag's "Editor's Choice" award is recognized globally as a trusted mark for buyers and sellers of technology products and services.

Mashable is a global media brand publishing premium content for individuals interested in technology and culture. Mashable is recognized as a trusted global brand and produces stories for more than a dozen platforms, including Snapchat, Twitter and Facebook.

Ookla provides customers fixed broadband and mobile network testing applications, data and analysis. Over ten million tests are actively initiated by consumers each day across all of Ookla's Speedtest platforms, with more than 40 billion completed to date. As a result, Ookla maintains comprehensive analytics on worldwide internet performance and accessibility. Ookla solutions have been adopted by a significant number of internet service providers and mobile carriers worldwide and have been translated into dozens of languages for use by thousands of businesses, governments, universities and trade organizations. Ookla also offers its customers connectivity monitoring, testing and insights under the RootMetrics, Solutelia and SpatialBuzz brands.

Ekahau provides solutions for enterprise wireless network design and troubleshooting. Customers run their networks with Ekahau's Wi-Fi planning and measurement solutions, which design and manage superior wireless networks by seeking to minimize network deployment time and establish sufficient wireless coverage across the network.

Downdetector offers real-time overviews of status information and outages for services and digital products that consumers use every day. Downdetector aims to track any service that its users consider vital to their everyday lives, including (but not limited to) internet providers, mobile providers, airlines, banks, public transport and other online services.

Spiceworks Ziff Davis B2B provides digital content for buyers of information technology (IT) products and services, allowing IT vendors to identify, reach and influence corporate IT decision makers who are actively researching specific IT purchases.

Shopping

RetailMeNot is a savings destination that influences consumer purchase decisions through savings and discount opportunities by connecting retail partners representing more than 150,000 national and international brands with consumer shopping audiences. RetailMeNot promotional media solutions include mobile coupons and codes, cash back offers and browser extensions.

Offers.com is a coupons & deals website featuring offers from more than 20,000 of the internet's more popular stores and brands. Offers.com's objective is to help consumers find the best deals on the web. Additionally, Offers.com employs a process to verify that its coupon codes work, saving consumers time and money.

BlackFriday.com, TheBlackFriday.com, BestBlackFriday.com and *DealsofAmerica.com* are resources for shoppers to find the best deals and offers from retailers during the height of the holiday shopping season.

Entertainment

IGN Entertainment is an internet media brand focused on the video game and entertainment enthusiast markets. IGN reaches more than 280 million monthly users across 28 platforms and is followed by nearly 50 million social and YouTube followers with 500 million minutes watched monthly.

HumbleBundle.com is a digital subscription and storefront for video games, ebooks, and software. Customers purchase monthly subscriptions, product bundles, and individual products through our website. In addition, raising money for charity is a core mission for Humble Bundle. Each product sale transaction at Humble Bundle results in a charitable contribution.

Health and Wellness

Everyday Health Group ("EHG") operates a portfolio of properties focused on driving better clinical and health outcomes through decision-making informed by highly relevant information, data and analytics. EHG is organized around three audiences: Health and Wellness Consumers, Pregnancy & Parenting, and Healthcare Professionals.

Health and Wellness Consumers

Consumer-focused properties include online content, news, interactive tools and applications designed to allow consumers to manage a broad array of health and wellness needs on a daily basis. *Everyday Health*, our flagship brand, is a broad-based health information portal that provides consumers with trusted and actionable health and wellness information intended to empower users to better manage their health and wellness.

Castle Connolly, a premier brand in healthcare provider research and rankings, publishes the renowned peer-reviewed Top Doctor series, including *America's Top Doctors*. At present, there are approximately 6%, or over 61,000, of U.S. physicians across all specialties who have been nominated by their peers and have had their credentials validated by Castle Connolly's research team.

EHG provides advertisers access to the Everyday Health Trusted Care Access Portfolio ("TCAP") of digital health properties. In addition to Everyday Health and other EHG-owned and operated consumer websites, including Diabetes Daily and Migraine Again, TCAP features digital properties of two of the most world-renowned medical centers, to which Everyday Health holds exclusive advertising representation rights.

Pregnancy & Parenting

BabyCenter is the leading global digital pregnancy and parenting resource. *BabyCenter* operates nine international versions in seven different languages delivered via websites, mobile apps and online communities. We also operate the digital properties for the *What to Expect* brand, a leading pregnancy and parenting media resource. Based on the best-selling pregnancy book, *What to Expect When You're Expecting*, by author Heidi Murkoff, the *What to Expect* website and mobile applications contain interactive content on conception planning and pregnancy, as well as information on raising newborns and toddlers.

Health and Wellness Professionals

For healthcare professionals, we provide digital content that enables healthcare professionals to stay abreast of clinical, industry, legislative and regulatory developments across all major medical specialties. Our flagship professional property, *MedPage Today*, delivers daily breaking medical news across all major medical specialties and major public policy developments from Washington D.C. *MedPage Today* coordinates with leading researchers, clinicians and academic medical centers to aid in gathering in-depth information for its coverage. *MedPage Today's* excellence has been recognized with awards from the American Society of Healthcare Business Editors, the National Institute for Healthcare Management, the eHealthcare Leadership Awards, the Medical Marketing and Media Awards and the Web Health Awards. Additionally, *MedPage Today* was named as a finalist for the Jesse M. Neal Award and the Gerald M. Loeb Award.

PRIME Education provides accredited continuing medical education ("CME") and continuing education ("CE") programs to healthcare professionals. PRIME is nationally recognized for its healthcare outcomes research and its conduct of research-informed and other CME and CE programs in various therapeutic areas. For two of the last four years, PRIME has been honored by the Alliance for Continuing Education in the Health Professions as winner of the William Campbell Felch Award for Outstanding Research in Continuing Education ("CE").

Health eCareers provides a digital portal to connect physicians, nurses, nurse practitioners, physician assistants and certified registered nurse anesthetists with jobs in every medical specialty. *Health eCareers* contracts with thousands of healthcare employers across the United States and an exclusive network of premier healthcare associations and community partners seeking connections to qualified healthcare professionals to fill open positions.

Subscriptions

We primarily offer subscription and licensing services to businesses for Speedtest Intelligence, which offers up-to-date insights into global fixed broadband and mobile performance data, as well as monthly subscription packages to consumers through Humble Bundle.

Display and Video Advertising

We sell online display and video advertising on our owned-and-operated web properties and on third party sites.

We have contractual arrangements with advertisers either directly or through agencies. The terms of these contracts specify the price of the advertising to be sold and the volume of advertisements that will be served over the course of a campaign.

In addition to the contracts with advertisers and agencies, we have contractual arrangements with certain third party websites not owned by us and third party advertising networks to deliver online display and video advertising to their websites or to third-party sites.

Performance Marketing

We generate business-to-business leads for IT vendors through the marketing of content, including white papers and webinars, and offer additional lead qualification and nurturing services. On the consumer side, we generate clicks to online merchants by promoting deals and discounts on our web properties.

Licensing

We license our proprietary technology, data and intellectual property to third parties for various purposes. For instance, we will license the right to use PCMag's "Editors' Choice" logo and other copyrighted editorial content to businesses whose products have earned such distinction.

Competition

Competition in the digital media space is fierce and continues to intensify.

Our digital media business competes with (i) diversified internet and digital media companies like IAC/InterActiveCorp, Future PLC, Red Ventures, Internet Brands, (ii) vertical-specific digital media companies like GoodRx, TechTarget, Vox, Centerfield, Doximity, CarGurus and Fandom and (iii) other large sellers of advertising including Google, Facebook, Snap, Twitch and others. We believe that the primary competitive factors determining our success in the market for our digital media include the reputation of brands as trusted sources of objective information and our ability to attract internet users and advertisers to our web properties and our expertise in multiple methods of monetization. Some of these companies may have greater financial and other resources than we do.

For more information regarding the competition that we face, please refer to the section entitled Risk Factors contained in Item 1A of this Annual Report on Form 10-K.

Cybersecurity and Martech

Consumers and businesses of all sizes are increasingly subscribing to cloud-based services to meet their communication, messaging, security, privacy, customer marketing and other needs. Our Cybersecurity and Martech services represent a model for delivering and consuming, real time business technology services, resources and solutions over the internet. Their goal is to reduce or eliminate costs, increase sales and enhance productivity, mobility, business continuity and security. Our VIPRE security and Inspired eLearning cybersecurity solutions protect our customers from cyber threats with endpoint and email security, threat intelligence and security awareness training. IPVanish provides virtual private networks that encrypt our customers' data and activity on the internet. Livedrive enables our customers to securely back up their data and dispose of tape or other physical systems. SEOMoz, Kickbox, Campaigner, iContact, and SMTP provide our customers with search engine optimization tools and enhanced email marketing and delivery solutions. eVoice and Line2 provide our customers a virtual phone system with various available enhancements. We believe these services represent more efficient and less expensive solutions than many existing alternatives, and provide increased security, privacy, flexibility and mobility.

We generate substantially all of our Cybersecurity and Martech revenues from "fixed" subscription revenues for basic customer subscriptions and, to a lesser extent, "variable" usage revenues generated from actual usage by our subscribers.

We market our Cybersecurity and Martech offerings to a broad spectrum of prospective business customers including sole proprietors, small to medium-sized businesses, enterprises and government organizations. We also market our Cybersecurity and Martech offerings to consumers. Our marketing efforts include enhancing brand awareness; utilizing online advertising, search engines and affiliate programs; selling through both a telesales and direct sales force; and working with resellers and other channel partners. We continuously seek to extend the number of distribution channels through which we acquire paying customers and improve the cost and volume of customers obtained through our current channels.

Our Cybersecurity and Martech businesses operate as the VIPRE Security Group and the Moz Group, respectively.

VIPRE Security Group

VIPRE software solutions protect people and businesses from costly and malicious cyber threats. VIPRE offerings include comprehensive endpoint and email security, along with threat intelligence for real-time malware analysis.

Inspired eLearning's SaaS platform for cybersecurity awareness and compliance training helps enterprises protect their organizations by reducing human-related cybersecurity and workplace incidents.

IPVanish offers one of the fastest virtual private network services in the industry. The IPVanish network spans over 2,000 servers across more than 75 locations around the world, enabling users to browse the internet securely and anonymously, without restriction.

SugarSync provides online file backup, synchronization and sharing of all of a customer's documents, photos, music and movies across all of the customer's computers and mobile devices.

LiveDrive provides online backup and sync storage features for professionals and individuals. The customers can access their files from anywhere at any time so long as they have access to the internet.

Moz Group

Campaigner, *iContact* and *Kickbox* provide email marketing solutions to help small, medium and large businesses strengthen customer relationships and drive sales, and offer professional email campaign creation, advanced list management, segmentation and verification tools, marketing automation, attribution reports and campaign tracking, and targeted email autoresponders and workflows.

eVoice is a virtual phone system that provides small and medium-sized businesses on-demand voice communications services. Customers can assign departmental and individual extensions that can connect to multiple numbers, including land-line and mobile phones and IP networks, and can enhance reachability through "find me/follow me" capabilities. These services also include advanced integrated voicemail for each extension.

Line2 is a cloud phone service which allows users to add a 2nd line to a mobile device. Line2 enables users to separate work and personal calls on a single device and includes standard business phone service features such as SMS, MMS, auto attendant, call routing, call forwarding, voicemail, call queue, toll-free and vanity numbers.

Moz Pro, Moz Local and *Stat Analytics* offer search engine optimization services that are used to help understand and improve traffic, rankings and visibility in search results.

Competition

Our Cybersecurity and Martech business faces competition from, among others, email marketing solution providers, marketing automation services, cyber security software and service vendors, and virtual private networks. Our online cybersecurity solutions compete against publicly traded and privately-held providers of cybersecurity solutions and related software, such as NortonLifeLock, Kape Technologies, KnowBe4 and Malwarebytes. Our marketing technology solutions compete directly with various providers of search engine optimization technology and communication platforms that provide email and voice-related services to small- and medium-sized businesses, including companies like SEMRush, MailChimp, The Campaign Monitor group, Constant Contact and Dialpad. Our Cybersecurity and Martech business also competes against diversified and acquisitive vertical market software providers like Constellation Software. Some of these companies may have greater financial and other resources than we do.

We believe that the primary competitive factors determining our success in the market for our Cybersecurity and Martech include financial strength and stability; pricing; reputation for reliability and security of service; intellectual property ownership; effectiveness of customer support; sign-up, service and software ease-of-use; service scalability; customer messaging and branding; geographic coverage; scope of services; currency and payment method acceptance; and local language sales, messaging and support.

For more information regarding the competition that we face, please refer to the section entitled Risk Factors contained in Item 1A of this Annual Report on Form 10-K.

Patents and Proprietary Rights

We regard the protection of our intellectual property rights as important to our success. We aggressively protect these rights by relying on a combination of patents, trademarks, copyrights, trade dress and trade secrets. We also enter into confidentiality and intellectual property assignment agreements with employees and contractors, and nondisclosure agreements with parties with whom we conduct business in order to limit access to and disclosure of our proprietary information.

Through a combination of internal technology development and acquisitions, we have built a portfolio of numerous U.S. and foreign patents. We intend to continue to invest in patents, to aggressively protect our patent assets from unauthorized use and to generate patent licensing revenues from authorized users.

We have generated royalties from licensing certain of our patents and have enforced certain patents against companies using our patented technology without our permission.

We seek patents for inventions that may contribute to our business or technology sector. In addition, we have multiple pending U.S. and foreign patent applications, covering components of our technology and in some cases technologies beyond those that we currently offer. Unless and until patents are issued on the pending applications, no patent rights can be enforced.

We have obtained patent licenses for certain technologies where such licenses are necessary or advantageous.

We own and use a number of trademarks in connection with our services, including word and/or logo trademarks for IGN, Everyday Health, BabyCenter, Humble Bundle, PCMag, Mashable, Ookla, Speedtest, and RetailMeNot, among others. Many of these trademarks are registered worldwide, and numerous trademark applications are pending around the world. We hold numerous internet domain names, including "everydayhealth.com", "retailmenot.com", "pcmag.com", "ign.com", "speedtest.net", "offers.com", "humblebundle.com", "mashable.com", and "babycenter.com", among others. We have filed to protect our rights to our brands in certain alternative top-level domains such as ".org", ".net", ".biz", ".info" and ".us", among others.

Like other technology-based businesses, we face the risk that we will be unable to protect our intellectual property and other proprietary rights, and the risk that we will be found to have infringed the proprietary rights of others. For more information regarding these risks, please refer to the section entitled Risk Factors contained in Item 1A of this Annual Report on Form 10-K.

Government Regulation

We are subject to a number of foreign and domestic laws and regulations that affect companies conducting business over the internet and, in some cases, using services of third-party telecommunications and internet service providers. These include, among others, laws and regulations addressing privacy, data storage, retention and security, freedom of expression, content, taxation, numbers, advertising and intellectual property. With respect to most of our business, we are not a regulated telecommunications provider in the U.S. For information about the risks we face with respect to governmental regulation, please see Item 1A of this Annual Report on Form 10-K entitled Risk Factors.

Seasonality

Revenues associated with our Digital Media operations are subject to seasonal fluctuations, becoming most active during the fourth quarter holiday period due to increased retail activity. Our Cybersecurity and Martech revenues are impacted by the number of effective business days in a given period. We traditionally experience lower than average Cybersecurity and Martech usage and customer sign-ups in the fourth quarter.

Research and Development

The markets for our services are evolving rapidly, requiring ongoing expenditures for research and development and timely introduction of new services and service enhancements. Our future success will depend, in part, on our ability to enhance our current services, to respond effectively to technological changes, attract and retain engineering talent, sell additional services to our existing customer base and introduce new services and technologies that address the increasingly sophisticated needs of our customers.

We devote significant resources to develop new services and service enhancements. Our research, development and engineering expenditures were $78.9 million, $57.1 million and $44.7 million for the fiscal years ended December 31, 2021, 2020 and 2019, respectively. For more information regarding the technological risks that we face, please refer to the section entitled Risk Factors contained in Item 1A of this Annual Report on Form 10-K.

Human Capital Resources

As of December 31, 2021, we had approximately 4,900 employees, nearly evenly split between U.S. and non-U.S based employees. Our ability to continue to attract, retain and motivate our highly qualified workforce is very important to our continued success. Approximately 70 of the editorial employees in our Digital Media business have elected to join a union. We chose to voluntarily recognize the union and have negotiated a collective bargaining agreement with the union. None of our other employees are represented by collective bargaining.

Acquisition Strategy Impact on Human Capital

Since 2012, we have deployed more than $2.8 billion on more than 80 acquisitions across the globe in a variety of verticals within the internet and software categories. Welcoming and integrating new groups of employees - each group with its own unique culture, organizational norms, and expectations - is a strength of ours. We have developed processes to reduce the human capital risk associated with our acquisition strategy, and we believe that our ability to effectively integrate new employees and businesses is a core competency for Ziff Davis.

Our Culture

Culture at Ziff Davis operates on two levels. While we have a strong enterprise-wide culture that focuses on our core values – leadership, collaboration, efficiency, innovation, and purpose – we also have a strong network of micro-cultures that operate within many of our businesses and drive their success. Integrating those micro-cultures and values is important; we work hard to foster an environment of collaboration and embrace the power of small groups working together.

An important dimension of the enterprise culture at Ziff Davis stems from our belief that profitability and corporate responsibility go hand in hand. We believe that "Doing is Greater than Talking," which has been a rallying cry to employees, galvanizing them to take action to create social value and impact.

With their work and many contributions, our employees play a crucial role in supporting Ziff Davis's "Five Pillars of Purpose," which today include:

Diversity, Equity & Inclusion - Reinforce our diverse workforce, reflect our diverse audiences, and extend upon our inclusive culture.

Data - Protect our data and customer data, ensure our product security, and respect the data privacy rights of our users.

Environmental Sustainability - Reduce our environmental footprint and continue helping customers and users reduce their footprint.

Community - Support our employees worldwide and positively impact the communities around us.

Governance - Represent shareholders' best interests with our rigorous and transparent corporate governance structure.

Diversity, Equity & Inclusion

Our digital media audiences and Cybersecurity and Martech services users are diverse – gender, race, ethnicity, age, orientation, geography, education, background, interests, and more. We believe that for our business to succeed over the long term, Ziff Davis must have an inclusive corporate culture that embraces diversity and promotes equity across our enterprise.

We are taking steps to promote that culture. To date, we have:

- created Ziff Davis Council, a diverse group of employees that develops recommendations for recruiting, mentorship, and advancement;
- supported five Employee Resource Groups to increase opportunities for networking, learning, and development, with more groups to come;
- promoted training and education through our Racism in America speaker series and through expanded mandatory training that includes Managing Bias and Diversity & Inclusion; and
- introduced DEI targets into our executive compensation program beginning in 2021.

We believe that transparency and accountability are important parts of managing human capital risk. To that end, in 2021 we published our second Annual Diversity Report, available on our website, which details our workforce race representation, gender representation, and details how those differ between our overall workforce and our senior employees, as well as introducing commitments to DEI initiatives within our current and future workforce. We are proud of our progress to date – and we recognize we have much more to do.

Hiring

We reinforce our culture and our values by seeking out diverse candidates, and looking for candidates that fit well with our organizational priorities. We have had success in this area; 37 percent of all recent new hires have been people of color, and 57 percent of recent new hires in the U.S. have been women. We are working to proactively attract more diverse talent; we have doubled our referral bonus paid to employees when we hire a person of color they recommend, and we are partnering with Jopwell and the Professional Diversity Network to advertise our open roles to employees aligning with a multitude of identity groups.

Employee Compensation & Benefits

Compensation is an important consideration for all of our employees and we strive to pay competitive compensation packages that reflect the success of the business and the individual contributions of each colleague. We are committed to fair pay practices; roles are periodically benchmarked to help inform where adjustments may be needed.

We care for our employees by providing benefits we believe are effective at attracting and retaining the talent critical for our success and, more importantly, assist in their day to day well-being. Those benefits include comprehensive health insurance coverage and covering 83% of health insurance premiums for covered U.S. employees, an employee stock purchase program, flexible time off, free access to telemedicine, up to 16 weeks of paid parental leave for birth parents, family planning support, 16 hours annually of fully paid Volunteer Time Off, partnering with Benevity to support volunteer event opportunities globally, and a program encouraging personal paths to wellness called “Wellness Your Way.”

Wellbeing

Creating a culture where all colleagues feel supported and valued is paramount to our corporate mission. The ongoing COVID-19 pandemic has led to unique challenges, and we are striving to ensure the health, safety and general well-being of our colleagues. In 2020, we introduced a mental health education program which continued with quarterly events throughout 2021. We continue to evolve our programs to meet our colleagues’ health and wellness needs, which we believe is essential to attract and retain employees of the highest caliber, and we offer a competitive benefits package focused on fostering work/life integration.

Available Information

We file Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) with the Securities and Exchange Commission (the “SEC”). Such reports and other information and amendments thereto filed or furnished by the Company with the SEC are available free of charge on the Company’s website at www.ziffdavis.com as soon as reasonably practicable after we file such reports with, or furnish them to, the SEC’s website. The information on our website is not part of this report. The SEC maintains an internet site that contains reports, proxy and information statements and other information regarding our filings we file electronically with the SEC at www.sec.gov. Our Board has adopted a Code of Business Conduct and Ethics that applies to all of our directors and employees. The Code is posted on the corporate governance page of Ziff Davis’s website, and can be accessed at http://investor.ziffdavis.com. Any changes to or waiver of our Code of Business Conduct and Ethics for senior financial officers, executive officers or directors will be posted on that website.

Item 1A. Risk Factors

Before deciding to invest in Ziff Davis or to maintain or increase your investment, you should carefully consider the risks described below in addition to the other cautionary statements and risks described elsewhere in this Annual Report on Form 10-K and our other filings with the SEC, including our subsequent reports on Forms 10-Q and 8-K. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may affect our business. If any of these known or unknown risks or uncertainties actually occurs, our business, prospects, financial condition, operating results and cash flows could be materially adversely affected. In that event, the market price of our common stock will likely decline and you may lose part or all of your investment.

Risk Factors Summary

The following is a summary of the principal risks that could adversely affect our business, operations and financial results.

Risks Related To Our Business

- Acquisitions and investments in our business play a significant role in our growth.
- Acquisitions may disrupt our operations and harm our operating results.
- The majority of our revenue within the Digital Media business is derived from short-term advertising arrangements, and our Digital Media business may lose or be unable to attract advertisers if it cannot develop, commission or acquire compelling content, if it cannot attract users to mobile offerings or if advertisers' marketing budgets are cut or reduced.
- We face risks associated with system failures, security breaches and other technological issues.
- We face risks associated with changes in our tax rates, changes in tax treatment of companies engaged in e-commerce, the adoption of new U.S. or international tax legislation, assessments or audits by taxing authorities and potential exposure to additional tax liabilities (including with respect to sales and use, telecommunications or similar taxes).
- We face risks associated with political instability and volatility in the economy.
- The markets in which we operate are highly competitive, and we may not be successful in growing our brands or revenue.
- If the distribution of Consensus, together with certain related transactions, does not qualify as a transaction that is generally tax-free for U.S. federal income tax purposes, Ziff Davis, Consensus and Ziff Davis stockholders could be subject to significant tax liabilities.
- Our business is highly dependent on our billing systems functioning properly, and we face risks associated with credit and debit card declines and merchant standards imposed by credit and debit card companies.
- We face potential liability for various types of legal claims, and we may be engaged in legal proceedings that could cause us to incur unforeseen expenses and could divert significant operational resources and our management's time and attention.
- Our businesses depend in part on attracting visitors to our websites from search engines.
- The COVID-19 pandemic and related governmental response, and related labor shortages, supply chain disruptions, and inflation, could negatively affect our business, operations and financial performance.
- We may be subject to risks from international operations, including risks associated with currency fluctuations and foreign exchange controls and other adverse changes in global financial markets, including unforeseen global crises such as war, strife, strikes, global health pandemics, as well as risks associated with international laws and regulations.
- We may be found to infringe the intellectual property rights of others, and we may be unable to adequately protect our own intellectual property rights.
- Our business is dependent on the supply of services and other business requirements from other companies.
- Our business is dependent on our retention of our executive officers, senior management and our ability to hire and retain key personnel.
- Our level of indebtedness could adversely affect our financial flexibility and our competitive position, and we require significant cash to service our debt and fund our capital requirements.
- We are exposed to risk if we cannot maintain or adhere to our internal controls and procedures.

- We identified a material weakness which could adversely affect our business, reputation, results of operations and stock price.
- We face risks associated with our 1.75% Convertible Notes and 4.625% Senior Notes, including the possibility of changes in interest deductions, triggering of the conditional conversion feature, lack of funds to settle conversions, redemptions or repurchase of the notes, use of particular accounting methods, and imposition of restrictions on future debt.
- Divestitures or other dispositions could negatively impact our business, and contingent liabilities from businesses that we have sold could adversely affect our financial statements.
- Potential indemnification liabilities to Consensus pursuant to the separation agreement could materially and adversely affect our businesses, financial condition, results of operations, and cash flows.

Risks Related To Our Industries

- We are subject to laws and regulations worldwide, changes to which could increase our costs and individually or in the aggregate adversely affect our business. These may in turn subject us to claims, judgments, monetary liabilities and other remedies, and to limitations on our business practices.
- We operate across many different markets and may be exposed to a variety of government and private actions or self-regulatory developments regarding data privacy and security.
- Data privacy and security regulations such as the GDPR and the CCPA impose significant compliance costs and expose us to substantial risks, particularly with respect to health data and other sensitive data.
- Developments in the healthcare industry and associated regulations could adversely affect our business, including our Everyday Health Group set of brands.
- Our business could suffer if providers of broadband internet access services block, impair or degrade our services.
- Our business faces risks associated with advertisement blocking technologies and advertising click fraud.
- The industries in which we operate are undergoing rapid technological changes, and we may not be able to keep up.

Risks Related To Our Stock

- Features of the 1.75% Convertible Notes and 4.625% Senior Notes may delay or prevent an otherwise beneficial attempt to take over our company.
- Conversions of the 1.75% Convertible Notes would dilute the ownership interest of our existing stockholders, including holders who had previously converted their 1.75% Convertible Notes.
- We are a holding company and our operations are conducted through, and substantially all of our assets are held by, subsidiaries, which may be subject to restrictions on their ability to pay dividends to us to fund our dividends, if any, and interest payments and other holding company expenses.
- Future sales of our common stock may negatively affect our stock price.
- Anti-takeover provisions could negatively impact our stockholders.
- Our stock price may be volatile or may decline, due to various reasons, including variations between actual results and investor expectations, industry and regulatory changes, introduction of new services by our competitors, developments with respect to IP rights, geopolitical events such as war, threat of war or terrorist actions, and global health pandemics, among others.

Risks Related To Our Business

Acquisitions and investments in our business have historically played a significant role in our growth and we anticipate that they will continue to do so.

We must acquire additional or invest in new or current businesses, products, services and technologies that complement or augment our service offerings and customer base in order to sustain our rate of growth. We may not successfully identify suitable acquisition candidates or investment strategies, manage disparate technologies, lines of business, personnel and corporate cultures, realize our business strategy or the expected return on our investment or manage a geographically dispersed company. If we are unable to identify and execute on acquisitions or execute on our investment strategies, our revenues, business, prospects, financial condition, operating results and cash flows could suffer.

We have made and expect to continue to make acquisitions that could disrupt our operations and harm our operating results.

We intend to continue to develop new services, enhance existing services and expand our geographic presence through acquisitions of other companies, service lines, technologies and personnel.

Acquisitions involve numerous risks, including the following:

- Difficulties in integrating the operations, systems, technologies, products and personnel of the acquired businesses;
- Difficulties in entering markets in which we have no or limited direct prior experience and where competitors in such markets may have stronger market positions;
- Diversion of management's attention from normal daily operations of the business and the challenges of managing larger and more widespread operations resulting from acquisitions; and
- The potential loss of key employees, customers, distributors, vendors and other business partners of the businesses we acquire.

Acquisitions may also cause us to:

- Use a substantial portion of our cash resources or incur debt;
- Significantly increase our interest expense, leverage and debt service requirements if we incur additional debt to pay for an acquisition;
- Assume liabilities;
- Issue common stock that would dilute our current stockholders' percentage ownership;
- Record goodwill and intangible assets that are subject to impairment testing on a regular basis and potential periodic impairment charges;
- Incur amortization expenses related to certain intangible assets; and
- Become subject to intellectual property or other litigation.

Mergers and acquisitions are inherently risky and subject to many factors outside of our control. We cannot give assurances that our previous or future acquisitions will be successful and will not materially adversely affect our business, operating results or financial condition. Failure to manage and successfully integrate acquisitions could materially harm our business and operating results. In addition, our effective tax rate for future periods is uncertain and could be impacted by mergers and acquisitions.

The majority of our revenue within the Digital Media business is derived from short-term advertising arrangements and a reduction in spending by or loss of current or potential advertisers would cause our revenue and operating results to decline.

In most cases, our agreements with advertisers have a term of one year or less and may be terminated at any time by the advertiser or by us without penalty. Advertising agreements often provide that we receive payment based on "served" impressions but the online ad industry has started to shift so that payment will be made based on "viewable" impressions, and that change in basis could have a negative effect on available impressions thereby reducing our revenue potential. Accordingly, it is difficult to accurately forecast display revenue. In addition, our expense levels are based in part on expectations of future revenue. Moreover, we believe that advertising on the internet, as in traditional media, fluctuates significantly as a result of a variety of factors, many of which are outside of our control. Some of these factors include (a) budget constraints of our advertisers, (b) cancellations or delays of projects by our advertisers due to numerous factors, including but not limited to, supply chain issues, (c) the cyclical and discretionary nature of advertising spending, (d) general economic, internet-related and media industry conditions, (e) tax and other legislation and regulation, as well as (f) extraordinary events, such as war, acts of terrorism or aggression, extreme weather events including as exacerbated by climate change, and pandemics or other public health crises. Further, impairment of our ability to produce and/or participate in "live events" for an indefinite period of time as occurred during the COVID-19 pandemic, due to any such extraordinary or other circumstances may result in a reduction of spending or loss of current or potential advertisers. The state of the global economy and availability of capital has impacted and could further impact the advertising spending patterns of existing and potential advertisers. Any reduction in spending by, or loss of, existing or potential advertisers would negatively impact our revenue and operating results. Further, we may be unable to adjust our expenses and capital expenditures quickly enough to compensate for any unexpected revenue shortfall.

If we are unable to develop, commission or acquire compelling content in our Digital Media business at acceptable prices, our expenses may increase, the number of visitors to our online properties may not grow, or may decline, and/or visitors' level of engagement with our websites may decline, any of which could harm our operating results.

Our future success depends in part on the ability of our Digital Media business to aggregate compelling content and deliver that content through our online properties. We believe that users will increasingly demand high-quality content and services including more video and mobile-specific content. Such content and services may require us to make substantial payments to third parties if we are unable to develop content of our own. Our ability to maintain and build relationships with such third-party providers is critical to our success. In addition, as new methods for accessing the internet become available, including through alternative devices, we may need to enter into amended agreements with existing third-party providers to cover the new devices. We may be unable to enter into new, or preserve existing, relationships with the third-parties whose content or services we seek to obtain. In addition, as competition for compelling content increases both domestically and internationally, our third-party providers may increase the prices at which they offer their content and services to us and potential providers may not offer their content or services to us at all, or may offer them on terms that are not agreeable to us. An increase in the prices charged to us by third-party providers could harm our operating results and financial condition. Further, many of our content and services licenses with third parties are non-exclusive. Accordingly, other media providers may be able to offer similar or identical content. This increases the importance of our ability to deliver compelling content and personalization of this content for users in order to differentiate our properties from other businesses. Although we generally develop compelling content of our own, when we are unable to do so, we engage freelance services or obtain licensed content which may not be at reasonable prices and which could harm our operating results.

In our Digital Media business, if we are unable to prove that our advertising and sponsorship solutions provide an attractive return on investment for our customers, our financial results could be harmed.

Our ability to grow revenue from our Digital Media business is dependent on our ability to demonstrate to marketers that their marketing campaigns with us provide a meaningful return on investment ("ROI") relative to offline and other online opportunities. Certain of the marketing campaigns with respect to our Digital Media business are designed such that the revenues received are based entirely upon the ROI delivered for customers. Our Digital Media business has invested significant resources in developing its research, analytics, and campaign effectiveness capabilities and expects to continue to do so in the future. Our ability, however, to demonstrate the value of advertising and sponsorship on Digital Media business properties will depend, in part, on the sophistication of the analytics and measurement capabilities, the actions taken by our competitors to enhance their offerings, whether we meet the ROI expectations of our customers, and a number of other factors. If we are unable to maintain sophisticated marketing and communications solutions that provide value to our customers or demonstrate our ability to provide value to our customers, our financial results will be harmed.

A system failure, security breach or other technological risk could delay or interrupt service to our customers, harm our reputation, lead to a loss of customers, or subject us to significant liability.

Our operations are dependent on our network being free from material interruption by damage from fire, earthquake, or other natural disaster, power loss, telecommunications failure, unauthorized entry, computer viruses, cyber-attacks, or any other events beyond our control. Similarly, the operations of our partners and other third parties with which we work are also susceptible to the same risks. There can be no assurance that our existing and planned precautions of backup systems, regular data backups, security protocols, and other procedures will be adequate to prevent significant damage, system failure or data loss, and the same is true for our partners, vendors, and other third parties on which we rely. We have experienced automated log in attempts to gain unauthorized access to customer accounts. To date, these events have not resulted in the material impairment of any business operations.

Also, many of our services are web-based, and the amount of data we store for our users on our servers has been increasing. Despite the implementation of security measures, our infrastructure, and that of our partners, vendors, and other third parties may be vulnerable to computer viruses, hackers, or similar disruptive problems caused by our vendors, partners, other third parties, subscribers, employees, or other internet users who attempt to invade public and private data networks. As seen in the industries in which we operate and others, these activities have been, and will continue to be, subject to continually evolving cybersecurity and technological risks. Further, in some cases we do not have in place disaster recovery facilities for certain ancillary services. Moreover, a significant portion of our operations relies heavily on the secure processing, storage, and transmission of confidential and other sensitive data. For example, a significant number of our Cybersecurity and Martech customers authorize us to bill their credit or debit card accounts directly for all transaction fees charged by us. We rely on encryption and authentication technology to effect secure transmission of confidential information, including customer credit and debit card numbers. Advances in computer capabilities, new discoveries in the field of cryptography, or other developments may result in a material compromise or breach of the technology used by us, our partners, our vendors, or other third parties to protect transaction and other confidential data. Any system failure or security breach that causes interruptions or data loss in and to our operations and systems or those of our partners, vendors, customers, or other third parties, or which leads to the misappropriation of our or our customers' confidential information, could result in a significant liability to us (including in the form of judicial decisions and/or settlements, regulatory findings and/or forfeitures, and other means), cause considerable harm to us and our reputation (including requiring notification to customers, regulators, and/or the media), cause a loss of confidence in our products and services, and deter current and potential customers from using our services. We use vendors to assist with cybersecurity risks, but these vendors may not be able to assist us adequately in preparing for or responding to a cybersecurity incident. We maintain insurance related to cybersecurity risks, but this insurance may not be sufficient to cover all of our losses from any breaches or other adverse consequences related to a cybersecurity-event. Any of these events could have a material adverse effect on our business, prospects, financial condition, operating results, and cash flows, or our reputation could cause us to suffer other negative consequences. For example, we may incur remediation costs (such as liability for stolen assets or information, repairs of system damage, and incentives to customers or business partners in an effort to maintain relationships after an attack); increased cybersecurity protection costs (which may include the costs of making organizational changes, deploying additional personnel and protection technologies, training employees, and engaging third party experts and consultants); lost revenues resulting from the unauthorized use of proprietary information or the failure to retain or attract customers following an attack; litigation and legal risks (including regulatory actions by state and federal governmental authorities and non-U.S. authorities); increased insurance premiums; reputational damage that adversely affects customer or investor confidence; and damage to the company's competitiveness, stock price, and diminished long-term shareholder value. To date, such events have not resulted in the material impairment of any business operations.

Changes in our tax rates, changes in tax treatment of companies engaged in e-commerce, the adoption of new U.S. or international tax legislation, or exposure to additional tax liabilities may adversely impact our financial results.

We are a U.S.-based multinational company subject to taxes in the U.S. and numerous foreign jurisdictions, including Ireland, where a number of our subsidiaries are organized. Our provision for income taxes is based on a jurisdictional mix of earnings, statutory tax rates, and enacted tax rules, including transfer pricing. Due to economic and political conditions, tax rates in various jurisdictions may be subject to significant change. As a result, our future effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, or changes in tax laws or their interpretation. These changes may adversely impact our effective tax rate and harm our financial position and results of operations.

We are subject to examination by the U.S. Internal Revenue Service ("IRS") and other domestic and foreign tax authorities and government bodies. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our income tax and other tax reserves. If our reserves are not sufficient to cover these contingencies, such inadequacy could materially adversely affect our business, prospects, financial condition, operating results, and cash flows.

In addition, due to the global nature of the internet, it is possible that various states or foreign countries might attempt to impose additional or new regulation on our business or levy additional or new sales, income, or other taxes relating to our activities. Tax authorities at the international, federal, state, and local levels are currently reviewing the appropriate treatment of companies engaged in e-commerce and online advertising. New or revised international, federal, state, or local tax regulations or court decisions may subject us or our customers to additional sales, income, and other taxes. For example, the European Union, certain member states, and other countries, as well as states within the United States, have proposed or enacted taxes on online advertising and marketplace service revenues. The application of existing, new or revised taxes on our business, in particular, sales taxes, VAT, and similar taxes would likely increase the cost of doing business online and decrease the attractiveness of selling products and advertising over the internet. The application of these taxes on our business could also create significant increases in internal costs necessary to capture data and collect and remit taxes. Any of these events could have a material adverse effect on our business, financial condition, and operating results.

Moreover, we are currently under or subject to examination for indirect taxes in various states, municipalities and foreign jurisdictions. We currently have a $24.0 million reserve established for these matters. If a material indirect tax liability associated with prior periods were to be recorded, for which there is not a reserve, it could materially affect our financial results for the period in which it is recorded.

Furthermore, much of our Digital Media e-commerce revenue comes from arrangements in which we are paid by retailers to promote their digital product and service offers on our sites. Certain states have implemented regulations that require retailers to collect and remit sales taxes on sales made to residents of such states if a publisher, such as us, that facilitated that sale is a resident of such state. Paid retailers in our marketplace that do not currently have sales tax nexus in any state that subsequently passes similar regulations and in which we have operations, employees, or contractors now or in the future, may significantly alter the manner in which they pay us, cease paying us for sales we facilitate for that retailer in such state, or cease using our marketplace, each of which could adversely impact our business, financial condition, and operating results.

Taxing authorities may successfully assert that we should have collected, or in the future should collect sales and use, telecommunications, or similar taxes, and we could be subject to liability with respect to past or future tax, which could adversely affect our operating results.

We believe we remit state and local sales and use, excise, utility user, and ad valorem taxes, as well as fees and surcharges or other similar obligations, in all relevant jurisdictions in which we generate sales, based on our understanding of the applicable laws in those jurisdictions. Such tax, fee, and surcharge laws and rates vary greatly by jurisdiction, and the application of each of them to e-commerce businesses, such as ours, is a complex and evolving area. The jurisdictions where we have sales may apply more rigorous enforcement efforts or take more aggressive positions in the future that could result in greater tax liability. In addition, in the future we may also decide to engage in activities that would require us to pay sales and use, telecommunications, or similar taxes in new jurisdictions. Such tax assessments, penalties and interest or future requirements may materially adversely affect our business, financial condition, and operating results.

Political instability and volatility in the economy may adversely affect segments of our customers, which may result in decreased usage and advertising levels, customer acquisition and customer retention rates and, in turn, could lead to a decrease in our revenues or rate of revenue growth.

Certain segments of our customers may be adversely affected by political instability and volatility in the general economy or any downturns. To the extent these customers' businesses are adversely affected by political instability or volatility, their usage of our services and/or our customer retention rates could decline. This may result in decreased cloud services subscription and/or usage revenues and decreased advertising, e-commerce or other revenues, which may adversely impact our revenues and profitability. For example, in connection with the conflict between Russia and Ukraine, the U.S. governments have imposed severe economic sanctions and export controls and have threatened additional sanctions and controls. The full impact of these measures, or of any potential responses to them by Russia or other countries, on the businesses and results of operations or our customers or us is unknown.

The markets in which we operate are highly competitive and some of our competitors may have greater resources to commit to growth, superior technologies, cheaper pricing, or more effective marketing strategies. Also, we face significant competition for users, advertisers, publishers, developers, and distributors.

For information regarding our competition, and the risks arising out of the competitive environment in which we operate, see the subsection entitled "Competition" with respect to each of our Digital Media and Cybersecurity and Martech businesses contained in Item 1 of this Annual Report on Form 10-K. In addition, some of our competitors include major companies with much greater resources and significantly larger customer bases than we have. Some of these competitors offer their services at lower prices than we do. These companies may be able to develop and expand their network infrastructures and capabilities more quickly, adapt more swiftly to new or emerging technologies and changes in customer requirements, take advantage of acquisition and other opportunities more readily, and devote greater resources to the marketing and sale of their products and services than we can. There can be no assurance that additional competitors will not enter markets that we are currently serving and plan to serve or that we will be able to compete effectively. Competitive pressures may reduce our revenue, operating profits, or both.

Our Digital Media business faces significant competition from online media companies as well as from social networking sites, mobile applications, traditional print and broadcast media, general purpose and search engines, and various e-commerce sites. Our Cybersecurity and Martech business faces competition from cloud software services and applications across several categories including secured communications, cybersecurity, and marketing technology.

Several of our competitors offer an integrated variety of software and internet products, advertising services, technologies, online services, and content. We compete against these and other companies to attract and retain subscribers, users, advertisers, partners, and developers. We also compete with social media and networking sites which are attracting a substantial and increasing share of users and users' online time, and may continue to attract an increasing share of online advertising dollars.

In addition, several competitors offer products and services that directly compete for users with our Digital Media business offerings. Similarly, the advertising networks operated by our competitors or by other participants in the display marketplace offer services that directly compete with our offerings for advertisers, including advertising exchanges, ad networks, demand side platforms, ad serving technologies, and sponsored search offerings. We also compete with traditional print and broadcast media companies to attract advertising spending. Some of our existing competitors and possible entrants may have greater brand recognition for certain products and services, more expertise in a particular segment of the market, and greater operational, strategic, technological, financial, personnel, or other resources than we do. Many of our competitors have access to considerable financial and technical resources with which to compete aggressively, including by funding future growth and expansion and investing in acquisitions, technologies, and research and development. Further, emerging start-ups may be able to innovate and provide new products and services faster than we can. In addition, competitors may consolidate with each other or collaborate, and new competitors may enter the market. Some of the competitors of our Cybersecurity and Martech business in international markets have a substantial competitive advantage over us because they have dominant market share in their territories, are owned by local telecommunications providers, have greater brand recognition, are focused on a single market, are more familiar with local tastes and preferences, or have greater regulatory and operational flexibility due to the fact that we may be subject to both U.S. and foreign regulatory requirements.

If our competitors are more successful than we are in developing and deploying compelling products or in attracting and retaining users, advertisers, publishers, developers, or distributors, our revenue and growth rates could decline.

Our growth will depend on our ability to develop, strengthen, and protect our brands, and these efforts may be costly and have varying degrees of success.

Our brand recognition has significantly contributed to the success of our business. Strengthening our current brands and launching competitive new brands will be critical to achieving widespread commercial acceptance of our products and services. This will require our continued focus on active marketing, the costs of which have been increasing and may continue to increase. In addition, substantial initial investments may be required to launch new brands and expand existing brands to cover new geographic territories and technology fields. Accordingly, we may need to spend increasing amounts of money on, and devote greater resources to, advertising, marketing and other efforts to cultivate brand recognition and customer loyalty. In addition, we are supporting an increasing number of brands, each of which requires its own investment of resources. Brand promotion activities may not yield increased revenues and, even if they do, increased revenues may not offset the expenses incurred. A failure to launch, promote, and maintain our brands, or the incurrence of substantial expenses in doing so, could have a material adverse effect on our business.

Our brand recognition depends, in part, on our ability to protect our trademark portfolio and establish trademark rights covering new brands and territories. Some regulators and competitors have taken the view that certain of our brands, such as eVoice, are descriptive or generic when applied to the products and services offered by our Cybersecurity and Martech business. Nevertheless, we have obtained U.S. and foreign trademark registrations for our brand names, logos, and other brand identifiers, including eVoice. If we are unable to obtain, maintain or protect trademark rights covering our brands across the territories in which they are or may be offered, the value of these brands may be diminished, competitors may be able to dilute, harm, or take advantage of our brand recognition and reputation, and our ability to attract subscribers may be adversely affected.

We hold domain names relating to our brands, in the U.S. and internationally. The acquisition and maintenance of domain names are generally regulated by governmental agencies and their designees. The regulation of domain names may change. Governing bodies may establish additional top-level domains, appoint additional domain name registrars, or modify the requirements for holding domain names. As a result, we may be unable to acquire or maintain all relevant domain names that relate to our brands. Furthermore, international rules governing the acquisition and maintenance of domain names in foreign jurisdictions are sometimes different from U.S. rules, and we may not be able to obtain all of our domains internationally. As a result of these factors, we may be unable to prevent third parties from acquiring domain names that are similar to, infringe upon or otherwise decrease the value of our brands, trademarks or other proprietary rights. In addition, failure to secure or maintain domain names relevant to our brands could adversely affect our reputation and make it more difficult for users to find our websites and services.

If the distribution of Consensus equity, together with certain related transactions, does not qualify as a transaction that is generally tax-free for U.S. federal income tax purposes, Ziff Davis, Consensus and Ziff Davis stockholders could be subject to significant tax liabilities.

The separation of Consensus was effected by a pro rata distribution to our shareholders of 80.1% of the stock of Consensus, comprising our prior cloud fax business. We obtained (i) a private letter ruling from the IRS, satisfactory to our Board of Directors, regarding certain U.S. federal income tax matters relating to the separation and related transactions and (ii) an opinion of outside counsel, satisfactory to our Board of Directors, regarding the qualification of the distribution, together with certain related transactions, as generally tax-free, for U.S. federal income tax purposes, under Sections 355 and 368(a)(1)(D) of the Internal Revenue Code (the "Code"). The opinion of outside counsel and the IRS private letter ruling were based, among other things, on various facts and assumptions, as well as certain representations, statements and undertakings of Ziff Davis and Consensus (including those relating to the past and future conduct of Ziff Davis and Consensus). If any of these facts, assumptions, representations, statements or undertakings is, or becomes, inaccurate or incomplete, or if Ziff Davis or Consensus breach any of their respective covenants contained in any of the separation-related agreements or in the documents relating to the IRS private letter ruling and/or any opinion, the IRS private letter ruling and/or any opinion may be invalid. Accordingly, notwithstanding receipt of the IRS private letter ruling and/or opinions of counsel or other external tax advisors, the IRS could determine that the distribution and certain related transactions should be treated as taxable transactions for U.S. federal income tax purposes if it determines that any of the facts, assumptions, representations, statements or undertakings that were included in the request for the IRS private letter ruling or on which any opinion was based are false or have been violated. In addition, the IRS private letter ruling does not address all of the issues that are relevant to determining whether the distribution, together with certain related transactions, qualifies as a transaction that is generally tax-free for U.S. federal income tax purposes, and an opinion of outside counsel or other external tax advisor represents the judgment of such counsel or advisor which is not binding on the IRS or any court. Accordingly, notwithstanding receipt by Ziff Davis of the IRS private letter ruling and the tax opinions referred to above, there can be no assurance that the IRS will not assert that the distribution and/or certain related transactions do not qualify for tax-free treatment for U.S. federal income tax purposes or that a court would not sustain such a challenge. In the event the IRS were to prevail with such a challenge, Ziff Davis, Consensus and Ziff Davis's stockholders could be subject to significant U.S. federal income tax liability.

If the distribution, together with certain related transactions, fails to qualify as a transaction that is generally tax-free under Sections 355 and 368(a)(1)(D) of the Code, in general, for U.S. federal income tax purposes, Ziff Davis would recognize taxable gain as if it had sold the Consensus common stock in a taxable sale for its fair market value and Ziff Davis stockholders who receive shares of Consensus common stock in the distribution would be subject to tax as if they had received a taxable distribution equal to the fair market value of such shares.

In addition, we may incur certain tax costs in connection with the separation, including non-U.S. tax costs resulting from separations in multiple non-U.S. jurisdictions that do not legally provide for tax-free separations, which may be material. As a result of requirements of Section 355 of the Code or other applicable tax laws, in order to avoid the risk of incurring material tax-related liabilities, for a period of time after the separation we may determine to forego certain strategic transactions, equity issuances or repurchases or other transactions that we would otherwise believe to be in the best interests of our stockholders or that might increase the value of our business.

Our business is highly dependent on our billing systems.

A significant part of our revenues depends on prompt and accurate billing processes. Customer billing is a highly complex process, and our billing systems must efficiently interface with third-party systems, such as those of credit card processing companies. Our ability to accurately and efficiently bill our customers is dependent on the successful operation of our billing systems and the third-party systems upon which we rely, such as our credit card processor, and our ability to provide these third parties the information required to process transactions. In addition, our ability to offer new services or alternative-billing plans is dependent on our ability to customize our billing systems. Any failures or errors in our billing systems or procedures could impair our ability to properly bill our current customers or attract and service new customers, and thereby could materially and adversely affect our business and financial results.

Increased numbers of credit and debit card declines in our business could lead to a decrease in our revenues or rate of revenue growth.

A significant number of our paid Cybersecurity and Martech subscribers and certain Digital Media subscribers pay for our services through credit and debit cards. Weakness in certain segments of the credit markets and in the U.S. and global economies could result in increased numbers of rejected credit and debit card payments. We believe this could result in increased customer cancellations and decreased customer signups. Rejected credit or debit card payments, customer cancellations and decreased customer sign up may adversely impact our revenues and profitability.

If our business experiences excessive fraudulent activity or cannot meet evolving credit card company merchant standards, we could incur substantial costs and lose the right to accept credit cards for payment and our subscriber base could decrease significantly.

A significant number of our paid Cybersecurity and Martech subscribers and certain Digital Media subscribers authorize us to bill their credit card accounts directly for all service fees charged by us. If people pay for these services with stolen credit cards, we could incur substantial unreimbursed third-party vendor costs. We also incur losses from claims that the customer did not authorize the credit card transaction to purchase our service. If the numbers of unauthorized credit card transactions become excessive, we could be assessed substantial fines for excess chargebacks and could lose the right to accept credit cards for payment. In addition, we are subject to Payment Card Industry (“PCI”) data security standards, which require periodic audits by independent third parties to assess our compliance. PCI standards are a comprehensive set of requirements for enhancing payment account data security. Failure to comply with the security requirements or rectify a security issue may result in fines or a restriction on accepting payment cards. Credit card companies may change the standards required to utilize their services from time to time. If we are unable to meet these new standards, we could be unable to accept credit cards. Further, the law relating to the liability of providers of online payment services is currently unsettled and states may enact their own rules with which we may not comply. Substantial losses due to fraud or our inability to accept credit card payments, which could cause our paid subscriber base to significantly decrease, could have a material adverse effect on our business, prospects, financial condition, operating results and cash flows.

As a creator and a distributor of content over the internet, we face potential liability for legal claims based on the nature and content of the materials that we create or distribute.

Users access health-related content through our Everyday Health Group properties, including information regarding particular medical conditions, diagnosis and treatment, and possible adverse reactions or side effects from medications. If our content, or content we obtain from third parties, contains inaccuracies, it is possible that consumers or professionals who rely on that content or others may make claims against us with various causes of action. Although our properties contain terms and conditions, including disclaimers of liability, that are intended to reduce or eliminate our liability, third parties may claim that these online agreements are unenforceable.

Our editorial and other quality control procedures may not be sufficient to ensure that there are no errors or omissions in our content offerings or to prevent such errors and omissions in content that is controlled by our partners. Even if potential claims do not result in liability to us, investigating and defending against these claims could be expensive and time consuming and could divert management's attention away from our operations.

We may be engaged in legal proceedings that could cause us to incur unforeseen expenses and could divert significant operational resources and our management's time and attention.

From time to time, we are subject to litigation or claims or are involved in other legal disputes or regulatory inquiries, including in the areas of patent infringement and antitrust, that could negatively affect our business operations and financial condition. Such disputes could cause us to incur unforeseen expenses, divert operational resources, occupy a significant amount of our management's time and attention and negatively affect our business operations and financial condition. The outcomes of such matters are subject to inherent uncertainties, carrying the potential for unfavorable rulings that could include monetary damages and injunctive relief. We do not always have insurance coverage for defense costs, judgments, and settlements. We may also be subject to indemnification requirements with business partners, vendors, current and former officers and directors, and other third parties. Payments under such indemnification provisions may be material. For a more detailed description of certain lawsuits in which we are involved, see Item 3. Legal Proceedings.

If we are unable to continue to attract visitors to our websites from search engines, then consumer traffic to our websites could decrease, which could negatively impact the sales of our products and services, our advertising revenue and the number of purchases generated for our retailers through our Digital Media marketplace.

We generate consumer traffic to our websites using various methods, including search engine marketing, or SEM, search engine optimization, or SEO, email campaigns and social media referrals. Our net revenues and profitability levels are dependent upon our continued ability to use a combination of these methods to generate consumer traffic to our websites in a cost-efficient manner. We have experienced and continue to experience fluctuations in search result rankings for a number of our websites. There can be no assurances that we will be able to grow or maintain current levels of consumer traffic.

Our SEM and SEO techniques have been developed to work with existing search algorithms utilized by the major search engines. Major search engines frequently modify their search algorithms. Changes in these algorithms could cause our websites to receive less favorable placements, which could reduce the number of users who visit our websites. In addition, we use keyword advertising to improve our search ranking and to attract users to our sites. If we fail to follow legal requirements regarding the use of keywords or search engine guidelines and policies properly, search engines may rank our content lower in search results or could remove our content altogether from their indices.

Any decline in consumer traffic to our websites could adversely impact the amount of ads that are displayed and the number of purchases we generate for our retailers, which could adversely affect our net revenues. An attempt to replace this traffic through other channels may require us to increase our sales and marketing expenditures, which would adversely affect our operating results and which may not be offset by additional net revenues.

Pandemics, such as the COVID-19 pandemic, or other public health crises and related governmental response could negatively affect our business, operations and financial performance.

The impact of the COVID-19 pandemic has had a negative effect on the global economy, disrupting the financial markets and creating increasing volatility and overall uncertainty. Among other things, the COVID-19 pandemic resulted in travel bans around the world, declarations of states of emergency, stay- or shelter-at-home requirements, business and school closures and manufacturing restrictions. In addition, the COVID-19 pandemic contributed to (i) increased unemployment and decreased consumer confidence and business generally; (ii) sudden and significant declines, and significant increases in volatility, in financial and capital markets; (iii) strain on global supply chains; (iv) inflation; (v) increased spending on our business continuity efforts, which has required and may further require that we cut costs or investments in other areas; and (vi) heightened cybersecurity, information security and operational risks as a result of work-from-home arrangements. In addition, even as the initial effects of the pandemic and related governmental responses have begun to subside, others have arisen such as labor shortages, supply chain disruptions, and inflation.

Although certain of the measures taken to mitigate the pandemic have eased, overall measures to contain the COVID-19 pandemic may remain in place for a significant period of time, and certain geographic regions are experiencing resurgences of COVID-19 infections. The extent of any continued or future adverse effects of the COVID-19 pandemic will depend on future developments, which are highly uncertain and outside our control, including the scope and duration of the pandemic, the direct and indirect impact of the pandemic on our employees, customers, counterparties and service providers, as well as other market participants, and actions taken by governmental authorities and other third parties in response to the pandemic. Further, the COVID-19 pandemic may also have the effect of heightening many of the other risks described in this section entitled "Risk Factors" or in the "Risk Factors" section of any subsequent Quarterly Report on Form 10-Q. We cannot predict at this time the extent to which the COVID-19 pandemic or any other pandemic or public health crisis might negatively affect our business, operations and financial performance.

As we continue to grow our international operations, adverse currency fluctuations and foreign exchange controls could have a material adverse effect on our financial condition and results of operations.

As we expand our international operations, we could be exposed to significant risks of currency fluctuations. In some countries outside the U.S., we offer our services in the applicable local currency, including but not limited to the Australian Dollar, the Canadian Dollar, the Euro, the Hong Kong Dollar, the Japanese Yen, the New Zealand Dollar, the Norwegian Kroner, and the British Pound Sterling, among others. As a result, fluctuations in foreign currency exchange rates affect the results of our operations, which in turn may materially adversely affect reported earnings and the comparability of period to period results of operations. Changes in currency exchange rates may also affect the relative prices at which we and foreign competitors sell our services in the same market. In addition, changes in the value of the relevant currencies may affect the cost of certain items required in our operations. Furthermore, we may become subject to exchange control regulations, which might restrict or prohibit our conversion of other currencies into U.S. Dollars. We cannot assure you that future exchange rate movements will not have a material adverse effect on our future business, prospects, financial condition, operating results, and cash flows. To date, we have not entered into foreign currency hedging transactions to control or minimize these risks.

We may be subject to risks from international operations.

As we continue to expand our business operations in countries outside the U.S., our future results could be materially adversely affected by a variety of uncontrollable and changing factors including, among others, foreign currency exchange rates; political or social unrest or economic instability in a specific country or region; trade protection measures and other regulatory requirements which may affect our ability to provide our services; difficulties in staffing and managing international operations; compliance with international labor and employment laws and regulations; and adverse tax consequences, including imposition of withholding or other taxes on payments by subsidiaries and affiliates. Any or all of these factors could have a material adverse impact on our future business, prospects, financial condition, operating results, and cash flows.

We have only limited experience in marketing and operating our services in certain international markets. Moreover, we have in some cases experienced and expect to continue to experience in some cases higher costs as a percentage of revenues in connection with establishing and providing services in international markets versus in the U.S. In addition, certain international markets may be slower than the U.S. in adopting the internet and/or outsourced messaging and communications solutions and so our operations in international markets may not develop at a rate that supports our level of investments.

Further, the impact on the global economy as a result of unforeseen global crises such as war, acts of terrorism or aggression or strife, strikes, global health pandemics, earthquakes or major weather events, including as exacerbated by climate changes, or other events outside of our control could negatively impact our revenue and operating results.

Inadequate intellectual property protections could prevent us from defending our proprietary technology and intellectual property.

Our success depends, in part, upon our proprietary technology and intellectual property. We rely on a combination of patents, trademarks, trade secrets, copyrights, contractual restrictions, and other confidentiality safeguards to protect our proprietary technology. However, these measures may provide only limited protection and it may be costly and time-consuming to enforce compliance with our intellectual property rights. In some circumstances, we may not have adequate, economically feasible or realistic options for enforcing our intellectual property and we may be unable to detect unauthorized use. While we have a robust worldwide portfolio of issued patents and pending patent applications, there can be no assurance that any of these patents will not be challenged, invalidated or circumvented, that we will be able to successfully police infringement, or that any rights granted under these patents will in fact provide a competitive advantage to us.

In addition, our ability to register or protect our patents, copyrights, trademarks, trade secrets, and other intellectual property may be limited in some foreign countries. As a result, we may not be able to effectively prevent competitors in these regions from utilizing our intellectual property, which could reduce our competitive advantage and ability to compete in those regions and negatively impact our business.

We also strive to protect our intellectual property rights by relying on federal, state, and common law rights, as well as contractual restrictions. We typically enter into confidentiality and invention assignment agreements with our employees and contractors, and confidentiality agreements with parties with whom we conduct business in order to limit access to, and disclosure and use of, our proprietary information. However, we may not be successful in executing these agreements with every party who has access to our confidential information or contributes to the development of our technology or intellectual property rights. Those agreements that we do execute may be breached, and we may not have adequate remedies for any such breach. These contractual arrangements and the other steps we have taken to protect our intellectual property rights may not prevent the misappropriation or disclosure of our proprietary information nor deter independent development of similar technology or intellectual property by others.

Monitoring unauthorized use of the content on our websites and mobile applications, and our other intellectual property and technology, is difficult and costly. Our efforts to protect our proprietary rights and intellectual property may not have been and may not be adequate to prevent their misappropriation or misuse. Third parties from time to time copy content or other intellectual property or technology from our solutions without authorization and seek to use it for their own benefit. We generally seek to address such unauthorized copying or use, but we have not always been successful in stopping all unauthorized use of our content or other intellectual property or technology, and may not be successful in doing so in the future. Further, we may not have been and may not be able to detect unauthorized use of our technology or intellectual property, or to take appropriate steps to enforce our intellectual property rights.

Companies that operate in the same industry as our Cybersecurity and Martech and Digital Media businesses have experienced substantial litigation regarding intellectual property. Currently, we have pending patent infringement lawsuits, both offensive and defensive, against several companies in this industry. Furthermore, we may find it necessary or appropriate to initiate claims or litigation to enforce our intellectual property rights or determine the validity and scope of intellectual property rights claimed by others. This or any other litigation to enforce or defend our intellectual property rights may be expensive and time-consuming, could divert management resources and may not be adequate to protect our business.

We may be found to have infringed the intellectual property rights of others, which could expose us to substantial damages or restrict our operations.

We have been and expect to continue to be subject to legal claims that we have infringed the intellectual property rights of others. The ready availability of damages and royalties and the potential for injunctive relief have increased the costs associated with litigating and settling patent infringement claims. In addition, we may be required to indemnify our resellers and users for similar claims made against them. Any claims, whether or not meritorious, could require us to spend significant time, money, and other resources in litigation, pay damages and royalties, develop new intellectual property, modify, design around, or discontinue existing products, services, or features, or acquire licenses to the intellectual property that is the subject of the infringement claims. These licenses, if required, may not be available at all or have acceptable terms. As a result, intellectual property claims against us could have a material adverse effect on our business, prospects, financial condition, operating results, and cash flows.

The successful operation of our business depends upon the supply of critical business elements and marketing relationships from other companies.

We depend upon third parties for critical elements of our business, including technology, infrastructure, customer service and sales and marketing components. We rely on private third-party providers for our internet, telecommunications, website traffic, and other connections and services and for co-location of a significant portion of our servers and other hosting services. In addition, we rely on third-party platforms to facilitate and provide access to products sold through our sites. Any disruption in the services provided by any of these suppliers, any adverse change in access to their platforms or services or in their terms and conditions of use or services, or any failure by them to handle current or higher volumes of activity could have a material adverse effect on our business, prospects, financial condition, operating results, and cash flows. To obtain new Cybersecurity and Martech customers, we have marketing agreements with operators of leading search engines and websites and employ the use of resellers to sell our products. These arrangements typically are not exclusive and do not extend over a significant period of time. Failure to continue these relationships on terms that are acceptable to us or to continue to create additional relationships could have a material adverse effect on our business, prospects, financial condition, operating results and cash flows.

Our success depends on our retention of our executive officers and senior management and our ability to hire and retain key personnel.

Our success depends on the skills, experience, and performance of executive officers, senior management, and other key personnel. The loss of the services of one or more of our executive officers, senior managers, or other key employees could have a material adverse effect on our business, prospects, financial condition, operating results, and cash flows. Our future success also depends on our continuing ability to attract, integrate, and retain highly qualified technical, sales, and managerial personnel. Competition for these people is intense, and there can be no assurance that we can retain our key employees or that we can attract, assimilate, or retain other highly qualified technical, sales, and managerial personnel in the future.

Our level of indebtedness could adversely affect our financial flexibility and our competitive position.

Our level of indebtedness could have significant effects on our business. For example, it could:

- make it more difficult for us to satisfy our obligations, including those related to our current indebtedness and any other indebtedness we may incur in the future;
- increase our vulnerability to adverse changes in general economic, industry, and competitive conditions;
- require us to dedicate a substantial portion of our cash flow from operations to make payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions, and other elements of our business strategy and other general corporate purposes, including share repurchases and payment of dividends;
- limit our flexibility in planning for, or reacting to, changes in our business and the industries in which we operate;
- restrict us from exploiting business opportunities;
- place us at a competitive disadvantage compared to our competitors that have less indebtedness; and
- limit our ability to borrow additional funds for working capital, capital expenditures, acquisitions, debt service requirements, execution of our business strategy, or other general corporate purposes.

In addition, the indenture governing our 4.625% Senior Notes (the "4.625 Senior Notes") contains, and the agreements evidencing or governing other future indebtedness may contain, restrictive covenants that may limit our ability to engage in activities that may be in our long-term best interests. 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 all of our indebtedness.

The indenture governing the 4.625% Senior Notes contains a number of restrictive covenants that impose significant operating and financial restrictions and may limit our ability to plan for or react to market conditions, meet capital needs or make acquisitions, or otherwise restrict our activities or business plans. These include restrictions on our ability to:

- incur additional indebtedness;
- create liens;
- engage in sale-leaseback transactions;

- pay dividends or make distributions in respect of capital stock;
- purchase or redeem capital stock;
- make investments or certain other restricted payments;
- sell assets;
- enter into transactions with affiliates;
- amend the terms of certain other indebtedness and organizational documents; or
- effect a consolidation or merger.

A breach of the covenants under the indenture governing the 1.75% convertible senior notes due November 1, 2026 (the "1.75% Convertible Notes") or the 4.625% Senior Notes could result in an event of default. Such a default may allow the note holders to accelerate the 1.75% Convertible Notes or 4.625% Senior Notes and may result in the acceleration of any other indebtedness to which a cross-acceleration or cross-default provision applies. In the event the holders of our 1.75% Convertible Notes or 4.625% Senior Notes accelerate the repayment of our borrowings, we and our subsidiaries may not have sufficient assets to repay that indebtedness or our other indebtedness.

We are exposed to risk if we cannot maintain or adhere to our internal controls and procedures.

We have established and continue to maintain, assess, and update our internal controls and procedures regarding our business operations and financial reporting. Our internal controls and procedures are designed to provide reasonable assurances regarding our business operations and financial reporting. However, because of the inherent limitations in this process, internal controls and procedures may not prevent or detect all errors or misstatements. To the extent our internal controls are inadequate or not adhered to by our employees, our business, financial condition, and operating results could be materially adversely affected. As reported elsewhere in this Annual Report on Form 10-K, we experienced a material weakness in our internal control related to our accounting for the Consensus Spin-Off. Although this control weakness did not result in any material misstatement of our consolidated financial statements for the periods presented, it is reasonably possible that it could have led to a material misstatement of account balances or disclosures. We cannot assure you that additional significant deficiencies or material weaknesses in our internal control over financial reporting will not be identified in the future.

If we are not able to maintain internal controls and procedures in a timely manner, or without adequate compliance, we may be unable to accurately or timely report our financial results or prevent fraud and may be subject to sanctions or investigations by regulatory authorities such as the SEC or Nasdaq. Any such action or restatement of prior-period financial results as a result could harm our business or investors' confidence in the Company, and could cause our stock price to fall.

To service our debt and fund our other capital requirements, we will require a significant amount of cash, and our ability to generate cash will depend on many factors beyond our control.

Our ability to meet our debt service obligations and to fund working capital, capital expenditures, acquisitions and other elements of our business strategy and other general corporate purposes, including share repurchases and payment of dividends, will depend upon our future performance, which will be subject to financial, business, and other factors affecting our operations. To some extent, this is subject to general and regional economic, financial, competitive, legislative, regulatory, and other factors that are beyond our control. We cannot ensure that we will generate cash flow from operations, or that future borrowings will be available, in an amount sufficient to enable us to pay our debt or to fund our other liquidity needs.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional indebtedness or equity capital or restructure or refinance our indebtedness. We may not be able to effect any such alternative measures on commercially reasonable terms or at all and, even if successful, those alternative actions may not allow us to meet our scheduled debt service obligations.

Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms, or at all, would materially and adversely affect our financial position and results of operations.

We may not have the ability to raise the funds necessary to settle conversions of the 1.75% Convertible Notes or to repurchase the 1.75% Convertible Notes upon a fundamental change or on a repurchase date or repurchase the 4.625% Senior Notes upon a change in control, and our future debt may contain limitations on our ability to pay cash upon conversion, redemption or repurchase of either the 1.75% Convertible Notes or the 4.625% Senior Notes as the case may be.

Holders of our 1.75% Convertible Notes have the right to require us to repurchase their 1.75% Convertible Notes upon the occurrence of a fundamental change (as defined in the indenture governing the 1.75% Convertible Notes) at a repurchase price equal to 100% of the principal amount of the 1.75% Convertible Notes to be repurchased, plus accrued and unpaid interest, if any. In addition, upon conversion of the 1.75% Convertible Notes, unless we elect to deliver solely shares of our common stock to settle such conversion (other than paying cash in lieu of delivering any fractional share), we will be required to make cash payments in respect of the 1.75% Convertible Notes being converted. It is our intention to satisfy our conversion obligation by paying and delivering a combination of cash and shares of our common stock, where cash will be used to settle each $1,000 of principal and the remainder, if any, will be settled via shares of our common stock. However, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases or redemptions of the 1.75% Convertible Notes or the 4.625% Senior Notes surrendered therefor or 1.75% Convertible Notes being converted. In addition, our ability to repurchase or redeem the 1.75% Convertible Notes or the 4.625% Senior Notes or to pay cash upon conversions of the 1.75% Convertible Notes may be limited by law, by regulatory authority or by agreements governing our future indebtedness. Our failure to repurchase or redeem 1.75% Convertible Notes or 4.625% Senior Notes at a time when the repurchase or redemption is required by the applicable indenture or to pay any cash payable on future conversions of the 1.75% Convertible Notes as required by the applicable 1.75% Convertible Notes indenture would constitute a default under the applicable indenture. A default under any indenture or the fundamental change or change of control itself could also lead to a default under agreements governing our future indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase or redeem the 1.75% Convertible Notes or the 4.625% Senior Notes or make cash payments upon conversions of the 1.75% Convertible Notes.

The conditional conversion feature of the 1.75% Convertible Notes, if triggered, may adversely affect our financial condition and operating results.

In the event the conditional conversion feature of the 1.75% Convertible Notes is triggered, holders of the 1.75% Convertible Notes will be entitled to convert the 1.75% Convertible Notes at any time during specified periods at their option. If one or more holders elect to convert their 1.75% Convertible Notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our common stock (other than paying cash in lieu of delivering any fractional share), we would be required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity. In addition, even if holders do not elect to convert their 1.75% Convertible Notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the notes as a current rather than long-term liability, which would result in a material reduction of our net working capital.

Changes in the accounting method for convertible debt securities that may be settled in cash, such as the 1.75% Convertible Notes, could have a material effect on our reported financial results.

Under Accounting Standards Codification 470-20, Debt with Conversion and Other Options (“ASC 470-20”), an entity must separately account for the liability and equity components of convertible debt instruments (such as the 1.75% Convertible Notes) that may be settled entirely or partially in cash upon conversion in a manner that reflects the issuer’s economic interest cost. The effect of ASC 470-20 on the accounting for the 1.75% Convertible Notes is that the equity component is required to be included in the additional paid-in capital section of stockholders’ equity on our Consolidated Balance Sheet, and the value of the equity component would be treated as an original issue discount for purposes of accounting for the debt component of the 1.75% Convertible Notes. As a result, we recorded non-cash interest expense in current periods presented as a result of the amortization of the discounted carrying value of the 1.75% Convertible Notes to their face amount over the respective term of the 1.75% Convertible Notes. We plan to adopt Accounting Standards Update 2020-06 - Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity’s Own Equity (Subtopic 815-40) - Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity (“ASU 2020-06”) as of January 1, 2022 which we expect will result in our recognizing less non-cash interest expense relating to the 1.75% Convertible Notes in future periods.

In addition, under the accounting standard applied to the financial statements included in this report, our 1.75% Convertible notes which may be settled entirely or partly in cash are currently accounted for utilizing the treasury stock method. Under the treasury stock method, shares issuable upon conversion of the 1.75% Convertible Notes are not included in the calculation of diluted earnings per share except to the extent that the conversion value of the 1.75% Convertible Notes exceeds its principal amount. In connection with our adoption of ASU 2020-06 we will be required to adopt the if-converted method for computing diluted earnings per share which will result in the inclusion of additional shares in the calculation of and may adversely impact our diluted earnings per share. For a discussion of certain other expected impacts of adoption of this ASU, see Note 2, "Basis of Presentation and Summary of Significant Accounting Policies" of the notes to consolidated financial statements.

Divestitures or other dispositions could negatively impact our business, and contingent liabilities from businesses that we have sold could adversely affect our financial statements.

We continually assess the strategic fit of our existing businesses and may divest or otherwise dispose of businesses that are deemed not to fit with our strategic plan or are not achieving the desired return on investment. For example, in 2021, we spun off our online fax business and sold our B2B backup business. These transactions pose risks and challenges that could negatively impact our business. For example, when we decide to sell or otherwise dispose of a business or assets, we may be unable to do so on satisfactory terms within our anticipated timeframe or at all, and even after reaching a definitive agreement to sell or dispose a business the sale is typically subject to satisfaction of pre-closing conditions which may not become satisfied. In addition, divestitures or other dispositions may dilute our earnings per share, have other adverse financial and accounting impacts, and distract management, and disputes may arise with buyers. In addition, we have retained responsibility for and/or have agreed to indemnify buyers against some known and unknown contingent liabilities related to a number of businesses we have sold or disposed of. The resolution of these contingencies has not had a material effect on our financial statements but we cannot be certain that this favorable pattern will continue.

Potential indemnification liabilities to Consensus pursuant to the separation agreement could materially and adversely affect our businesses, financial condition, results of operations, and cash flows.

We entered into a separation and distribution agreement and related agreements with Consensus to govern the separation and distribution of Consensus and the relationship between the two companies going forward. These agreements provide for specific indemnity and liability obligations of each party and could lead to disputes between the parties. If we are required to indemnify Consensus under the circumstances set forth in these agreements, we may be subject to substantial liabilities. In addition, with respect to the liabilities for which Consensus has agreed to indemnify us under these agreements, there can be no assurance that the indemnity rights we have against Consensus will be sufficient to protect us against the full amount of the liabilities, or that Consensus will be able to fully satisfy its indemnification obligations. Each of these risks could negatively affect our businesses, financial condition, results of operations, and cash flows.

Risks Related To Our Industries

The Company is subject to laws and regulations worldwide, changes to which could increase the Company's costs and individually or in the aggregate adversely affect the Company's business.

The Company is subject to laws and regulations affecting its domestic and international operations in a number of areas. These U.S. and foreign laws and regulations affect the Company's activities in areas including, but not limited to, labor, advertising, digital content, consumer protection, real estate, billing, e-commerce, promotions, quality of services, telecommunications, mobile communications and media, television, intellectual property ownership and infringement, tax, import and export requirements, anti-corruption, foreign exchange controls and cash repatriation restrictions, data privacy and data localization requirements, anti-competition, environmental, health and safety. Compliance with these laws, regulations and similar requirements may be onerous and expensive, and they may be inconsistent from jurisdiction to jurisdiction, further increasing the cost of compliance and doing business. Any such costs, which may rise in the future as a result of changes in these laws and regulations or in their interpretation, could individually or in the aggregate make the Company's products and services less attractive to the Company's customers, delay the introduction of new products in one or more regions, or cause the Company to change or limit its business practices. The Company has implemented policies and procedures designed to ensure compliance with applicable laws and regulations, but there can be no assurance that the Company's employees, contractors, or agents will not violate such laws and regulations or the Company's policies and procedures.

Our services may become subject to burdensome regulation, which could increase our costs or restrict our service offerings.

We believe that most of our cloud services are "information services" under the Telecommunications Act of 1996 and related precedent, or, if not "information services," that we are entitled to other exemptions, meaning that we generally are not currently subject to U.S. telecommunications services regulation at both the federal and state levels. In connection with our Cybersecurity and Martech business, we utilize data transmissions over public telephone lines and other facilities provided by third-party carriers. These transmissions are subject to foreign and domestic laws and regulation by the Federal Communications Commission (the "FCC"), state public utility commissions and foreign governmental authorities. These regulations affect the availability of numbers, the prices we pay for transmission services, the administrative costs associated with providing our services, the competition we face from telecommunications service providers and other aspects of our market. However, as messaging and communications services converge and as the services we offer expand, we may become subject to FCC or other regulatory agency regulation. It is also possible that a federal or state regulatory agency could take the position that our offerings, or a subset of our offerings, are properly classified as telecommunications services or otherwise not entitled to certain exemptions upon which we currently rely. Such a finding could potentially subject us to fines, penalties or enforcement actions as well as liabilities for past regulatory fees and charges, retroactive contributions to various telecommunications-related funds, telecommunications-related taxes, penalties and interest. It is also possible that such a finding could subject us to additional regulatory obligations that could potentially require us either to modify our offerings in a costly manner, diminish our ability to retain customers, or discontinue certain offerings, in order to comply with certain regulations. Changes in the regulatory environment could decrease our revenues, increase our costs and restrict our service offerings. In many of our international locations, we are subject to regulation by the applicable governmental authority.

In the U.S., Congress, the FCC, and a number of states require regulated telecommunications carriers to contribute to federal and/or state Universal Service Funds ("USF"). Generally, USF is used to subsidize the cost of providing service to low-income customers and those living in high cost or rural areas. Congress, the FCC and a number of states are reviewing the manner in which a provider's contribution obligation is calculated, as well as the types of entities subject to USF contribution obligations. If any of these reforms are adopted, they could cause us to alter or eliminate our non-paid services and to raise the price of our paid services, which could cause us to lose customers. Any of these results could lead to a decrease in our revenues and net income and could materially adversely affect our business, prospects, financial condition, operating results and cash flows.

In addition, due to the number of text messages, phone calls and other communications we send or make on behalf of our customers in connection with the services we provide, communication-related privacy laws could result in particularly significant damage awards or fines. For example, in the United States, the Telephone Consumer Protection Act ("TCPA") prohibits placing calls or sending text messages to mobile phones without "prior express consent" subject to limited exceptions, and a plaintiff may seek actual monetary loss or statutory damages of $500 per violation, whichever is greater, and courts may treble the damage award for willful or knowing violations. Parties that solely enable calling or text messaging are only directly liable under the TCPA pursuant to federal common law vicarious liability principles. We take significant steps to ensure that users understand that they are responsible for how they use our technology including complying with relevant federal and state law. However, because we do not enjoy absolute exemption from liability under the TCPA and related FCC and FTC rules, we could face inquiries from the FCC and FTC or enforcement actions by these agencies, or private causes of action, if someone uses our service for such impermissible purposes. If this were to occur and we were to be held liable for someone's use of our service for unauthorized calling or text messaging mobile users, the financial penalties could cause a material adverse effect on our operations and harm our business reputation.

Also, in the United States, the Communications Assistance to Law Enforcement Act ("CALEA") requires any telecommunications carriers to be capable of performing wiretaps and recording other call identifying information in cooperation with law enforcement. In September 2005, the FCC expanded the definition of "telecommunications carriers" to include facilities-based broadband internet access providers and Voice-over-Internet-Protocol ("VoIP") providers that interconnect with the public switched telephone network. As a result of this definition, the Company's VoIP offerings are subject to CALEA, which has impacted our operations.

We are subject to a variety of new and existing laws and regulations which could subject us to claims, judgments, monetary liabilities and other remedies, and to limitations on our business practices.

The application of existing domestic and international laws and regulations to us relating to issues such as defamation, pricing, advertising, taxation, promotions, billing, consumer protection, accessibility, content regulation, data privacy, intellectual property ownership and infringement, and accreditation in many instances is unclear or unsettled. In addition, we will also be subject to any new laws and regulations directly applicable to our domestic and international activities. Further, the application of existing laws to us or our subsidiaries regulating or requiring licenses for certain businesses of our advertisers including, for example, distribution of pharmaceuticals, alcohol or other regulated substances, adult content, tobacco, or firearms, as well as insurance and securities brokerage, and legal services, can be unclear. Internationally, we may also be subject to laws regulating our activities in foreign countries and to foreign laws and regulations that are inconsistent from country to country. Our Digital Media and Cybersecurity and Martech businesses utilize contractors, freelancers and/or staff from third party outsourcers to provide content and other services. However, in the future, arrangements with such individuals may not be deemed appropriate by a relevant government authority, which could result in additional costs and expenses. We may incur substantial liabilities for expenses necessary to defend such litigation or to comply with these laws and regulations, as well as potential substantial penalties for any failure to comply. Compliance with these laws and regulations may also cause us to change or limit our business practices in a manner adverse to our business.

The use of consumer data by online service providers and advertising networks is a topic of active interest among federal, state, and international regulatory bodies, and the regulatory environment is unsettled and evolving. Federal, state, and international laws and regulations govern the collection, use, retention, disclosure, sharing, and security of data that we receive from and about our users. Our privacy and cookie policies and practices concerning the collection, use, and disclosure of user data are posted on our websites.

A number of U.S. federal laws, including those referenced below, impact our business. The Digital Millennium Copyright Act ("DMCA") is intended, in part, to limit the liability of eligible online service providers for listing or linking to third-party websites that include materials that infringe copyrights or other rights of others. Portions of the Communications Decency Act ("CDA") are intended to provide statutory protections to online service providers who distribute third-party content. We rely on the protections provided by both the DMCA and the CDA in conducting our business. If these or other laws or judicial interpretations are changed to narrow their protections, or if international jurisdictions refuse to apply similar provisions in international lawsuits, we will be subject to a greater risk of liability, our costs of compliance with these regulations or to defend litigation may increase, or our ability to operate certain lines of business may be limited. The Children's Online Privacy Protection Act ("COPPA") is intended to impose restrictions on the ability of online services to collect some types of information from children under the age of 13. In addition, the Providing Resources, Officers, and Technology to Eradicate Cyber Threats to Our Children Act of 2008 ("PROTECT Act") requires online service providers to report evidence of violations of federal child pornography laws under certain circumstances, as well as other federal, state or international laws and legislative efforts designed to protect children on the internet may impose additional requirements on us. U.S. export control laws and regulations impose requirements and restrictions on exports to certain nations and persons and on our business.

In certain instances, we may be subject to enhanced privacy obligations based on the type of information we store and process. While we believe we are in compliance with the relevant laws and regulations, we could be subject to enforcement actions, fines, forfeitures, and other adverse actions.

The Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (the "CAN-SPAM Act"), which allows for penalties that run into the millions of dollars, requires commercial emails to include identifying information from the sender and a mechanism for the receiver to opt out of receiving future emails. Several states have enacted additional, more restrictive and punitive laws regulating commercial email. Foreign legislation exists as well, including Canada's Anti-Spam Legislation and the European laws that have been enacted pursuant to the GDPR and European Union Directive 2002/58/EC and its amendments. We use email as a significant means of communicating with our existing and potential users. We believe that our email practices comply with the requirements of the CAN-SPAM Act, state laws, and applicable foreign legislation. If we were ever found to be in violation of these laws and regulations, or any other laws or regulations, our business, financial condition, operating results, and cash flows could be materially adversely affected.

Many third-parties are examining whether the Americans with Disabilities Act ("ADA") concept of public accommodation also extends to websites and to mobile applications. Generally, some plaintiffs have argued that websites and mobile applications are places of public accommodation under Title III of the ADA and, as such, must be equipped so that individuals with disabilities can navigate and make use of subject websites and mobile applications. The issue is currently under litigation and there is a split in the federal court of appeals circuits as to what the ADA requires. Certain appellate circuits have found that websites standing alone are subject to the ADA and therefore must be accessible to people with disabilities. Other circuits, including the Ninth Circuit, which has appellate jurisdiction over federal district courts in California have found that in order for websites to be places of public accommodation, and therefore subject to the ADA, there must be both a nexus between the website and the goods and services the website provides as well as a physical brick and mortar location for consumers. We cannot predict how the ADA will ultimately be interpreted as applied to websites and mobile applications.

We believe we are in compliance with relevant law. If the law changes or if certain courts with appellate jurisdiction outside of California attempt to exercise jurisdiction over us and find that our website and mobile applications must comply with the ADA, then any adjustments or requirements to implement any changes prescribed by the ADA could result in increased costs to our business, we may become subject to injunctive relief, plaintiffs may be able to recover attorneys' fees, and it is possible that, while the ADA does not provide for monetary damages, we become subject to such damages through state consumer protection or other laws. It is possible that these potential liabilities could cause a material adverse effect on our operations and harm our business reputation.

Native advertising is an increasing part of our Digital Media business's online advertising revenue. On December 22, 2015, the FTC issued Guidelines and an Enforcement Policy Statement on native advertising, described by the FTC as, in part, ads which often "resemble the design, style, and functionality of the media in which they are disseminated." The Company believes it is compliant with the requirements of these guidelines on our current practices and offerings. However, we will continue to monitor what effect this guideline and other related government regulations, and how the FTC enforces it, could have on our native advertising and branded content business. In addition, the timing and extent of any enforcement by the FTC with regard to the native advertising practices by the Company, or others, could reduce the revenue we generate from this line of business. The UK similarly has issued guidelines on native advertising in the UK Code of Non-broadcast Advertising and Direct & Promotional Marketing ("CAP Code") and is regulated, in part, by the Advertising Standards Authority. The Company believes it is compliant with the requirements of the CAP Code on our current practices and offerings and will continue to monitor the effect of these and other related governmental regulations.

As of May 25, 2018, certain data transfers from and between the European Union ("EU") are subject to the GDPR. As discussed in more detail below, the GDPR prohibits data transfers from the EU to other countries outside of the EU, including the U.S., without appropriate security safeguards and practices in place. Previously, for certain data transfers from and between the EU and the U.S., the Company, like many other companies, had relied on what is referred to as the "EU-U.S. Safe Harbor," in order to comply with privacy obligations imposed by EU countries. The European Court of Justice invalidated the EU-U.S. Safe Harbor. Additionally, other countries that relied on the EU-U.S. Safe Harbor that were not part of the EU have also found that data transfers to the U.S. are no longer valid based on the European Court of Justice ruling. Although U.S. and EU policymakers approved a new framework known as "Privacy Shield" that would allow companies like us to continue to rely on some form of a safe harbor for the transfer of certain data from the EU to the U.S., on July 16, 2020, the Court of Justice of the European Union issued a judgment declaring as "invalid" the European Commission's Decision (EU) 2016/1250 on the adequacy of the protection provided by the EU-U.S. Privacy Shield, rendering it invalid. We cannot predict how or if these issues will be resolved nor can we evaluate any potential liability at this time.

The Company has put into place various alternative frameworks and grounds on which to rely in order to be in compliance with relevant law for the transfer of data from overseas locations to the U.S., including reviewing Company's data collection process, procedures and putting into place Data Processing Agreements that incorporate Standard Contractual Clauses as well as supplementary measures with vendors, partners and other third parties. Some independent data regulators have adopted the position that other forms of compliance are also invalid, though the legal grounds for these findings remain unclear at this time. We cannot predict at this time whether the alternative grounds that the Company continues to implement will be found to be consistent with relevant laws nor can we evaluate what, if any, potential liability may be at this time.

On June 28, 2018, the California legislature enacted the CCPA, which took effect on January 1, 2020 and became enforceable starting July 1, 2020. The CCPA, which covers businesses that obtain or access personal information of California resident consumers, grants consumers enhanced privacy rights and control over their personal information and imposes significant requirements on covered companies with respect to consumer data privacy rights. The CCPA provides consumers with the right to opt out of the sale of their personal information including the requirement to include a "Do Not Sell" link on our websites and applications that sell personal data of California resident consumers. Based on the final implementation regulations released by the California Attorney General in August 2020, we believe we have implemented such links where necessary, we action consumer opt outs and other subject rights when requested, and our privacy policies have been updated and posted on our websites. We are continuing to evaluate the impact to our business, if any. In addition, in November 2020 California voters adopted the California Privacy Rights Act ("CPRA") that amends the CCPA, including creating a new agency to implement and enforce the law. The CPRA will take effect on January 1, 2023 and is subject to a number of required rule-makings. Until that rule-making is complete, we cannot fully evaluate the impact of the CPRA on our businesses. Other states are proposing similar privacy laws and if those are passed, our Company may be subject to additional requirements and restrictions that could have an impact on our business.

Further, failure or perceived failure by us to comply with our policies, applicable requirements, or industry self-regulatory principles related to the collection, use, sharing, or security of personal information, or other privacy, data-retention or data protection matters could result in a loss of user confidence in us, damage to our brands, and ultimately in a loss of users and advertising partners, which could adversely affect our business. Changes in these or any other laws and regulations or the interpretation of them could increase our future compliance costs, limit the amount and type of data we can collect, transfer, share, or sell, make our products and services less attractive to our users, or cause us to change or limit our business practices. Further, any failure on our part to comply with any relevant laws or regulations may subject us to significant civil or criminal liabilities.

Moreover, our Everyday Health Group business may be subject to additional government oversight or regulation by Congress, the FTC, the FDA, the U.S. Department of Health and Human Services and state legislatures and regulatory agencies. In addition, certain services provided by Everyday Health Group constituent businesses are also subject to private regulation both directly by accrediting bodies and indirectly by industry codes followed by commercial supporters and providers of continuing education programs for healthcare professionals.

If we are subject to burdensome laws or regulations or if we fail to adhere to the requirements of public or private regulations, our business, financial condition and results of operations could suffer.

Government and private actions or self-regulatory developments regarding internet privacy matters could adversely affect our ability to conduct our business.

Certain business units within our Digital Media business collect and sell data about their users' online behavior and the revenue associated with this activity could be impacted by government regulation and enforcement, industry trends, self-regulation, technology changes, consumer behavior and attitude, and private action. We also use such information to work with our advertisers to more effectively target ads to relevant users and consumers, which ads command a higher rate.

Many of our users voluntarily provide us with demographic and other information when they register for one of our services or properties. In order for our Everyday Health Group brands to deliver marketing and communications solutions to pharmaceutical and medical device companies, health insurers, hospital systems, and other customers, we rely on data provided by our users. We also purchase data from third-party sources to augment our user profiles and marketing databases so we are better able to personalize content, enhance our analytical capabilities and better target our marketing programs. If changes in user sentiment regarding the sharing of information results in a significant number of visitors to our websites and applications refusing to provide us with information such as demographic information, information about their specific health interests, or profession information, our ability to personalize content for our users and provide targeted marketing solutions would be impaired. If our users choose to opt-out of having their data used for behavioral targeting, it would be more difficult for us to offer targeted marketing programs to our customers.

We append data from third-party sources to augment our user profiles. If we are unable to acquire data from third-party sources for whatever reason, or if there is a marked increase in the cost of obtaining such data, our ability to personalize content and provide marketing solutions could be negatively impacted.

The use of such consumer data by online service providers and advertising networks is a topic of active interest among federal, state, and international regulatory bodies, and the regulatory environment is unsettled. Federal, state, and international laws and regulations govern the collection, use, retention, disclosure, sharing and security of data that we receive from and about our users. Our privacy policies and practices concerning the collection, use, and disclosure of user data are posted on our websites.

New and expanding "Do Not Track" regulations have recently been enacted or proposed that protect users' right to choose whether or not to be tracked online. These regulations seek, among other things, to allow consumers to have greater control over the use of private information collected online, to forbid the collection or use of online information, to demand a business to comply with their choice to opt out of such collection or use, and to place limits upon the disclosure of information to third party websites. Similarly, exercise of the "Do Not Sell" right under the CCPA limits a business' ability to monetize certain personal information collected online. The CPRA will require businesses to treat "Do Not Track" and other similar "global privacy control" browser settings as opt outs from the sale of a user's personal information. These laws and regulations could have a significant impact on the operation of our advertising and data businesses. U.S. regulatory agencies have also placed an increased focus on online privacy matters and, in particular, on online advertising activities that utilize cookies or other tracking tools. Consumer and industry groups have expressed concerns about online data collection and use by companies, which has resulted in the release of various industry self-regulatory codes of conduct and best practice guidelines that are binding for member companies and that govern, among other things, the ways in which companies can collect, use and disclose user information, how companies must give notice of these practices and what choices companies must provide to consumers regarding these practices.

We may be required or otherwise choose to adopt Do Not Track mechanisms or self-regulation principles, or provide opt-outs from the sale of certain user data, in which case our ability to use our existing tracking technologies, to collect and sell user behavioral data, and permit their use by other third parties could be impaired. This could cause our net revenues to decline and adversely affect our operating results.

U.S. and foreign governments have enacted or considered or are considering legislation or regulations that could significantly restrict our ability to collect, augment, analyze, use, and share de-identified or anonymous data, which could increase our costs and reduce our revenue.

We operate across many different markets both domestically and internationally which may subject us to cybersecurity, privacy, data security and data protection laws with uncertain interpretations as well as impose conflicting obligations on us.

Cybersecurity, privacy, data security, and data protection laws are constantly evolving at the federal and state levels in the United States, as well as abroad. We are currently subject to such laws both at the federal and state levels in the U.S. as well as similar laws in a variety of international jurisdictions. The interpretation of these laws may be uncertain and may also impose conflicting obligations on us. While we work to comply with all applicable law and relevant "best practices" addressing cybersecurity, privacy, data security and data protection, this is an area of the law that is constantly evolving as are the relevant industry codes and threat matrix. Further it is possible that applicable law and "best practices" are interpreted in an inconsistent or conflicting manner either by differing federal, state or international authorities or across the jurisdictions in which we operate. Any failure or perceived failure by us, our partners, our vendors, or third parties on which we rely for our operations could result in a significant liability to us (including in the form of judicial decisions and/or settlements, regulatory findings and/or forfeitures, and other means), cause considerable harm to us and our reputation (including requiring notification to customers, regulators, and/or the media), cause a loss of confidence in our products and services, and deter current and potential customers from using our services. Any of these events could have a material adverse effect on our business, prospects, financial condition, operating results and cash flows.

The GDPR and the CCPA impose significant compliance costs and expose the Company to substantial risks.

The EU has traditionally imposed strict obligations under data privacy laws and regulations. Individual EU member countries have had discretion with respect to their interpretation and implementation of EU data privacy laws, resulting in a variation of privacy standards from country to country. The GDPR harmonizes EU data privacy laws and contains significant obligations and requirements that have resulted in a greater compliance burden with respect to our operations and data use in Europe, which will continue to increase our costs. The CCPA similarly contains significant obligations and requirements that have resulted in a greater compliance burden with respect to our operations and data usage of California residents, which will continue to increase our costs. Additionally, government authorities will have more power to enforce compliance and impose substantial penalties for any failure to comply. In addition, individuals have the right to compensation under the GDPR, and individuals may have the right to file a class action under the CCPA in certain circumstances. In the event the Company fails to maintain compliance, the Company could be exposed to material damages, costs and/or fines if an EU government authority, an EU resident, the California Attorney General or a California resident commenced an action. Failure to comply or maintain compliance could cause considerable harm to us and our reputation (including requiring notification to customers, regulators, and/or the media), cause a loss of confidence in our products and services, and deter current and potential customers from using our services. Any of these events could have a material adverse effect on our business, prospects, financial condition, operating results and cash flows.

We face potential liability related to the privacy and security of health-related information we collect from, or on behalf of, our consumers and customers.

The privacy and security of information about the physical or mental health or condition of an individual is an area of significant focus in the United States and in other jurisdictions because of heightened privacy concerns and the potential for significant consumer harm from the misuse of such sensitive data. We have procedures and technology in place intended to safeguard the information we receive from customers and users of our services from unauthorized access or use.

The Privacy Standards and Security Standards under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") establish a set of basic national privacy and security standards for the protection of individually identifiable health information by health plans, healthcare clearinghouses and certain healthcare providers, referred to as "covered entities", and the business associates with whom such covered entities contract for services. Notably, whereas HIPAA previously directly regulated only these covered entities, the Health Information Technology for Economic and Clinical Health Act of 2009 ("HITECH") makes certain of HIPAA's Privacy and Security Standards directly applicable to covered entities' business associates. As a result, business associates are now subject to significant civil and criminal penalties for failure to comply with applicable Privacy and Security Standards. Additionally, certain states have adopted comparable privacy and security laws and regulations, some of which may be more stringent than HIPAA.

HIPAA directly applies to covered entities such as hospital clients of certain of our subsidiaries. Since these clients disclose protected health information to our subsidiaries so that those subsidiaries can provide certain services to them, those subsidiaries are business associates of those clients. In addition, we may sign business associate agreements in connection with the provision of the products and services developed for other third parties or in connection with certain of our other services that may transmit or store protected health information.

Failure to comply with the requirements of HIPAA, HITECH, regulations promulgated under HIPAA and HITECH (including but not limited to the HIPAA Privacy and Security Rules and the Health Breach Notification Rule), or any of the applicable federal and state laws and regulations regarding patient privacy, identity theft prevention and detection, breach notification and data security may subject us to penalties, including civil monetary penalties and, in some circumstances, criminal penalties or contractual liability under agreements with our customers and clients. Any failure or perception of failure of our products or services to meet HIPAA, HITECH and related regulatory requirements could expose us to risks of investigation, notification, litigation, penalty or enforcement, adversely affect demand for our products and services and force us to expend significant capital and other resources to modify our products or services to address the privacy and security requirements of our clients and HIPAA and HITECH.

These laws and regulations are subject to interpretation by courts and regulators that might expand their scope of coverage. For example, the FTC recently adopted a Policy Statement offering guidance on the scope of its Health Breach Notification Rule, and issued related guidance, stating that consumer mobile applications that draw health information from one source and health or non-health information from one or more other sources are covered by the Rule, and that breaches of security under the Rule include disclosures of sensitive health information without user authorization. Any changes in these or any other laws and regulations or the interpretation of them could increase our future compliance costs, limit the amount and type of data we can collect, transfer, share, or sell, make our products and services less attractive to our users, or cause us to change or limit our business practices. Further, any failure on our part to comply with any relevant laws or regulations may subject us to significant civil or criminal liabilities.

Developments in the healthcare industry could adversely affect our business.

A significant portion of Everyday Health Group’s advertising and sponsorship revenues is derived from the healthcare industry, including pharmaceutical, medical device, over-the-counter, and consumer-packaged-goods companies, and could be affected by changes affecting healthcare spending. Industry changes affecting healthcare spending could impact the market for these offerings. General reductions in expenditures by healthcare industry participants could result from, among other things:

- government regulation or private initiatives that affect the manner in which healthcare industry participants interact with consumers and the general public;
- changes to federal and state tax rates and allowed expense deductions;
- consolidation of healthcare industry participants;
- reductions in governmental funding for healthcare; and
- adverse changes in business or economic conditions affecting pharmaceutical and medical device companies or other healthcare industry participants.

Even if general expenditures by industry participants remain the same or increase, developments in the healthcare industry may result in reduced spending in some or all of the specific market segments that we serve now or in the future. For example, use of our content offerings and the sale of our products and services could be affected by:

- changes in the design and provision of health insurance plans;
- a decrease in the number of new drugs or pharmaceutical and medical device products coming to market; and
- decreases in marketing expenditures by pharmaceutical or medical device companies as a result of governmental regulation or private initiatives that discourage or prohibit advertising or sponsorship activities by pharmaceutical or medical device companies.

The healthcare industry has changed significantly in recent years, and we expect that significant changes to the healthcare industry will continue to occur. However, the timing and impact of developments in the healthcare industry are difficult to predict. We cannot assure you that the demand for our offerings will continue to exist at current levels or that we will have adequate technical, financial and marketing resources to react to changes in the healthcare industry.

Government regulation of healthcare creates risks and challenges with respect to our compliance efforts and our business strategies with our Everyday Health Group set of brands.

The healthcare industry is highly regulated and subject to changing political, legislative, regulatory and other influences. Existing and future laws and regulations affecting the healthcare industry could create unexpected liabilities for us, cause us to incur additional costs and restrict our operations. Many healthcare laws are complex, and their application may not be clear. Our failure to accurately anticipate the application of these laws and regulations, or other failure to comply with such laws and regulations, could create liability for us. Even in areas where we are not subject to healthcare regulation directly, we may become involved in governmental actions or investigations through our relationships with customers that are regulated, and participation in such actions or investigations, even if we are not a party and not the subject of an investigation, may cause us to incur significant expenses. Additionally, government actions, investigations, or pronouncements, or a change in self-regulatory organization rules or healthcare industry norms, might impact healthcare industry customer views of risks associated with purchasing our services and result in a reduction in their expenditures.

For example, there are federal and state laws that govern patient referrals, physician financial relationships and inducements to healthcare providers and patients. The federal healthcare programs' anti-kickback provisions prohibit any person or entity from willingly offering, paying, soliciting or receiving anything of value, directly or indirectly, to induce or reward, or in return for either the referral of patients covered by Medicare, Medicaid, and other federal healthcare programs or the leasing, purchasing, ordering or arranging for or recommending the lease, purchase or order of any item, good, facility or service covered by these programs. Many states also have similar anti-kickback laws that are not necessarily limited to items or services for which payment is made by a federal healthcare program. Our sale of advertising and sponsorships to healthcare providers potentially implicates these laws. However, we review our practices to ensure that we comply with all applicable laws. The laws in this area are broad, and we cannot determine precisely how they will be applied to our business practices. Any determination by a state or federal regulatory agency that any of our practices violate any of these laws could subject us to liability and require us to change or terminate some portions of our business.

Further, we derive revenues from the sale of advertising and promotion of prescription and over-the-counter drugs and medical devices, as well as non-drug consumer health and wellness products. If the FDA or the FTC finds that any of the information provided on our properties violates FDA or FTC regulations, they may take regulatory or judicial action against us and/or the advertiser of that information. State attorneys general may also take similar action based on their state's consumer protection statutes. Any increase or change in regulation of advertising and promotion in the healthcare industry could make it more difficult for us to generate and grow our advertising and sponsorship revenues.

In addition, the practice of most healthcare professions requires licensing under applicable state law and state laws may further prohibit business entities from practicing medicine, which is referred to as the prohibition against the corporate practice of medicine. Similar state prohibitions may exist with respect to other licensed professions. We believe that we do not engage in the practice of medicine or any other licensed healthcare profession, or provide, through our properties, professional medical advice, diagnosis, treatment, or other advice that is tailored in such a way as to implicate state licensing or professional practice laws. However, a state may determine that some portion of our business violates these laws and may seek to have us discontinue those portions or subject us to penalties or licensure requirements. Any determination that we are a healthcare provider and acted improperly as a healthcare provider may result in liability to us.

Our business could suffer if providers of broadband internet access services block, impair or degrade our services.

Our business is dependent on the ability of our customers and visitors to our digital media properties to access our services and applications over broadband internet connections. Internet access providers and internet backbone providers may be able to block, degrade or charge for access or bandwidth use of certain of our products and services, which could lead to additional expenses and the loss of users. Our products and services depend on the ability of our users to access the internet. Use of our services and applications through mobile devices, such as smartphones and tablets, must have a high-speed data connection. Broadband internet access services, whether wireless or landline, are provided by companies with significant market power. Many of these providers offer products and services that directly compete with ours.

Many of the largest providers of broadband services have publicly stated that they will not degrade or disrupt their customers' use of applications and services, like ours. If such providers were to degrade, impair or block our services, it would negatively impact our ability to provide services to our customers and likely result in lost revenue and profits, and we would incur legal fees in attempting to restore our customers' access to our services. Broadband internet access providers may also attempt to charge us or our customers additional fees to access services like ours that may result in the loss of customers and revenue, decreased profitability, or increased costs to our retail offerings that may make our services less competitive.

Technologies have been developed that are able to block certain of our advertisements or impair our ability to serve interest-based advertising which could harm our operating results.

Technologies have been developed and are likely to continue to be developed that can block internet or mobile display advertising. Most of our Digital Media business revenues are derived from fees paid by advertisers in connection with the display of advertisements or clicks on advertisements on web pages or mobile devices. As a result, such technologies and tools are reducing the number of display advertisements that we are able to deliver or our ability to serve our interest-based advertising and this, in turn, could reduce our advertising revenue and operating results. Adoption of these types of technologies by more of our users could have a material impact on our revenues. We have implemented third party products to combat these ad-blocking technologies and are developing other strategies to address advertisement blocking. However, our efforts may not be successful to offset the potential increasing impact of these advertising blocking products.

If we or our third-party service providers fail to prevent click fraud or choose to manage traffic quality in a way that advertisers find unsatisfactory, our profitability may decline.

A portion of our display revenue comes from advertisers that pay for advertising on a price-per-click basis, meaning that the advertisers pay a fee every time a user clicks on their advertising. This pricing model can be vulnerable to so-called "click fraud," which occurs when clicks are submitted on ads by a user who is motivated by reasons other than genuine interest in the subject of the ad. We or our third-party service providers may be exposed to the risk of click fraud or other clicks or conversions that advertisers may perceive as undesirable. If fraudulent or other malicious activity is perpetrated by others and we or our third-party service providers are unable to detect and prevent it, or choose to manage traffic quality in a way that advertisers find unsatisfactory, the affected advertisers may experience or perceive a reduced return on their investment in our advertising programs which could lead the advertisers to become dissatisfied with our advertising programs and they might refuse to pay, demand refunds, or withdraw future business. Undetected click fraud could damage our brands and lead to a loss of advertisers and revenue. We obtain third-party certification that certain of our products apply "best practices" to detect and prevent click fraud. If we are unable to maintain such certification, advertisers might refuse to pay, demand refunds, and withdraw future business, and our business reputation might be harmed.

The industries in which we operate are undergoing rapid technological changes and we may not be able to keep up.

The industries in which we operate are subject to rapid and significant technological change. We cannot predict the effect of technological changes on our business. We expect that new services and technologies will emerge in the markets in which we compete. These new services and technologies may be superior to the services and technologies that we use or these new services may render our services and technologies obsolete. Our future success will depend, in part, on our ability to anticipate and adapt to technological changes and evolving industry standards. We may be unable to obtain access to new technologies on acceptable terms or at all, and may therefore be unable to offer services in a competitive manner. Any of the foregoing risks could have a material adverse effect on our business, prospects, financial condition, operating results and cash flows.

Risks Related To Our Stock

The fundamental change purchase features of the 1.75% Convertible Notes and the change of control features of the Senior Notes may delay or prevent an otherwise beneficial attempt to take over our company.

The terms of the 1.75% Convertible Notes require us to offer to purchase the 1.75% Convertible Notes for cash in the event of a fundamental change (as defined in the indenture governing the 1.75% Convertible Notes), and the terms of the 4.625% Senior Notes require us to offer to repurchase the 4.625% Senior Notes for cash in the event of a change of control (as defined in the indenture governing the 4.625% Senior Notes). These features may have the effect of delaying or preventing a takeover of our company that would otherwise be beneficial to investors.

Conversions of the 1.75% Convertible Notes could dilute the ownership interest of our existing stockholders, including holders who had previously converted their 1.75% Convertible Notes.

The conversion of some or all of the 1.75% Convertible Notes could dilute the ownership interests of our existing stockholders. Any sales in the public market of our common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock. In addition, the existence of the 1.75% Convertible Notes may encourage short selling by market participants because the conversion of the 1.75% Convertible Notes could depress the price of our common stock.

We are a holding company and our operations are conducted through, and substantially all of our consolidated assets are held by, our subsidiaries, which may be subject to certain restrictions on their ability to pay dividends to us to fund dividends on our stock, pay interest on the 1.75% Convertible Notes or 4.625% Senior Notes and fund other holding company expenses.

We are a holding company. We conduct substantially all of our operations through our subsidiaries. A substantial portion of our consolidated assets is held by our subsidiaries. Accordingly, our ability to pay dividends on our stock, service our debt, including the 1.75% Convertible Notes and 4.625% Senior Notes, and fund other holding company expenses depends on the results of operations of our subsidiaries and upon the ability of such subsidiaries to provide us with cash, whether in the form of dividends, loans or otherwise. Dividends, loans or other distributions to us from such subsidiaries could be subject to future contractual and other restrictions.

Future sales of our common stock may negatively affect our stock price.

As of February 24, 2022, substantially all of our outstanding shares of common stock were available for resale, subject to volume and manner of sale limitations applicable to affiliates under SEC Rule 144. Sales of a substantial number of shares of common stock in the public market or the perception of such sales could cause the market price of our common stock to decline. These sales also might make it more difficult for us to issue equity securities in the future at a price that we think is appropriate, or at all.

Anti-takeover provisions could negatively impact our stockholders.

Provisions of Delaware law and of our certificate of incorporation and bylaws could make it more difficult for a third-party to acquire control of us. For example, we are subject to Section 203 of the Delaware General Corporation Law, which would make it more difficult for another party to acquire us without the approval of our Board of Directors. Additionally, our certificate of incorporation authorizes our Board of Directors to issue preferred stock without requiring any stockholder approval, and preferred stock could be issued as a defensive measure in response to a takeover proposal. These provisions could make it more difficult for a third-party to acquire us even if an acquisition might be in the best interest of our stockholders.

Our stock price may be volatile or may decline.

Our stock price and trading volumes have been volatile and we expect that this volatility will continue in the future due to factors, such as:

- Assessments of the size of our advertiser, user and subscriber bases, our average revenue per user and subscriber, and comparisons of our results in these and other areas versus prior performance and that of our competitors;
- Our growth and profitability;
- Variations between our actual results and investor expectations;
- Regulatory or competitive developments affecting our markets;
- Investor perceptions of us and comparable public companies;
- Conditions and trends in the industries in which we operate;
- Announcements of technological innovations and acquisitions;
- Introduction of new services by us or our competitors;
- Developments with respect to intellectual property rights;
- Conditions and trends in the internet and other technology industries;
- Rumors, gossip, or speculation published on public chat or bulletin boards;
- General market conditions, including prolonged or increased inflation;
- Geopolitical events such as war, threat of war, or terrorist actions; and
- Global health pandemics.

In addition, the stock market has from time to time experienced significant price and volume fluctuations that have affected the market prices for the common stocks of technology and other companies, particularly communications and internet companies. These broad market fluctuations have previously resulted in a material decline in the market price of our common stock. In the past, following periods of volatility in the market price of a particular company's securities, securities class action litigation has often been brought against that company. We may become involved in this type of litigation in the future. Litigation is often expensive and diverts management's attention and resources, which could have a material adverse effect on our business, prospects, financial condition, operating results, and cash flows.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our global headquarters is in New York City, where we lease approximately 39,000 square feet of office space pursuant to a lease that extends through October 2024. In connection with the Separation, we assigned our lease of approximately 48,000 square feet of office space in Los Angeles, California to Consensus. We remain the lessee under this lease and our obligations remain through October 7, 2022, after which time Consensus will take over the lease in full. Additionally, we have smaller leased offices throughout Asia, North America, Europe and Australia.

All of our network equipment is housed at one of multiple co-location facilities around the world. We believe our current facilities are generally in good operating condition and are sufficient to meet our needs for the foreseeable future.

Item 3. Legal Proceedings

See Note 12, “Commitments and Contingencies”, to our accompanying consolidated financial statements for a description of our legal proceedings.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Beginning on October 8, 2021, the Company's common stock is traded on the Nasdaq Global Select Market under the stock symbol "ZD" (previously traded under the stock symbol "JCOM").

Holders

We had 225 registered stockholders as of March 9, 2022. That number excludes the beneficial owners of shares held in "street" name or held through participants in depositories.

Dividends

We initiated a quarterly cash dividend program in August 2011 with a payment of $0.20 per share of common stock on September 19, 2011. We paid a quarterly cash dividend (which was increased several times) in each subsequent calendar quarter through June 4, 2019.

The following is a summary of each dividend declared during fiscal year 2019:

Declaration Date	Dividend per Common Share	Record Date	Payment Date
February 6, 2019	$ 0.4450	February 25, 2019	March 12, 2019
May 2, 2019	$ 0.4550	May 20, 2019	June 4, 2019

Future dividends are subject to Board approval. Based on the significant number of current investment opportunities within or related to the Company's portfolio of businesses and the historic and expected returns from prior investments, the Board of Directors suspended dividend payments for the foreseeable future after the June 4, 2019 payment.

Recent Sales of Unregistered Securities

Not applicable.

Issuer Purchases of Equity Securities

Effective February 15, 2012, the Company's Board of Directors approved a program authorizing the repurchase of up to five million shares of our common stock through February 20, 2013 (the "2012 Program") which was subsequently extended through February 20, 2021. The Company acquired and subsequently retired 2,126,080 shares during the year ended December 31, 2012.

In July 2016, the Company acquired and subsequently retired 935,231 shares of its common stock in connection with the acquisition of Integrated Global Concepts, Inc. As a result of the purchase of its common stock, the Company's Board of Directors approved a reduction in the number of shares available for purchase under the 2012 Program by the same amount.

In November 2018 and May 2019, the Company entered into a Rule 10b5-1 trading plan with a broker to facilitate the repurchase program. 600,000 shares were repurchased in 2018 at an aggregate cost of $42.5 million and were subsequently retired in March 2019. During the year ended December 31, 2019, the Company repurchased 197,870 shares at an aggregate cost of $16.0 million which were subsequently retired in the same year. During the year ended December 31, 2020, the Company repurchased 1,140,819 shares at an aggregate cost of $87.5 million which were subsequently retired in the same year. As of December 31, 2020, we had repurchased all of the available shares under the 2012 Program at an aggregated cost of $204.6 million (including an immaterial amount of commission fees). See Note 14 - Stockholders' Equity of the Notes to Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K, which is incorporated herein by reference.

On August 6, 2020, the Company's Board of Directors approved a program authorizing the repurchase of up to ten million shares of our common stock through August 6, 2025 (the "2020 Program") in addition to the five million shares repurchased under the 2012 Program. During the year ended December 31, 2021 and December 31, 2020, the Company entered into a Rule 10b5-1 trading plan and repurchased 445,711 and 2,490,599 shares, respectively, at an aggregate cost of $47.7 million and $177.8 million, respectively, (including an immaterial amount of commission fees) under the 2020 Program, which were subsequently retired (see Note 14 - Stockholders' Equity of the Notes to Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K, which is incorporated herein by reference).

As a result of the Company's share repurchase programs, the number of shares available for purchase is 7,063,690 shares of the Company's common stock.

The following table details the repurchases that were made under and outside the 2020 Program during the three months ended December 31, 2021:

Period	Total Number of Shares Purchased [1]	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
October 1, 2021 - October 31, 2021	—	$ —	—	7,509,401
November 1, 2021 - November 30, 2021	—	$ —	—	7,509,401
December 1, 2021 - December 31, 2021	452,573	$ 107.09	445,711	7,063,690
Total	452,573		445,711	7,063,690

(1) Includes shares surrendered to the Company to pay the exercise price and/or to satisfy tax withholding obligations in connection with employee stock options and/or the vesting of restricted stock issued to employees.

Equity Compensation Plan Information

The following table provides information as of December 31, 2021 regarding shares outstanding and available for issuance under the Company's existing equity compensation plans:

Plan Category	Number of Securities to Be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column)
Equity compensation plans approved by security holders	440,574	$ 68.45	3,005,260
Equity compensation plans not approved by security holders	—	—	—
Total	440,574	$ 68.45	3,005,260

The number of securities remaining available for future issuance includes 1,709,569 and 1,295,691 under our 2015 Stock Option Plan and 2001 Employee Stock Purchase Plan, respectively. Refer to Note 15 to the accompanying consolidated financial statements for a description of these Plans.

Performance Graph

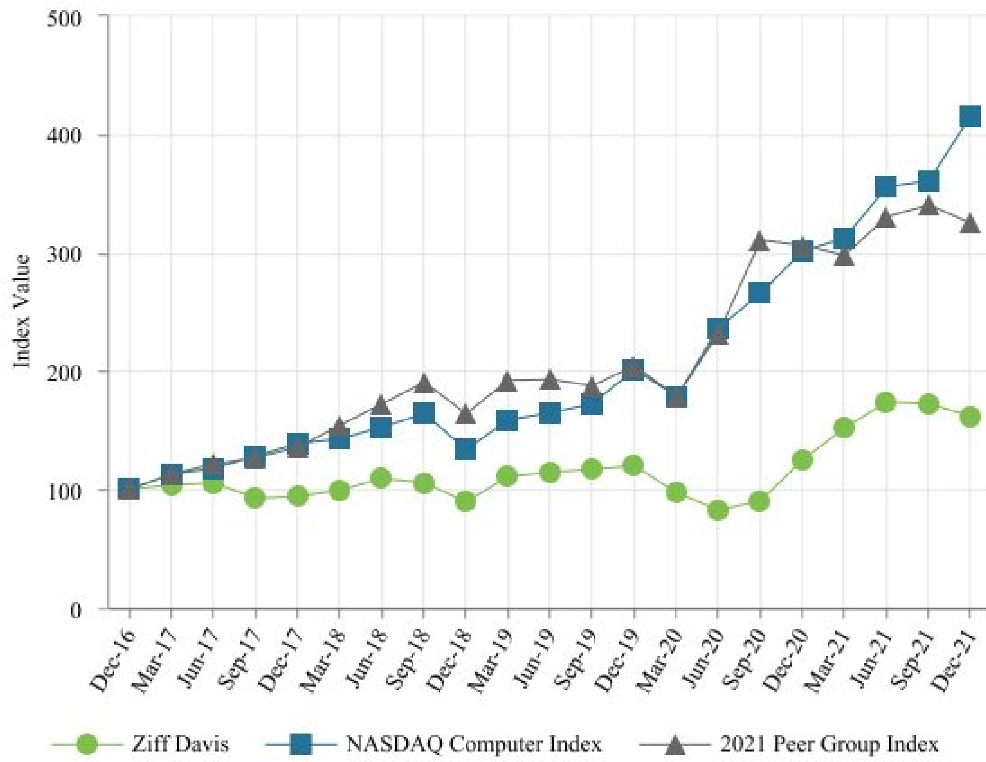
This performance graph and related information shall not be deemed "filed" for purposes of Section 18 of the Exchange Act of 1934, or otherwise subject to the liabilities under that Section and shall not be deemed to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act.

The following graph compares the cumulative total stockholder return for the Company, the Nasdaq Computer Index and an index of companies that the Company has selected as its peer group in the digital media and cloud services for business space. The Company completed the separation of Consensus on October 7, 2021. Subsequent to the distribution of Consensus, the Nasdaq Global Select market restated the historical prices of the Company's common stock for all periods prior to the distribution to exclude the value of Consensus, which is reflected in the tables below.

The Company's peer group index for 2021 consists of IAC/InterActive Corp., TripAdvisor, Inc., LivePerson, Inc., Zillow Group, Inc., Salesforce.com, Inc., Open Text Corp., Tyler Technologies, Inc. and Roper Technologies Inc. The Company added Roper Technologies Inc. to the peer group index for 2021.

Measurement points are December 31, 2016 and the last trading day in each of the Company's fiscal quarters through the end of fiscal 2021. The graph assumes that $100 was invested on December 31, 2016 in the Company's common stock and in each of the indices, and assumes reinvestment of any dividends. The stock price performance on the following graph is not necessarily indicative of future stock price performance. For the purpose of this graph, the historical stock prices of Ziff Davis have been adjusted to reflect the distribution of 80.1% of the shares of Consensus common stock to holders of Ziff Davis (formerly known as J2 Global) common stock, pursuant to which Consensus became an independent company.

Measurement Date	Ziff Davis	Nasdaq Computer Index	2021 Peer Group Index
Dec-16	100.00	100.00	100.00
Mar-17	103.46	112.88	113.16
Jun-17	105.36	117.61	120.99
Sep-17	92.13	127.89	126.20
Dec-17	94.02	138.77	135.36
Mar-18	99.27	142.27	153.76
Jun-18	109.17	152.27	171.87
Sep-18	105.10	164.09	190.29
Dec-18	89.16	133.66	164.01
Mar-19	110.76	158.65	191.82
Jun-19	114.11	164.78	192.76
Sep-19	116.47	172.08	187.61
Dec-19	120.01	200.94	204.28
Mar-20	96.95	177.94	178.18
Jun-20	82.72	236.07	231.29
Sep-20	90.07	265.39	310.06
Dec-20	124.87	301.37	305.88
Mar-21	151.97	311.96	297.13
Jun-21	173.60	354.92	330.35
Sep-21	172.46	360.52	340.35
Dec-21	161.30	415.46	324.49



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Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

In addition to historical information, the following Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements. These forward-looking statements involve risks, uncertainties and assumptions. The actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including but not limited to those discussed in Part I, Item 1A - "Risk Factors" in this Annual Report on Form 10-K. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's opinions only as of the date hereof. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements, except as required by law. Readers should carefully review the Risk Factors and the risk factors set forth in other documents we file from time to time with the SEC.

Overview

Ziff Davis, Inc. (formerly J2 Global, Inc.) was incorporated in 2014 as a Delaware corporation through the creation of a holding company structure, and our Cybersecurity and Martech business, operated by our wholly owned subsidiary, J2 Cloud Services, LLC (formerly J2 Cloud Services, Inc.), and its subsidiaries, was founded in 1995.

Ziff Davis, Inc., together with its subsidiaries ("Ziff Davis", "the Company", "our", "us" or "we"), is a leading provider of internet services. Our Digital Media business specializes in the technology, shopping, gaming, and healthcare markets, offering content, tools and services to consumers and businesses. Our Cybersecurity and Martech business provides cloud-based subscription services to consumers and businesses including cybersecurity, privacy, and marketing technology.

In February 2021, we sold certain Voice assets in the United Kingdom and in September 2021, we sold our B2B Backup business.

On October 7, 2021, we completed the separation of our cloud fax business (the "Separation") into an independent publicly traded company, Consensus Cloud Solutions, Inc. ("Consensus"). The Separation was achieved through the Company's distribution of 80.1% of the shares of Consensus common stock to holders of J2 Global common stock as of the close of business on October 1, 2021, the record date for the distribution. The J2 Global stockholders of record received one share of Consensus common stock for every three shares of J2 Global's common stock and we retained a 19.9% interest in Consensus following the Separation (the "Retained Consensus Shares"). Before the Separation, we reported our results as Digital Media and Cloud Services. In connection with the Separation, we now refer to these segments as Digital Media and Cybersecurity and Martech.

The accounting requirements for reporting the Separation of Consensus as a discontinued operation were met when the Separation was completed on October 7, 2021. Accordingly, the accompanying consolidated financial statements for all periods presented reflect the results of the Consensus business as a discontinued operation. Ziff Davis did not retain a controlling interest in Consensus and therefore, the fair value of the Retained Consensus Shares and subsequent fair value changes are included in our assets and results from continuing operations.

Our Digital Media business generates revenues from advertising and sponsorships, subscription and usage fees, performance marketing and licensing fees. Our Cybersecurity and Martech business generates revenues primarily from customer subscription and usage fees.

In addition to growing our business organically, on a regular basis we acquire businesses to grow our customer bases, expand and diversify our service offerings, enhance our technologies, acquire skilled personnel and enter into new markets.

Our consolidated revenues are currently generated primarily from two basic business models, each with different financial profiles and variability. Our Digital Media business is driven primarily by advertising revenues, has relatively higher sales and marketing expense and has seasonal strength in the fourth quarter. Our Cybersecurity and Martech business is driven primarily by subscription revenues with relatively stable and predictable margins from quarter to quarter. We continue to pursue additional acquisitions, which may include companies operating under business models that differ from those we operate under today. Such acquisitions could impact our consolidated profit margins and the variability of our revenues.

In March 2020, the World Health Organization declared the COVID-19 outbreak as a pandemic, and we anticipate our customers and our operations in all locations will be affected as the virus continues to proliferate and as a result of the governmental responses to the pandemic and its impact on global, regional and local economies, including supply chains. The impact of the COVID-19 pandemic has had a negative effect on the global economy, disrupting the financial markets and creating increasing volatility and overall uncertainty. Given this disruption, volatility and uncertainty, our results may be adversely affected due to various factors affecting our performance. The Company has adjusted certain aspects of our operations to protect our employees and customers while still seeking to meet customers' needs for our vital digital media services and cybersecurity and Martech services.

Management is actively monitoring the global situation and will take further action to alter our operations as may be required by federal, foreign, state and local authorities or that we determine are otherwise necessary or appropriate under the circumstances. The full extent, duration and overall impact of the COVID-19 pandemic is currently unknown and depends on future developments that are uncertain and unpredictable. Therefore, we are continuing to assess the impact to our results of operations, financial position and liquidity based on our current assessment of the situation which could change based on the spread of the pandemic and additional government action which could limit economic activity or cause for a slower reopening of the economy.

Digital Media Performance Metrics

We use certain metrics to generally assess the operational and financial performance of our Digital Media business. The number of visits is an indicator of consumers' level of engagement with our mobile applications, websites and other services. We believe highly engaged consumers are more likely to participate in advertising programs and other activities that drive our multiple revenue streams.

We define a visit as a group of interactions by users with our mobile and desktop applications and websites. A single visit can contain multiple page views and actions, and a single user can open multiple visits across domains, web browsers, desktop or mobile devices. We measure visits with Google Analytics and through partner platform measures. Page views are measured each time a page on our websites is loaded in a browser.

The following table sets forth certain operating metrics for our Digital Media business for the years ended December 31, 2021, 2020 and 2019 (in millions):

	Years ended December 31,		
	2021 [1]	**2020 [1]**	**2019 [1]**
Visits	8,548	9,091	7,542
Page views	29,592	30,546	28,171

Sources: Google Analytics and Partner Platforms and test results in connection with Ookla.

[1] To more accurately reflect customer activity at Ookla, we have shifted to using tests as the basis instead of Google Analytics, resulting in pro-forma adjustments to data in 2019, 2020 and Q1 2021.

Cybersecurity and Martech Performance Metrics

We use certain metrics to generally assess the operational and financial performance of our Cybersecurity and Martech business; these metrics also serve as a baseline for (a) internal trends and (b) benchmarking against competitors. The average monthly revenue per customer can be used as an analytical tool in determining the marginal economics of customer acquisition, which is particularly useful as we continue to focus on growing our higher-margin businesses. We also use this metric, in conjunction with the cancel rate, to help provide a directional indicator of Cybersecurity and Martech revenue and calculate the lifetime value of customers within each of our business units.

The following table sets forth certain key operating metrics for our Cybersecurity and Martech business for the years ended December 31, 2021, 2020 and 2019 (in thousands, except for percentages):

	Years ended December 31,		
	2021	2020	2019
Subscriber revenues:			
Fixed	$ 332,018	$ 324,379	$ 310,687
Variable	16,228	23,318	29,558
Total revenues	$ 348,246	$ 347,697	$ 340,245
Percentage of total subscriber revenues:			
Fixed	95.3 %	93.3 %	91.3 %
Variable	4.7 %	6.7 %	8.7 %
Total revenues:			
Number-based	$ 39,278	$ 56,135	$ 66,744
Non-number-based	308,968	291,562	273,501
Total revenues	$ 348,246	$ 347,697	$ 340,245
Average monthly revenue per Cybersecurity and Martech Business Customer (ARPU) [(1)(2)]	$ 14.96	$ 13.85	$ 17.25
Cancel rate [(3)]	2.8 %	2.7 %	2.8 %

(1) Quarterly ARPU is calculated using our standard convention of applying the average of the quarter's beginning and ending base to the total revenue for the quarter. We believe ARPU provides investors an understanding of the average monthly revenues we recognize associated with each Cybersecurity and Martech customer. As ARPU varies based on fixed subscription fee and variable usage components, we believe it can serve as a measure by which investors can evaluate trends in the types of services, levels of services and the usage levels of those services across our Cybersecurity and Martech customer base.

(2) Cybersecurity and Martech customers are defined as paying direct inward dialing numbers for voice services, and direct partner and resellers' accounts for other services.

(3) Cancel Rate is defined as cancels of small and medium businesses and individual Cybersecurity and Martech customers with greater than four months of continuous service (continuous service includes Cybersecurity and Martech customers administratively canceled and reactivated within the same calendar month), and enterprise Cybersecurity and Martech Services customers beginning with their first day of service. Calculated monthly and expressed as an average over the three months of the quarter.

Critical Accounting Policies and Estimates

We prepare our consolidated financial statements and related disclosures in accordance with U.S. generally accepted accounting principles ("GAAP") and our discussion and analysis of our financial condition and operating results require us to make judgments, assumptions and estimates that affect the amounts reported in our consolidated financial statements and accompanying notes. See Note 2, "Basis of Presentation and Summary of Significant Accounting Policies" of the notes to consolidated financial statements in Part II, Item 8 of this Form 10-K which describes the significant accounting policies and methods used in the preparation of our consolidated financial statements. We base our estimates on historical experience and on various other assumptions we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities. Actual results may differ significantly from those estimates under different assumptions and conditions and may be material.

We believe that our most critical accounting policies are those related to revenue recognition, valuation and impairment of investments, our assessment of ownership interests as variable interest entities and the related determination of consolidation, share-based compensation expense, fair value of assets acquired and liabilities assumed in connection with business combinations, long-lived and intangible asset impairment, contingent consideration, income taxes and contingencies and allowance for doubtful accounts. We consider these policies critical because they are those that are most important to the portrayal of our financial condition and results and require management's most difficult, subjective and complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Senior management has reviewed these critical accounting policies and related disclosures with the Audit Committee of the Company's Board of Directors.

Revenue Recognition

Digital Media

Digital Media revenues are earned primarily from the delivery of advertising services and from subscriptions to services and information.

Revenue is earned from the delivery of advertising services on the Company's owned and operated websites and on those websites that are part of Digital Media's advertising network. Depending on the individual contracts with the customer, revenue for these services are recognized over the contract period when any of the following performance obligations are satisfied: (i) when an advertisement is placed for viewing; (ii) when a qualified sales lead is delivered; (iii) when a visitor "clicks through" on an advertisement; or (iv) when commissions are earned upon the sale of an advertised product.

Revenue from subscriptions is earned through the granting of access to, or delivery of, certain data products or services to customers. Subscriptions cover video games and related content, health information, data and other copyrighted material. Revenues under such agreements are recognized over the contract term for use of the service. Revenues are also earned from listing fees, subscriptions to online publications, and from other sources. Subscription revenues are recognized over time.

The Company also generates Digital Media revenues through the license of certain assets to clients. Assets are licensed for clients' use in their own promotional materials or otherwise. Such assets may include logos, editorial reviews, or other copyrighted material. Revenues under such license agreements are recognized over the contract term for use of the asset. Technology assets are also licensed to clients. These assets are recognized over the term of the access period. The Digital Media business also generates revenue from other sources which include marketing and production services. Such other revenues are generally recognized over the period in which the products or services are delivered.

The Company also generates Digital Media revenues from transactions involving the sale of perpetual software licenses, related software support and maintenance, hardware used in conjunction with its software, and other related services. Revenue is recognized for these software transactions with multiple performance obligations after (i) the Company has had an approved contract and is committed to perform the respective obligations and (ii) the Company can identify and quantify each obligation and its respective selling price. Once the respective performance obligations have been identified and quantified, revenue is recognized when the obligations are met, either over time or at a point in time depending on the nature of the obligation.

Revenues from software license performance obligations are generally recognized upfront at the point in time that the software is made available to the customer to download and use. Revenues for related software support and maintenance performance obligations are related to technical support provided to customers as needed and unspecified software product upgrades, maintenance releases and patches during the term of the support period when they are available. The Company is obligated to make the support services available continuously throughout the contract period. Therefore, revenues for support contracts are generally recognized ratably over the contractual period the support services are provided. Hardware products and related software performance obligations, such as an operating system or firmware, are highly interdependent and interrelated and are accounted for as a bundled performance obligation. The revenues for this bundled performance obligation are generally recognized at the point in time that the hardware and software products are delivered and ownership is transferred to the customer. Other service revenues are generally recognized over time as the services are performed.

The Company records revenue on a gross basis with respect to revenue generated (i) by the Company serving online display and video advertising across its owned and operated web properties, on third-party sites or on unaffiliated advertising networks; (ii) through the Company's lead-generation business; and (iii) through the Company's subscriptions. The Company records revenue on a net basis with respect to revenue paid to the Company by certain third-party advertising networks who serve online display and video advertising across the Company's owned-and-operated web properties and certain third-party sites.

Cybersecurity and Martech

The Company's Cybersecurity and Martech revenues substantially consist of recurring subscription and usage-based fees, the majority of which are paid in advance by credit card. The Company defers the portions of monthly, quarterly, semi-annually and annually recurring subscription and usage-based fees collected in advance of the satisfaction of performance obligations and recognizes them in the period earned.

Along with our numerous proprietary Cybersecurity and Martech solutions, the Company also generates revenues by reselling various third-party solutions, primarily through our email security business. These third-party solutions, along with our proprietary products, allow the Company to offer customers a variety of solutions to better meet the customer's needs. The Company records revenue on a gross basis with respect to reseller revenue because the Company has control of the specified good or service prior to transferring control to the customer.

Valuation and Impairment of Investments

We account for our investments in debt securities in accordance with Financial Accounting Standards Board ("FASB") ASC Topic No. 320, Investments - Debt Securities ("ASC 320"). Our debt investments are typically comprised of corporate debt securities, which we classify as available-for-sale. Available-for-sale securities are carried at fair value with unrealized gains and losses included in other comprehensive income. All debt securities are accounted for on a specific identification basis.

The Company's available-for-sale debt securities are carried at an estimated fair value with any unrealized gains or losses, net of taxes, included in accumulated other comprehensive loss in stockholders' equity. Available-for-sale debt securities with an amortized cost basis in excess of estimated fair value are assessed to determine what amount of that difference, if any, is caused by expected credit losses. Expected credit losses on available-for-sale debt securities are recognized in loss on investments, net on our Consolidated Statements of Operations, and any remaining unrealized losses, net of taxes, are included in accumulated comprehensive loss in stockholders' equity.

We account for our investments in equity securities in accordance with ASC Topic No. 321, Investments - Equity Securities ("ASC 321") which requires the accounting for equity investments (other than those accounted for using the equity method of accounting) be measured at fair value for equity securities with readily determinable fair values. The Retained Consensus Shares are accounted for at fair value under the fair value option and the related fair value gains and losses are recognized in earnings. For equity securities without a readily determinable fair value that are not accounted for by the equity method, we measure the equity security using cost, less impairment, if any, and plus or minus observable price changes arising from orderly transactions in the same or similar investment from the same issuer. Any unrealized gains or losses will be reported in current earnings (see Note 5 - Investments of the Notes to Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K, which is incorporated herein by reference).

We assess whether an other-than-temporary impairment loss on an investment has occurred due to declines in fair value or other market conditions (see Note 5 - Investments of the Notes to Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K, which is incorporated herein by reference).

Variable Interest Entities ("VIE")

A VIE requires consolidation by the entity's primary beneficiary. The Company evaluates its investments in entities in which it is involved to determine if the entity is a VIE and if so, whether it holds a variable interest and is the primary beneficiary. The Company has determined that it holds a variable interest in its investment as a limited partner in the OCV Fund I, LP ("OCV Fund", "OCV" or the "Fund"). In determining whether the Company is deemed to be the primary beneficiary of the VIE, both of the following characteristics must be present:

a) the Company has the power to direct the activities of the VIE that most significantly impacts the VIEs economic performance (the power criterion); and

b) the Company has the obligation to absorb losses of the VIE, or the right to receive benefits of the VIE, that could potentially be significant to the VIE (the economic criterion).

The Company has concluded that, as a limited partner, although the obligations to absorb losses or the right to benefit from the gains is not insignificant, the Company does not have "power" over OCV because it does not have the ability to direct the significant decisions which impact the economics of OCV. The Company believes that the OCV general partner, as a single decision maker, holds the ability to make the decisions about the activities that most significantly impact the OCV Fund's economic performance. As a result, the Company has concluded that it will not consolidate OCV, as it is not the primary beneficiary of the OCV Fund, and will account for this investment under the equity-method of accounting. (See Note 5, "Investments", of the Notes to Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K, which is incorporated herein by reference).

OCV qualifies as an investment company under ASC 946 - Financial Services, Investment Companies ("ASC 946"). Under ASC Topic 323, Investments - Equity Method and Joint Ventures, an investor that holds investments that qualify for specialized industry accounting for investment companies in accordance with ASC 946 should record its share of the earnings or losses, realized or unrealized, as reported by its equity method investees in the Consolidated Statements of Operations.

The Company recognizes its equity in the net earnings or losses relating to the investment in OCV on a one-quarter lag due to the timing and availability of financial information from OCV. If the Company becomes aware of a significant decline in value that is other-than-temporary, the loss will be recorded in the period in which the Company identifies the decline.

Share-Based Compensation Expense

The Company accounts for share-based awards to employees and non-employees in accordance with the provisions of FASB ASC Topic No. 718, Compensation - Stock Compensation ("ASC 718"). Accordingly, the Company measures share-based compensation expense at the grant date, based on the fair value of the award, and recognizes the expense over the employee's requisite service period using the straight-line method. The measurement of share-based compensation expense is based on several criteria including, but not limited to, the valuation model used and associated input factors, such as expected term of the award, stock price volatility, risk free interest rate, dividend rate and award cancellation rate. These inputs are subjective and are determined using management's judgment. If differences arise between the assumptions used in determining share-based compensation expense and the actual factors, which become known over time, the Company may change the input factors used in determining future share-based compensation expense. Any such changes could materially impact the Company's results of operations in the period in which the changes are made and in periods thereafter. The Company estimates the expected term based upon the historical exercise behavior of its employees.

Impairment or Disposal of Long-lived and Intangible Assets

The Company accounts for long-lived assets, which include property and equipment, operating lease right-of-use assets and identifiable intangible assets with finite useful lives (subject to amortization), in accordance with the provisions of FASB ASC Topic No. 360, Property, Plant, and Equipment ("ASC 360"), which requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by comparing the carrying amount of an asset to the expected undiscounted future net cash flows generated by the asset. If it is determined that the asset may not be recoverable, and if the carrying amount of an asset exceeds its estimated fair value, an impairment charge is recognized to the extent of the difference.

The Company assesses the impairment of identifiable definite-lived intangibles and long-lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors the Company considers important which could individually or in combination trigger an impairment review include the following:

- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of our use of the acquired assets or the strategy for our overall business;
- Significant negative industry or economic trends;
- Significant decline in our stock price for a sustained period; and
- Our market capitalization relative to net book value.

If the Company determined that the carrying value of definite-lived intangibles and long-lived assets may not be recoverable based upon the existence of one or more of the above indicators of impairment, the Company would record an impairment equal to the excess of the carrying amount of the asset over its estimated fair value.

The Company assessed whether events or changes in circumstances have occurred that potentially indicate the carrying amount of definite-lived intangibles and long-lived assets may not be recoverable. For the years ended December 31, 2021 and 2020, the Company recorded an impairment of certain operating right-of-use assets and associated property and equipment (see Note 11 - Leases of the Notes to Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K, which is incorporated herein by reference). No impairment was recorded for the year ended 2019.

The Company classifies its long-lived assets to be sold as held for sale in the period (i) it has approved and committed to a plan to sell the asset, (ii) the asset is available for immediate sale in its present condition, (iii) an active program to locate a buyer and other actions required to sell the asset have been initiated, (iv) the sale of the asset is probable, (v) the asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value, and (vi) it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. The Company initially measures a long-lived asset that is classified as held for sale at the lower of its carrying value or fair value less any costs to sell. Any loss resulting from this measurement is recognized in the period in which the held for sale criteria are met. Conversely, gains are not recognized on the sale of a long-lived asset until the date of sale. Upon designation as an asset held for sale, the Company stops recording depreciation expense on the asset. The Company assesses the fair value of a long-lived asset less any costs to sell at each reporting period and until the asset is no longer classified as held for sale.

Business Combinations and Valuation of Goodwill and Intangible Assets

The Company applies the acquisition method of accounting for business combinations in accordance with GAAP and uses estimates and judgments to allocate the purchase price paid for acquisitions to the fair value of the assets, including identifiable intangible assets and liabilities acquired. Such estimates may be based on significant unobservable inputs and assumptions such as, but not limited to, revenue growth rates, gross margins, customer attrition rates, royalty rates, discount rates and terminal growth rate assumptions. The Company uses established valuation techniques and may engage reputable valuation specialists to assist with the valuations. Management’s estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. Fair values are subject to refinement for up to one year after the closing date of an acquisition as information relative to closing date fair values becomes available. Upon the conclusion of the measurement period, any subsequent adjustments are recorded to earnings.

Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired in a business combination. Intangible assets resulting from the acquisitions of entities accounted for using the acquisition method of accounting are recorded at the estimated fair value of the assets acquired. Identifiable intangible assets are comprised of purchased customer relationships, trademarks and trade names, developed technologies and other intangible assets. Intangible assets subject to amortization are amortized over the period of estimated economic benefit ranging from 1 to 20 years and are included in general and administrative expenses on the Consolidated Statements of Operations. The Company evaluates its goodwill and indefinite-lived intangible assets for impairment pursuant to FASB ASC Topic No. 350, Intangibles - Goodwill and Other ("ASC 350"), which provides that goodwill and other intangible assets with indefinite lives are not amortized but tested annually for impairment or more frequently if the Company believes indicators of impairment exist. In connection with the annual impairment test for goodwill, the Company has the option to perform a qualitative assessment in determining whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the Company determines that it is more likely than not that the fair value of the reporting unit is less than its carrying amount, then it performs the impairment test upon goodwill. The impairment test involves comparing the fair values of the applicable reporting units with their aggregate carrying values, including goodwill. The Company generally determines the fair value of its reporting units using the income approach methodology of valuation. If the carrying value of a reporting unit exceeds the reporting unit's fair value, an impairment loss is recognized for the difference. In the second quarter of 2021, the Company recorded an impairment to goodwill associated with the plan to sell the Company's B2B Backup business. This sale closed during the third quarter of 2021 (see Note 6 - Discontinued Operations and Dispositions of the Notes to Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K, which is incorporated herein by reference). In the first quarter of 2021, the Company changed the annual goodwill impairment assessment date for the Cybersecurity and Martech business from September 30 to October 1. Also, in 2020, the Company changed the annual goodwill impairment assessment date for the Digital Media business from December 31 to October 1. The Company determined this date is preferable, and concluded this was not a material change in accounting principle.

Contingent Consideration

Certain of the Company's acquisition agreements include contingent earn-out arrangements, which are generally based on the achievement of future income thresholds or other metrics. The contingent earn-out arrangements are based upon the Company's valuations of the acquired companies and reduce the risk of overpaying for acquisitions if the projected financial results are not achieved.

The fair values of these earn-out arrangements are included as part of the purchase price of the acquired companies on their respective acquisition dates. For each transaction, the Company estimates the fair value of contingent earn-out payments as part of the initial purchase price and records the estimated fair value of contingent consideration as a liability on the Consolidated Balance Sheets. The Company considers several factors when determining that contingent earn-out liabilities are part of the purchase price, including the following: (1) the valuation of our acquisitions is not supported solely by the initial consideration paid, and the contingent earn-out formula is a critical and material component of the valuation approach to determining the purchase price; and (2) the former shareholders of acquired companies that remain as key employees receive compensation other than contingent earn-out payments at a reasonable level compared with the compensation of the Company's other key employees. The contingent earn-out payments are not affected by employment termination.

The Company measures the contingent earn-out liabilities in connection with acquisitions at fair value on a recurring basis using significant unobservable inputs classified within Level 3 of the fair value hierarchy (see Note 7 - Fair Value Measurements of the Notes to Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K, which is incorporated herein by reference). The Company may use various valuation techniques depending on the terms and conditions of the contingent consideration including a Monte-Carlo simulation. This simulation uses probability distribution for each significant input to produce hundreds or thousands of possible outcomes and the results are analyzed to determine probabilities of different outcomes occurring. Significant increases or decreases to these inputs in isolation would result in a significantly higher or lower liability with a higher liability capped by the contractual maximum of the contingent earn-out obligation. Ultimately, the liability will be equivalent to the amount paid, and the difference between the fair value estimate and the amount paid will be recorded in earnings. The amount paid that is less than or equal to the liability on the acquisition date is reflected as cash used in financing activities in its Consolidated Statements of Cash Flows. Any amount paid in excess of the liability on the acquisition date is reflected as cash used in operating activities.

The Company reviews and re-assesses the estimated fair value of contingent consideration on a quarterly basis, and the updated fair value could be materially different from the initial estimates or prior quarterly amounts. Changes in the estimated fair value of its contingent earn-out liabilities are reported in general and administrative expenses on the Consolidated Statements of Operations.

Income Taxes

We account for income taxes in accordance with FASB ASC Topic No. 740, Income Taxes ("ASC 740"), which requires that deferred tax assets and liabilities be recognized using enacted tax rates for the effect of temporary differences between the book and tax basis of recorded assets and liabilities. ASC 740 also requires that deferred tax assets be reduced by a valuation allowance if it is more likely than not that some or all of the net deferred tax assets will not be realized. Our valuation allowance is reviewed quarterly based upon the facts and circumstances known at the time. In assessing this valuation allowance, we review historical and future expected operating results and other factors to determine whether it is more likely than not that deferred tax assets are realizable.

We are subject to income taxes in the U.S. (federal and state) and numerous foreign jurisdictions. Tax laws, regulations, and administrative practices in various jurisdictions may be subject to significant change, with or without notice, due to economic, political, and other conditions, and significant judgment is required in evaluating and estimating our provision and accruals for these taxes. There are many transactions that occur during the ordinary course of business for which the ultimate tax determination is uncertain. Our effective tax rates could be affected by numerous factors, such as intercompany transactions, the relative amount of our foreign earnings, including earnings being lower than anticipated in jurisdictions where we have lower statutory rates and higher than anticipated in jurisdictions where we have higher statutory rates, the applicability of special tax regimes, losses incurred in jurisdictions for which we are not able to realize the related tax benefit, changes in foreign currency exchange rates, entry into new businesses and geographies, changes to our existing businesses and operations, acquisitions (including integrations) and investments and how they are financed, changes in our stock price, changes in our deferred tax assets and liabilities and their valuation, and changes in the relevant tax, accounting, and other laws, regulations, administrative practices, principles, and interpretations. In addition, a number of countries are actively pursuing changes to their tax laws applicable to corporate multinationals. Finally, foreign governments may enact tax laws in response to the 2017 Tax Act that could result in further changes to global taxation and materially affect our financial position and results of operations.

Income Tax Contingencies

We calculate current and deferred tax provisions based on estimates and assumptions that could differ from the actual results reflected in income tax returns filed during the following year. Adjustments based on filed returns are recorded when identified in the subsequent year.

ASC 740 provides guidance on the minimum threshold that an uncertain income tax position is required to meet before it can be recognized in the financial statements and applies to all tax positions taken by a company. ASC 740 contains a two-step approach to recognizing and measuring uncertain income tax positions. The first step is to evaluate the income tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement. If it is not more likely than not that the benefit will be sustained on its technical merits, no benefit will be recorded. Uncertain income tax positions that relate only to timing of when an item is included on a tax return are considered to have met the recognition threshold. We recognize accrued interest and penalties related to uncertain income tax positions in income tax expense on our consolidated statement of income. On a quarterly basis, we evaluate uncertain income tax positions and establish or release reserves as appropriate under GAAP.

As a multinational corporation, we are subject to taxation in many jurisdictions, and the calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in various taxing jurisdictions. Our estimate of the potential outcome of any uncertain tax issue is subject to management's assessment of relevant risks, facts and circumstances existing at that time. Therefore, the actual liability for U.S. or foreign taxes may be materially different from our estimates, which could result in the need to record additional tax liabilities or potentially to reverse previously recorded tax liabilities. In addition, we may be subject to examination of our tax returns by the U.S. Internal Revenue Service ("IRS") and other domestic and foreign tax authorities.

Non-Income Tax Contingencies

The Company does not collect and remit sales and use, telecommunication, or similar taxes and fees in certain jurisdictions where the Company believes that such taxes are not applicable or legally required. Several states and other taxing jurisdictions have presented or threatened the Company with assessments, alleging that the Company is required to collect and remit such taxes there.

The Company is currently under audit or is subject to audit for indirect taxes in various states, municipalities and foreign jurisdictions. The Company has a $24.0 million reserve established for these matters. It is reasonably possible that additional liabilities could be incurred resulting in additional expense, which could have a material impact to our financial results.

Allowances for Doubtful Accounts

The Company maintains an allowance for credit losses for accounts receivable, which is recorded as an offset to accounts receivable and changes in such are classified as general and administrative expenses in the Consolidated Statements of Operations. The Company assesses collectability by reviewing accounts receivable on a collective basis where similar characteristics exist and on an individual basis when the Company identifies specific customers with known disputes or collectability issues. In determining the amount of the allowance for credit losses, the Company considers historical collectability based on past due status. The Company also considers customer-specific information, current market conditions and reasonable and supportable forecasts of future economic conditions to inform adjustments to historical loss data. On an ongoing basis, management evaluates the adequacy of these reserves.

Recent Accounting Pronouncements

See Note 2, "Basis of Presentation and Summary of Significant Accounting Policies", to our accompanying consolidated financial statements for a description of recent accounting pronouncements and the Company's expectations of the impact on its consolidated financial position and results of operations.

Results of Operations for the *Years Ended December 31, 2021, 2020 and 2019*

Digital Media

We expect revenue for fiscal year 2022 to be higher compared to the prior-year driven by prior year acquisitions and continued organic growth. We expect the Digital Media business to improve as we integrate our recent acquisitions and over the longer term as advertising transactions continue to shift from offline to online, and we continue to expand our shopping and subscription platforms. The main focus of our platform monetization programs is to provide relevant and useful advertising to visitors to our websites, provide meaningful content that informs and shapes purchase intent, and leverage our brand and editorial assets into subscription platforms. As a result, we expect to continue to take steps to improve the relevance of the ads displayed on our websites and those included within our advertising networks, and improve the effectiveness of our content in driving purchase decisions and subscriptions.

The operating margin we realize on revenues generated from ads placed on our websites is significantly higher than the operating margin we realize from revenues generated from those placed on third-party websites. Growth in advertising revenues from our websites has generally exceeded that from third-party websites. This trend has had a positive impact on our operating margins, and we expect that this will continue for the foreseeable future.

We expect acquisitions to remain an important component of our strategy and use of capital in this business; however, we cannot predict whether our current pace of acquisitions will remain the same within this business, especially in light of the current macroeconomic conditions. In a given period, we may close greater or fewer acquisitions than in prior periods or acquisitions of greater or lesser significance than in prior periods. Moreover, future acquisitions of businesses within this space, but with different business models may impact Digital Media's overall operating profit margins.

Cybersecurity and Martech

We expect 2022 revenue to be higher compared to the prior-year driven by prior year acquisitions and contributions from organic growth. The main focus of our Cybersecurity and Martech service offerings is to reduce or eliminate costs, increase sales and enhance productivity, mobility, business continuity and security of our customers as the technologies and devices they use evolve over time. As a result, we expect to continue to take steps to enhance our existing offerings and offer new services to continue to satisfy the evolving needs of our customers.

We expect acquisitions to remain an important component of our strategy and use of capital in this business; however, we cannot predict whether our current pace of acquisitions will remain the same within this business, especially in light of the current macroeconomic conditions. In a given period, we may close greater or fewer acquisitions than in prior periods or acquisitions of greater or lesser significance than in prior periods. Moreover, future acquisitions of businesses within this space but with different business models, may impact Cybersecurity and Martech' overall operating profit margins.

Consolidated

Based on the trends discussed above with respect to our Digital Media and Cybersecurity and Martech businesses, we anticipate our consolidated revenue for fiscal year 2022 to be higher compared to the prior-year comparable period. We expect operating profit as a percentage of revenues to be generally consistent with 2021's operating profit margins.

We expect acquisitions to remain an important component of our strategy and use of capital in this business; however, we cannot predict whether our current pace of acquisitions will remain the same within this business, especially in light of the current macroeconomic conditions. In a given period, we may close greater or fewer acquisitions than in prior periods or acquisitions of greater or lesser significance than in prior periods. Moreover, future acquisitions of businesses within this space, but with different business models may impact consolidated overall operating profit margins.

The following table sets forth, for the years ended December 31, 2021, 2020 and 2019, information derived from our Statements of Operations as a percentage of revenues. This information should be read in conjunction with the accompanying financial statements and the Notes to Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K.

	Years ended December 31,		
	2021	2020	2019
Revenues	100%	100%	100%
Cost of revenues	13	15	18
Gross profit	87	85	82
Operating expenses:			
Sales and marketing	35	32	31
Research, development and engineering	6	5	4
General and administrative	32	36	38
Goodwill impairment on business	2	—	—
Total operating expenses	75	73	73
Income from operations	12	12	9
Interest expense, net	(5)	(5)	(3)
Loss on debt extinguishment, net	—	—	—
(Loss) gain on sale of businesses	(2)	1	—
Loss on investments, net	(1)	(2)	—
Unrealized gain on short-term investment	21	—	—
Other (income) expense, net	—	—	—
Income from continuing operations before income taxes and income from equity method investment, net	25	6	6
Income tax (benefit) expense	(1)	3	1
Income (loss) from equity method investment, net	3	(1)	—
Net income from continuing operations	29	2	5
Income from discontinued operations, net of income taxes	6	11	16
Net income	35%	13%	21%

Revenues

(in thousands, except percentages)	2021	2020	2019	Percentage Change 2021 versus 2020	Percentage Change 2020 versus 2019
Revenues	**$ 1,416,722**	**$ 1,158,829**	**$ 1,050,464**	**22%**	**10%**

Our revenues consist of revenues from our Digital Media business and Cybersecurity and Martech business. Digital Media revenues primarily consist of advertising revenues, subscriptions earned through the granting of access to, or delivery of, certain data products or services to customers, fees paid for generating business leads, and licensing and sale of editorial content and trademarks. Cybersecurity and Martech revenues primarily consist of revenues from "fixed" customer subscription revenues and "variable" revenues generated from actual usage of our services.

Our revenues have increased over the past three years primarily due to a combination of acquisitions and organic growth; partially offset by declines in certain areas of both the Digital Media and Cybersecurity and Martech businesses, including those related to the divestitures of the B2B Back-up business and Voice assets. Our 2021 revenue includes approximately $189 million of revenue related to recently acquired businesses.

Cost of Revenues

(in thousands, except percentages)		2021		2020		2019	Percentage Change 2021 versus 2020	Percentage Change 2020 versus 2019
Cost of revenue	$	188,053	$	178,403	$	187,332	5%	(5)%
As a percent of revenue		13%		15%		18%		

Cost of revenues is primarily comprised of costs associated with content fees, editorial and production costs and hosting costs. The increase in cost of revenues for the year ended December 31, 2021 was primarily due to approximately $8.6 million of higher media inventory and operations costs, including content fees, editorial and production costs, as well as approximately $4.2 million of higher hosting and computer related costs and increased depreciation, partially offset by lower cost of revenues from divestitures of the B2B Back-up business and Voice assets. The decrease in cost of revenues for the year ended December 31, 2020 compared to the year ended December 31, 2019, was primarily due to lower content fees, campaign fulfillment cost, other editorial and production costs; partially offset by an increase in depreciation and amortization.

Operating Expenses

Sales and Marketing.

(in thousands, except percentages)		2021		2020		2019	Percentage Change 2021 versus 2020	Percentage Change 2020 versus 2019
Sales and Marketing	$	493,049	$	366,359	$	327,661	35%	12%
As a percent of revenue		35%		32%		31%		

Our sales and marketing costs consist primarily of internet-based advertising, sales and marketing, personnel costs and other business development-related expenses. Our internet-based advertising relationships consist primarily of fixed cost and performance-based (cost-per-impression, cost-per-click and cost-per-acquisition) advertising relationships with an array of online service providers. Advertising cost for the years ended December 31, 2021, 2020 and 2019 was $243.7 million (primarily consisting of $137.8 million of third-party advertising costs and $82.5 million of personnel costs), $159.8 million (primarily consisting of $91.4 million of third-party advertising costs and $55.1 million of personnel costs) and $115.7 million (primarily consisting of $76.8 million of third-party advertising costs and $35.6 million of personnel costs), respectively. The increase in sales and marketing expenses from 2020 to 2021 was primarily due to increased creative services, sales, advertising operations, advertising and product development costs associated primarily with the acquisition of businesses acquired in and subsequent to fiscal 2020 within the Digital Media and Cybersecurity and Martech businesses. The increase in sales and marketing expenses from 2019 to 2020 was primarily due to increased personnel costs and advertising associated with the businesses acquired in and subsequent to fiscal 2019.

Research, Development and Engineering.

(in thousands, except percentages)		2021		2020		2019	Percentage Change 2021 versus 2020	Percentage Change 2020 versus 2019
Research, Development and Engineering	$	78,874	$	57,148	$	44,651	38%	28%
As a percent of revenue		6%		5%		4%		

Our research, development and engineering costs consist primarily of personnel-related expenses. The increase in research, development and engineering costs from 2020 to 2021 was primarily due to an increase in engineering costs of approximately $19.2 million, primarily associated with businesses acquired within the Digital Media business. The increase in research, development and engineering costs from 2019 to 2020 was primarily due to an increase in costs associated with businesses acquired within the Digital Media business.

General and Administrative.

(in thousands, except percentages)	2021	2020	2019	Percentage Change 2021 versus 2020	Percentage Change 2020 versus 2019
General and Administrative	**$ 456,777**	**$ 418,579**	**$ 402,597**	**9%**	**4%**
As a percent of revenue	**32%**	**36%**	**38%**		

Our general and administrative costs consist primarily of personnel-related expenses, depreciation and amortization, changes in the fair value associated with contingent consideration, share-based compensation expense, bad debt expense, professional fees, severance and insurance costs. The increase in general and administrative expense from 2020 to 2021 was primarily due to an increase of approximately $32.0 million in depreciation and amortization, related primarily to amortization of intangibles acquired through acquisitions. The increase in general and administrative expense from 2019 to 2020 was primarily due to the recognition of lease asset impairments and additional depreciation due to leasehold impairments, legal settlements and increased professional fees; partially offset by decreased amortization of intangible assets.

Goodwill impairment on business. Our goodwill impairment was generated from the impairment of the B2B Backup business in the second quarter of 2021. Goodwill impairment was $32.6 million for the year ended December 31, 2021. See Note 6 - Discontinued Operations and Dispositions of the Notes to Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K, which is incorporated herein by reference.

Share-Based Compensation

The following table represents share-based compensation expense included in cost of revenues and operating expenses in the accompanying Consolidated Statements of Operations for the years ended December 31, 2021, 2020 and 2019 (in thousands):

	Years ended December 31,		
	2021	**2020**	**2019**
Cost of revenues	$ 306	$ 332	$ 154
Operating expenses:			
Sales and marketing	1,288	1,011	946
Research, development and engineering	1,984	1,396	976
General and administrative	20,551	19,781	20,390
Total	$ 24,129	$ 22,520	$ 22,466

Non-Operating Income and Expenses

Interest expense, net. Our interest expense, net is generated primarily from interest expense due to outstanding debt, partially offset by interest income earned on cash, cash equivalents and investments. Interest expense, net was $72.0 million, $56.2 million, and $26.9 million for the years ended December 31, 2021, 2020 and 2019, respectively. The increase from 2020 to 2021 was primarily due to interest expense from the Company's 4.625% Senior Notes issued in the fourth quarter of 2020. The increase from 2019 to 2020 was primarily due to increased interest expense associated with the issuance of our 1.75% Convertible Senior Notes in the fourth quarter 2019; and the payment of certain prepayment penalties and write off of issuance costs in connection with the refinancing of our 6.0% Senior Notes and associated issuance of our 4.625% Senior Notes in the fourth quarter 2020.

Loss on debt extinguishment, net. Loss on debt extinguishment, net increased from $0 during 2020 to $5.3 million during 2021 due to a loss on debt extinguishment related to the tender of the 4.625% Senior Notes during the fourth quarter of 2021, partially offset by a gain on extinguishment of the 3.25% Convertible Notes during 2021.

(Loss) gain on sale of businesses. Loss on sale of businesses was $21.8 million, a gain of $17.1 million, and zero for the years ended December 31, 2021, 2020 and 2019, respectively. The loss on the sale of businesses during 2021 was due to the loss on the sale of the B2B Back-up business, partially offset by a gain on the sale of certain Voice assets in the United Kingdom in the first quarter of 2021 with a subsequent adjustment in the second quarter of 2021. The gain on sale of businesses during fiscal 2020 was generated primarily from the sale of certain Voice assets in Australia and New Zealand. See Note 6 - Discontinued Operations and Dispositions of the Notes to Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K, which is incorporated herein by reference.

Loss on investments, net. Our loss on investments, net is generated from gains or losses from investments in equity and debt securities. Our loss on investments, net was $16.7 million, $21.0 million, and $4.2 million for the years ended December 31, 2021, 2020 and 2019, respectively. The net loss on investments decreased during fiscal year 2021 compared to 2020 due to lower net losses realized on certain investments, partially offset by an impairment recognized in the current period. Our net loss on investments, net increased during fiscal year 2020 versus the prior comparable period due to net losses realized on certain investments as the result of the recapitalization of the investee and overall market volatility.

Unrealized gain on short-term investment. Unrealized gain on short-term investment was $298.5 million, zero and zero during the years ended December 31, 2021, 2020 and 2019, respectively. The increase in 2021 was due to the unrealized gain on our investment in Consensus during the fourth quarter of 2021.

Other income (expense), net. Our other income (expense), net is generated primarily from miscellaneous items and gain or losses on currency exchange. Other income (expense), net was $1.3 million, $0.1 million, and $(2.3) million for the years ended December 31, 2021, 2020 and 2019, respectively. The change was attributable to changes in gain or losses on currency exchange.

Income Taxes

Our effective tax rate is based on pre-tax income, statutory tax rates, tax regulations (including those related to transfer pricing) and different tax rates in the various jurisdictions in which we operate. The tax bases of our assets and liabilities reflect our best estimate of the tax benefits and costs we expect to realize. When necessary, we establish valuation allowances to reduce our deferred tax assets to an amount that will more likely than not be realized.

As of December 31, 2021, we had federal net operating loss carryforwards (“NOLs”) of $37.2 million after considering substantial restrictions on the utilization of these NOLs due to “ownership changes”, as defined in the Internal Revenue Code of 1986, as amended. We estimate that all of the above mentioned federal NOLs will be available for use before their expiration. Approximately $36.7 million of the NOLs expire through the year 2037 and $0.5 million of the NOLs carry forward indefinitely depending on the year the loss was incurred.

As of December 31, 2021 and 2020, the Company has interest expense limitation carryovers of $23.3 million and $0, respectively, which last indefinitely. The Company also has federal capital loss limitation carryforwards as of December 31, 2021 and 2020 of $28.7 million and $0, respectively that begin to expire in 2031. In addition, as of December 31, 2021 and 2020, we had available state research and development tax credit carryforwards of $5.1 million and $9.1 million, respectively, which last indefinitely. The Company has no foreign tax credit carryforwards as of December 31, 2021 and 2020.

Income tax expense amounted to ($14.2) million, $38.3 million and $13.8 million for the years ended December 31, 2021, 2020 and 2019, respectively. Our effective tax rates for 2021, 2020 and 2019 were (4.0%), 48.9% and 25.1%, respectively.

The decrease in our annual effective income tax rate in 2021 from 2020 was primarily attributable to the following:

1. A large gain recorded for book purposes for the mark-to-market adjustment of our remaining Consensus shares held as of December 31, 2021 that resulted in no tax expense since the Company has the ability to dispose of the investment tax-free under certain guidelines, and

2. a decrease in our tax expense due to a net reduction in our reserves for uncertain tax positions primarily due to the lapse of the statute of limitations in certain jurisdictions, and

3. a decrease in tax expense during 2021 due to the release of valuation allowances on deferred tax assets related to capital loss carryovers in certain jurisdictions.

The increase in our annual effective income tax rate in 2020 from 2019 was primarily attributable to the following:

1. An increase in tax expense during 2020 due to recording valuation allowances on deferred tax assets related to capital loss carryovers, and

2. a decrease in the benefit for the portion of our income being taxed in foreign jurisdictions and subject to lower tax rates than in the U.S. (relative to income from U.S. domestic operations), and

3. an increase in tax expense for the portion of our income being taxed in U.S. state and local jurisdictions as a result of an increase in our U.S. domestic operations.

In order to provide additional understanding in connection with our foreign taxes, the following represents the statutory and effective tax rate by significant foreign country:

	Ireland	**United Kingdom**	**Canada**
Statutory tax rate	12.5%	19.0%	26.5%
Effective tax rate [1]	2.6%	20.5%	31.6%

[1] Effective tax rate excludes certain discrete items.

The statutory tax rate is the rate imposed on taxable income for corporations by the local government in that jurisdiction. The effective tax rate measures the taxes paid as a percentage of pretax profit. The effective tax rate can differ from the statutory tax rate when a company can exempt some income from tax, claim tax credits, or due to the effect of book-tax differences that do not reverse and discrete items.

Significant judgment is required in determining our provision for income taxes and in evaluating our tax positions on a worldwide basis. We believe our tax positions, including intercompany transfer pricing policies, are consistent with the tax laws in the jurisdictions in which we conduct our business. Certain of these tax positions have in the past been, and are currently being, challenged, and this may have a significant impact on our effective tax rate if our tax reserves are insufficient.

Equity Method Investment

Income (loss) from equity method investment, net. Income (loss) from equity method investment, net is generated from our investment in the OCV Fund for which we receive annual audited financial statements. The investment in the OCV Fund is presented net of tax and on a one-quarter lag due to the timing and availability of financial information from OCV. If the Company becomes aware of a significant decline in value that is other-than-temporary, the loss will be recorded in the period in which the Company identifies the decline.

The Income (loss) from equity method investment, net was $35.8 million, $(11.3) million and $(0.2) million, net of tax (benefit) expense for the years ended December 31, 2021, 2020 and 2019, respectively. The gain during 2021 was primarily a result of a gain on the underlying investments. The fiscal 2020 loss was primarily a result of the impairment of two of the OCV Fund's investments as a result of the impact of COVID-19 in the amount of $7.0 million, net of tax benefit. In addition, the Company recognized an investment loss in fiscal 2020 in the amount of $4.3 million, net of tax benefit. During the years ended December 31, 2021, 2020 and 2019 the Company recognized management fees of $3.0 million, $3.0 million and $3.0 million, net of tax benefit, respectively.

Digital Media and Cybersecurity and Martech Results

Our businesses are based on the organization structure used by management for making operating and investment decisions and for assessing performance and have been aggregated into two reportable segments: (i) Digital Media; and (ii) Cybersecurity and Martech.

We evaluate the performance of our segments based on revenues, including both external and inter-business net sales, and operating income. We account for inter-business sales and transfers based primarily on standard costs with reasonable mark-ups established between the businesses. Identifiable assets by business are those assets used in the respective business' operations. Corporate assets consist of cash and cash equivalents, deferred income taxes and certain other assets. All significant inter-business amounts are eliminated to arrive at our consolidated financial results.

Digital Media

The financial results are presented for the following fiscal years (in thousands):

	2021	2020	2019
Gross sales	$ 1,069,300	$ 811,360	$ 710,511
Inter-business net sales	(824)	(229)	(300)
Net sales	1,068,476	811,131	710,211
Cost of revenues	93,930	77,244	92,753
Gross profit	974,546	733,887	617,458
Operating expenses	757,053	594,807	540,193
Operating income	$ 217,493	$ 139,080	$ 77,265

Digital Media’s net sales of $1,068.5 million in 2021 increased $257.3 million, or 31.7%, and net sales of $811.1 million in 2020 increased $100.9 million, or 14.2%, from the prior comparable period primarily due to business acquisitions and organic growth.

Digital Media’s gross profit of $974.5 million in 2021 increased $240.7 million and gross profit of $733.9 million in 2020 increased $116.4 million from the prior comparable periods primarily due to business acquisitions and organic growth.

Digital Media’s operating expenses of $757.1 million in 2021 increased $162.2 million from the prior comparable period primarily due to additional expense associated with businesses acquired in and subsequent to the prior comparable period including (a) additional salary and related costs including severance; (b) creative and selling costs; and (c) increased amortization of intangible assets. Operating expenses of $594.8 million in 2020 increased $54.6 million from the prior comparable period primarily due to additional expense associated with businesses acquired in and subsequent to 2019 comprised primarily of salary and related costs including severance and an increase in marketing costs.

As a result of these factors, Digital Media’s operating income of $217.5 million in 2021 increased $78.4 million, or 56.4%, from 2020, and operating income of $139.1 million in 2020 increased $61.8 million, or 80.0%, from 2019.

Cybersecurity and Martech

The financial results are presented for the following fiscal years (in thousands):

	2021	2020	2019
Gross sales	$ 348,611	$ 347,697	$ 340,245
Inter-business net sales	(365)	—	—
Net sales	348,246	347,697	340,245
Cost of revenues	93,204	100,882	94,279
Gross profit	255,042	246,815	245,966
Operating expenses	225,740	193,883	187,283
Operating income	$ 29,302	$ 52,932	$ 58,683

Cybersecurity and Martech net sales of $348.6 million in 2021 increased $0.5 million, or 0.2%, and net sales of $347.7 million in 2020 increased $7.5 million, or 2.2%, from the prior comparable period primarily due to business acquisitions acquired, partially offset by businesses sold subsequent to the third quarter 2020.

Cybersecurity and Martech gross profit of $255.0 million in 2021 increased $8.2 million from 2020 primarily due to business acquisitions; partially offset by businesses sold subsequent to the third quarter 2020. The gross profit of $246.8 million in 2020 increased $0.8 million from 2019 primarily due to an increase in net sales from acquisitions between the periods. The gross profit as a percentage of revenues for 2020 and 2019 was consistent with the previous comparable period.

Cybersecurity and Martech operating expenses of $225.7 million in 2021 increased $31.9 million from 2020 primarily due to expense associated with businesses acquired in and subsequent to the third quarter 2020, increased marketing and advertising costs and the recognition of a goodwill impairment; partially offset by businesses sold subsequent to the prior comparable period. Cybersecurity and Martech operating expenses of $193.9 million in 2020 increased $6.6 million from 2019 was consistent with the previous comparable period.

As a result of these factors, Cybersecurity and Martech operating income of $29.3 million in 2021 decreased $(23.6) million, or (44.6)%, from 2020, and operating earnings of $52.9 million in 2020 decreased $(5.8) million, or (9.8)%, from 2019.

Liquidity and Capital Resources

Cash and Cash Equivalents and Investments

At December 31, 2021, we had cash, cash equivalents, and investments of $1.0 billion compared to $274.6 million at December 31, 2020. The increase in cash, cash equivalents, and investments resulted primarily from proceeds associated with the Separation of Consensus (the $259.1 million cash distribution and the $229.2 million short-term investment in Consensus), cash provided by operations and proceeds from the sale of other businesses, partially offset by cash used for business acquisitions, repurchase of common stock, purchases of property and equipment and investments. At December 31, 2021, cash, cash equivalents, and investments consisted of cash and cash equivalents of $694.8 million, short-term investments of $229.2 million, and long-term investments of $122.6 million. Our investments consist of equity securities as of December 31, 2021. For financial statement presentation, we classify our debt securities primarily as short- and long-term based upon their maturity dates. As of December 31, 2021 cash, cash equivalents, and investments held within domestic and foreign jurisdictions were $884.9 million and $161.7 million, respectively. As of December 31, 2020, cash, cash equivalents, and investments held within domestic and foreign jurisdictions were $216.8 million and $57.8 million, respectively.

On September 25, 2017, the Board of Directors (the “Board”) of the Company authorized the Company’s entry into a commitment to invest $200 million in an investment fund (the “Fund”) over several years at a fairly ratable rate. The manager, OCV Management, LLC (“OCV”), and general partner of the Fund are entities with respect to which Richard S. Ressler, Chairman of the Board of Directors of the Company, is indirectly the majority equity holder. As a limited partner in the Fund, prior to the settlement of certain litigation generally related to the Company’s investment in the Fund in January 2022, the Company paid an annual management fee to the manager equal to 2.0% (reduced by 10% each year beginning with the sixth year) of capital commitments. In addition, subject to the terms and conditions of the Fund’s limited partnership agreement, once the Company has received distributions equal to its invested capital, the Fund’s general partner will be entitled to a carried interest equal to 20%. The Fund has a six year investment period, subject to certain exceptions. The commitment was approved by the Audit Committee of the Board in accordance with the Company’s related-party transaction approval policy. In connection with the settlement of the litigation, among other terms, no further capital calls will be made in connection with the Company’s investment in the Fund, nor will any management fees be paid by the Company to the manager. For more information related to the litigation, see Note 12 – Commitments and Contingencies to Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K, which is incorporated herein by reference.

During 2021, the Company received capital call notices from the management of OCV Management, LLC for $22.2 million, inclusive of certain management fees, of which $22.2 million has been paid for the year ended December 31, 2021. During 2020, the Company received capital call notices from the management of OCV Management, LLC for $32.9 million inclusive of certain management fees, of which $31.9 million had been paid for the year ended December 31, 2020. The Company received a distribution from OCV of $15.3 million during year ended December 31, 2021.

Financings

On January 7, 2019, the Company entered into a Credit Agreement (the “Credit Agreement”) with certain lenders from time to time party thereto (collectively, the “Lenders”) and MUFG Union Bank, N.A., as sole lead arranger and as administrative agent for the Lenders (the “Agent”). On October 7, 2020, the Company terminated the Credit Agreement. On November 15, 2019, the Company issued $550.0 million aggregate principal amount of 1.75% Convertible Notes and received net proceeds of $537.1 million in cash, net of initial purchasers’ discounts, commissions and other debt issuance costs. A portion of the net proceeds were used to pay off all amounts then outstanding under the MUFG Credit Facility, with the remainder to be used for general corporate purposes including acquisitions.

On October 7, 2020, the Company issued $750 million aggregate principal amount of 4.625% Senior Notes due 2030. A portion of the proceeds were used to fund the redemption of the outstanding aggregate principal amount of the 6.0% Senior Notes previously issued by one of our subsidiaries and to pay the redemption premium due in respect of such redemption and accrued and unpaid interest. The net proceeds were used to redeem all of its outstanding 6.0% Senior Notes due in 2025 and, the remaining net proceeds were available for general corporate purposes which may include acquisitions or the redemption of other outstanding indebtedness.

On April 7, 2021, the Company entered into a $100.0 million Credit Agreement (the “Credit Agreement”). Subject to customary conditions, the Company may, from time to time, request increases in the commitments under the Credit Agreement in an aggregate amount up to $250.0 million, for a total aggregate commitment of up to $350.0 million. The final maturity of the Credit Facility will occur on April 7, 2026.

On June 2, 2021, June 21, 2021, August 20, 2021 and September 16, 2021, the Company entered into First, Second, Third and Fourth Amendments (together the “Amendments”) to the Credit Agreement. The Amendments (i) provided for the issuance of a senior secured term loan under the Credit Agreement, in an aggregate principal amount of $485.0 million (the “Bridge Loan Facility”), (ii) permitted the spin-off of the Company’s cloud fax business into a new publicly traded company, and (iii) provided for certain other changes to the Credit Agreement.

In connection with the spin-off of Consensus, the Company drew the full amount of the Bridge Loan Facility and used the proceeds of the Bridge Loan Facility to redeem the 3.25% Convertible Notes. During the year ended December 31, 2021, the Company satisfied its conversion obligation by paying the principal of $402.4 million in cash and issued 3,050,850 shares of the Company’s common stock. On October 7, 2021, as part of the Separation, Consensus issued $500.0 million of senior notes due 2028 to Ziff Davis, which Ziff Davis then exchanged such notes with the lenders under the Credit Agreement and Credit Agreement Amendments by and among the subsidiaries of Ziff Davis party thereto as guarantors, Citicorp North America Inc. and MUFG Union Bank, N.A. and MUFG Union Bank, N.A., as administrative agent for the lenders, in exchange for extinguishment of the indebtedness outstanding under the Bridge Loan Facility. Such lenders or their affiliates agreed to resell the 2028 notes to qualified institutional buyers in the United States pursuant to Rule 144A. On October 8, 2021, the Company announced that it had accepted tender offers to purchase $83.3 million in aggregate principal of its 4.625% Senior Notes for an aggregate purchase price of $90.0 million. The tender offer expired on October 22, 2021.

As of December 31, 2021 there were no amounts drawn under the Credit Agreement.

We currently anticipate that our existing cash and cash equivalents and cash generated from operations will be sufficient to meet our anticipated needs for working capital, capital expenditure, and stock repurchases, if any, for at least the next 12 months from the issuance of this Annual Report.

Cash Flows

The following information regarding the Consolidated Statements of Cash Flows combine continuing and discontinued operations.

Our primary sources of liquidity are cash flows generated from operations, together with cash and cash equivalents. Net cash provided by operating activities was $516.5 million, $480.1 million and $412.5 million for the years ended December 31, 2021, 2020 and 2019, respectively. Our operating cash flows resulted primarily from cash received from our customers offset by cash payments we made to third parties for their services, employee compensation and interest payments associated with our debt. The increase in our net cash provided by operating activities in 2021 compared to 2020 was primarily attributable to an increase in accounts payable, deferred revenue. The increase in our net cash provided by operating activities in 2020 compared to 2019 was primarily attributable to a decrease in prepaid expenses and other current assets, increased income tax liabilities and uncertain tax positions. Our prepaid tax payments were $0.8 million and $3.0 million at December 31, 2021 and 2020, respectively.

Net cash provided by (used in) investing activities was $59.1 million, $(586.2) million and $(505.3) million for the years ended December 31, 2021, 2020 and 2019, respectively. Net cash provided by investing activities in 2021 was primarily attributable to the proceeds from the divestiture of discontinued operations related to the Separation of Consensus, proceeds from the sale of certain businesses and lower cash used in business acquisitions, partially offset by higher capital expenditures associated with the purchase of property and equipment. Net cash used in investing activities in 2020 was primarily attributable to business acquisitions, capital expenditures associated with the purchase of property and equipment and the purchase of equity method investments; partially offset by the proceeds from the sale of businesses. Net cash used in investing activities in 2019 was primarily attributable to business acquisitions, capital expenditures associated with the purchase of property and equipment and purchases of equity method investments; partially offset by the distribution from an equity method investment.

Net cash (used in) provided by financing activities was $(113.1) million, $(234.6) million and $456.7 million for the years ended December 31, 2021, 2020 and 2019, respectively. The decline in net cash used in financing activities in 2021 was primarily attributable to the repurchase of stock and deferred payments on business acquisitions, partially offset by proceeds from our stock purchase plan and exercise of stock options. Net cash used in financing activities in 2020 was primarily attributable to the repayment of debt, repurchase of stock and business acquisitions; partially offset by net proceeds from the issuance of our 4.625% Senior Notes and exercise of stock options. Net cash provided by financing activities in 2019 was primarily attributable to net proceeds from the issuance of 1.75% Convertible Notes, proceeds from the line of credit and exercise of stock options; partially offset by payment of the line of credit, dividends paid, repurchase of stock, business acquisitions and repayment of note payable.

Dividends

The Company's Board of Directors approved two quarterly cash dividends during the year ended December 31, 2019, totaling $0.90 per share of common stock. Future dividends are subject to Board approval. However, based on the significant number of current investment opportunities within the Company's portfolio of businesses and the historic returns from prior investments, the Board of Directors suspended dividend payments for the foreseeable future after the June 4, 2019 payment.

Stock Repurchase Program

In February 2012, the Company's Board of Directors approved a program authorizing the repurchase of up to five million shares of our common stock through February 20, 2013 (the "2012 Program") which was subsequently extended through February 20, 2021. The Company acquired and subsequently retired 2,126,080 shares during the year ended December 31, 2012.

In July 2016, the Company acquired and subsequently retired 935,231 shares of its common stock in connection with the acquisition of Integrated Global Concepts, Inc. As a result of the purchase of its common stock, the Company's Board of Directors approved a reduction in the number of shares available for purchase under the 2012 Program by the same amount.

In November 2018 and May 2019, the Company entered into Rule 10b5-1 trading plans with a broker to facilitate the repurchase program. 600,000 shares were repurchased under the share repurchase program in 2018 at an aggregate cost of $42.5 million and were subsequently retired in March 2019.

During the year ended December 31, 2019, the Company repurchased 197,870 shares at an aggregate cost of $16.0 million which were subsequently retired in the same year.

During the year ended December 31, 2020, the Company repurchased 1,140,819 shares under the 2012 Program at an aggregate cost of $87.5 million, which were subsequently retired in the same year. As of December 31, 2020, all of the available shares were repurchased under the 2012 Program at an aggregate cost of $204.6 million (including an immaterial amount of commission fees).

On August 6, 2020, the Company's Board of Directors approved a program authorizing the repurchase of up to ten million shares of our common stock through August 6, 2025 (the "2020 Program") in addition to the five million shares repurchased under the 2012 Program. During the year ended December 31, 2021 and December 31, 2020, the Company entered into a Rule 10b5-1 trading plan and repurchased 445,711 and 2,490,599 shares, respectively, at an aggregate cost of $47.7 million and $177.8 million, respectively, (including an immaterial amount of commission fees) under the 2020 Program, which were subsequently retired (see Note 14 - Stockholders' Equity of Notes to Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K, which is incorporated herein by reference).

As a result of the Company's share repurchase programs, the number of shares available for purchase as of December 31, 2021 is 7,063,690 shares of the Company common stock.

Contractual Obligations and Commitments

The following table summarizes our contractual obligations and commitments as of December 31, 2021:

	Payment Due by Period (in thousands)				
Contractual Obligations	**1 Year**	**2-3 Years**	**4-5 Years**	**More than 5 Years**	**Total**
Debt - principal (a)	$ 54,609	$ —	$ —	$ 1,136,667	$ 1,191,276
Debt - interest (b)	39,284	78,568	78,568	118,636	315,056
Operating leases (c)	28,163	38,307	14,074	5,405	85,949
Telecom services and co-location facilities (d)	760	865	36	—	1,661
Holdback payments (e)	1,896	21,438	—	—	23,334
Transition tax (f)	—	—	11,675	—	11,675
Self-Insurance (g)	17,193	—	—	—	17,193
Other (h)	—	1,410	—	—	1,410
Total	$ 141,905	$ 140,588	$ 104,353	$ 1,260,708	$ 1,647,554

(a) These amounts represent principal on debt.
(b) These amounts represent interest on debt.
(c) These amounts represent undiscounted future minimum rental commitments under noncancellable operating leases.
(d) These amounts represent service commitments to various telecommunication providers.
(e) These amounts represent the holdback amounts in connection with certain business acquisitions.
(f) These amounts represent commitments related to the transition tax on unrepatriated foreign earnings reduced by the 2017 overpayment of US Federal Income Tax.
(g) These amounts represent medical premiums and claims incurred but not paid on self-insurance.
(h) These amounts represent certain consulting and Board of Directors fee arrangements and software license and implementation commitments.

As of December 31, 2021, our liability for uncertain tax positions was $42.5 million. The future payments related to uncertain tax positions have not been presented in the table above due to the uncertainty of the amounts and timing of potential cash settlements with such authorities.

We have not presented contingent consideration associated with acquisitions (other than contingent consideration which we have deemed as certain in terms of amount and timing) in the table above due to the uncertainty of the amounts and the timing of cash settlements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The following discussion of the market risks we face contains forward-looking statements. Forward-looking statements are subject to risks and uncertainties. Actual results could differ materially from those discussed in forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's opinions only as of the date hereof. Ziff Davis undertakes no obligation to revise or publicly release the results of any revision to these forward-looking statements. Readers should carefully review the risk factors described in this document as well as in other documents we file from time to time with the SEC, including the Quarterly Reports on Form 10-Q and any Current Reports on Form 8-K filed or to be filed by us in 2022.

Interest Rate Risk

Our exposure to market risk for changes in interest rates relates primarily to our investment portfolio and borrowings under our Credit Facility that bear variable market interest rates. The primary objectives of our investment activities are to preserve our principal while at the same time maximizing yields without significantly increasing risk. To achieve these objectives, we maintain our portfolio of cash equivalents and investments in a mix of instruments that meet high credit quality standards, as specified in our investment policy or otherwise approved by the Board of Directors. Our cash and cash equivalents are not subject to significant interest rate risk due to the short maturities of these instruments. As of December 31, 2021, the carrying value of our cash and cash equivalents approximated fair value. Our return on these investments is subject to interest rate fluctuations.

As of December 31, 2021, we had investments in debt securities with effective maturities greater than one year of zero. As of December 31, 2021 and December 31, 2020, we had cash and cash equivalent investments primarily in money market funds with maturities of 90 days or less of $694.8 million and $176.4 million, respectively. We do not have interest rate risk on our outstanding long-term debt as these arrangements have fixed interest rates.

On April 7, 2021, the Company entered into a Credit Agreement ("Credit Agreement") with certain lenders from time to time party thereto (collectively, the "Lenders") and MUFG Union Bank, N.A., as administrative agent, collateral agent and sole lead arranger for the Lenders (the "Agent"). Pursuant to the Credit Agreement, the Lenders provided the Company with a revolving credit facility of $100 million (the "Credit Facility"). Subject to customary conditions, the Company may, from time to time, request increases in the commitments under the Credit Agreement in an aggregate amount up to $250 million, for a total aggregate commitment of up to $350 million. The proceeds of the Credit Facility are intended to be used for working capital and general corporate purposes of the Company and its subsidiaries, including to finance certain permitted acquisitions and capital expenditures in accordance with the terms of the Credit Agreement.

At the Company's option, amounts borrowed under the Credit Agreement will bear interest at either (i) a base rate equal to the greatest of (x) the Federal Funds Effective Rate (as defined in the Credit Agreement) in effect on such day plus ½ of 1% per annum, (y) the rate of interest per annum most recently announced by the Agent as its U.S. Dollar "Reference Rate" and (z) one month LIBOR plus 1.00% or (ii) a rate per annum equal to LIBOR divided by 1.00 minus the LIBOR Reserve Requirements (as defined in the Credit Agreement), in each case, plus an applicable margin. The applicable margin relating to any base rate loan will range from 0.50% to 1.25% and the applicable margin relating to any LIBOR loan will range from 1.50% to 2.25%, in each case, depending on the total leverage ratio of the Company. The final maturity of the Credit Facility will occur on April 7, 2026. The Company is permitted to make voluntary prepayments of the Credit Facility at any time without payment of a premium or penalty.

On June 2, 2021, June 21, 2021, August 20, 2021 and September 16, 2021, the Company entered into First, Second, Third and Fourth Amendments (together the "Amendments") to the Credit Agreement. The Amendments (i) provided for the issuance of a senior secured term loan under the Credit Agreement, in an aggregate principal amount of $485.0 million (the "Bridge Loan Facility"), (ii) permitted the spin-off of the Company's cloud fax business into a new publicly traded company, and (iii) provided for certain other changes to the Credit Agreement. During the third quarter of 2021, the Company drew on the full amount of the Bridge Loan Facility with $485.0 million outstanding (later extinguished as described below). The proceeds of the Bridge Loan Facility were used to redeem the Company's 3.25% Convertible Notes. See Note 10 - Debt of the Notes to Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K, which is incorporated herein by reference.

The loans under the Bridge Loan Facility (the "Bridge Loans") bore interest at a rate per annum equal to (i) initially upon funding of the Bridge Loans, either a base rate plus 2.00%, or a LIBOR rate plus 3.00%, (ii) from six months after the funding date of the Bridge Loans until twelve months after the funding date of the Bridge Loans, either a base rate plus 2.50%, or a LIBOR rate plus 3.50%, and (iii) from twelve months after the funding date of the Bridge Loans until repayment of the Bridge Loans, either a base rate plus 3.00% or a LIBOR rate plus 4.00%. The Bridge Loan Facility was to mature on the date that was 364 days after the funding date of the Bridge Loans, with two automatic extensions, each for an additional three months, if SEC approval of the spin-off transaction was still outstanding.

On October 7, 2021, in exchange for the equity interest in Consensus, Consensus issued $500.0 million of senior notes due 2028 to Ziff Davis which Ziff Davis then exchanged such notes with the lenders under the Credit Agreement and Credit Agreement Amendments by and among the subsidiaries of Ziff Davis party thereto as guarantors, Citicorp North America Inc. and MUFG Union Bank, N.A. and MUFG Union Bank, N.A., as administrative agent for the lenders, in exchange for extinguishment of outstanding indebtedness under the Bridge Loan Facility. Such lenders or their affiliates agreed to resell the 2028 notes to qualified institutional buyers in the United States pursuant to Rule 144A.

We cannot ensure that future interest rate movements will not have a material adverse effect on our future business, prospects, financial condition, operating results and cash flows. To date, we have not entered into interest rate hedging transactions to control or minimize certain of these risks.

Market Risk

In connection with the Separation, the Company retained a 19.9% interest in Consensus, which as of December 31, 2021, was valued at approximately $229.2 million based upon the quoted market price of Consensus common stock. The Company's results of operations and financial condition have been and may be materially impacted by increases or decreases in the price of Consensus common stock, which is traded on Nasdaq. The Company recorded an unrealized gain of approximately $298.5 million on its investment in Consensus for the year ended December 31, 2021. The carrying value of the Company's investment in Consensus at December 31, 2021 was $229.2 million, or approximately 6.1% of the Company's consolidated total assets. A $2.00 increase or decrease in the share price of Consensus common stock would result in an unrealized gain or loss, respectively of approximately $7.9 million.

Foreign Currency Risk

We conduct business in certain foreign markets, primarily in Canada, Australia, the United Kingdom and the European Union. Our principal exposure to foreign currency risk relates to investment and inter-company debt in foreign subsidiaries that transact business in functional currencies other than the U.S. Dollar, primarily the Australian Dollar, the Canadian Dollar, the Euro, the Hong Kong Dollar, the Japanese Yen, the New Zealand Dollar, the Norwegian Kroner and the British Pound Sterling. If we are unable to settle our short-term intercompany debts in a timely manner, we remain exposed to foreign currency fluctuations.

As we expand our international presence, we become further exposed to foreign currency risk by entering new markets with additional foreign currencies. The economic impact of currency exchange rate movements is often linked to variability in real growth, inflation, interest rates, governmental actions and other factors. These changes, if material, could cause us to adjust our financing and operating strategies.

As currency exchange rates change, translation of the income statements of the international businesses into U.S. Dollars affects year-over-year comparability of operating results, the impact of which is immaterial to the comparisons set forth in this Annual Report on Form 10-K.

Historically, we have not hedged translation risks because cash flows from international operations were generally reinvested locally; however, we may do so in the future. Our objective in managing foreign exchange risk is to minimize the potential exposure to changes that exchange rates might have on earnings, cash flows and financial position.

For the years ended December 31, 2021, 2020 and 2019, foreign exchange gains (losses) amounted to $2.0 million, $(3.1) million, and $(2.6) million, respectively. The change in our gains (losses) recognized in earnings from 2020 to 2021 were primarily attributable to lower inter-company balances between periods in foreign subsidiaries that were in functional currencies other than the U.S. Dollar and exchange rate fluctuations. The change in our gains (losses) recognized in earnings from 2019 to 2020 were primarily attributable to the settlement of certain intra-entity transactions. Foreign exchange losses were not material to our earnings in 2020 and 2019, respectively.

Cumulative translation adjustments, net of tax, included in other comprehensive income for the years ended December 31, 2021, 2020 and 2019, was $(21.3) million, $(8.9) million, and $(1.6) million respectively.

We currently do not have derivative financial instruments for hedging, speculative or trading purposes and therefore are not subject to such hedging risk. However, we may in the future engage in hedging transactions to manage our exposure to fluctuations in foreign currency exchange rates.

Item 8. Financial Statements and Supplementary Data

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Stockholders and Board of Directors
Ziff Davis, Inc.
New York, New York

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Ziff Davis, Inc. (the “Company”) as of December 31, 2021 and 2020, the related consolidated statements of operations and comprehensive income, stockholders’ equity, and cash flows for each of the three years in the period ended December 31, 2021, and the related notes and financial statement schedule listed in the accompanying index (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021**,** in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) and our report dated March 14, 2022 expressed an adverse opinion thereon.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Accounting for the Consensus Cloud Solutions, Inc. Spin-off

As described in Notes 2 and 6 to the consolidated financial statements, on October 7, 2021, the Company completed the spin-off of Consensus Cloud Solutions, Inc. ("Consensus"), a wholly owned subsidiary of the Company that was formed to hold certain assets and liabilities conducting the Company's cloud fax business. The spin-off transaction included the following accounting elements: (i) a debt exchange with third-party lenders that resulted in a loss on extinguishment of existing debt, (ii) a reorganization of entities under common control and the distribution of 80.1% of Consensus common stock to the Company's common stockholders, and (iii) the Company's remaining 19.9% investment in Consensus common stock which resulted in a significant gain to reflect the 19.9% investment in Consensus at fair value. The spin-off transaction resulted in the derecognition of the assets and liabilities of the cloud fax business and presentation of discontinued operations disclosures.

We identified the accounting for the spin-off transaction as a critical audit matter. The accounting guidance surrounding the Company's internal reorganization and disposal of Consensus was complex and required significant judgment by management, including the determination of: (i) the loss on extinguishment related to the debt exchange, (ii) the initial carrying value of Consensus immediately prior to the distribution of the Consensus common stock to the Company's common stockholders which resulted in significant adjustments to the Company's retained earnings, and (iii) whether the Company would have significant influence over Consensus following the spin-off transaction and how to account for the Company's remaining investment, which was particularly subjective due to the negative carrying value of Consensus immediately prior to the spin-off. Auditing these elements involved especially challenging auditor judgment due to the nature and extent of audit effort required to address these matters, including the extent of specialized skill or knowledge needed.

The primary procedures we performed to address this critical audit matter included:

- Utilizing personnel with specialized skill and knowledge to assist in evaluating management's technical accounting analysis relating to the Consensus spin-off by (i) evaluating the underlying terms of the agreements and (ii) assessing the appropriateness of conclusions reached by management.

- Recalculating the loss on extinguishment resulting from the debt exchange transaction.

- Verifying management's determination of the initial carrying value of Consensus immediately prior to the spin-off and recalculating the fair value of the Company's remaining investment in Consensus and the resulting gain.

- Testing information underling the Company's allocation between continuing operations and discontinued operations.

Tax-Free Determination of the Consensus Cloud Solutions, Inc. Spin-off

As described in Notes 2, 6 and 13 to the consolidated financial statements, on October 7, 2021, the Company completed the tax-free spin-off of Consensus. As disclosed by management, the divestiture of Consensus is anticipated to qualify for U.S. federal tax-free treatment under certain sections of the Internal Revenue Code ("Code").

We identified the determination by management of the spin-off as a tax-free transaction for U.S. federal income tax purposes to be a critical audit matter. The determination of the Consensus transaction as tax-free requires management to make significant judgments about the interpretation of tax laws and regulations. Auditing these elements involved especially complex auditor judgment due to the complexity of the interpretation and application of the Code and the extent of audit effort required to address these matters, including the need to involve personnel with specialized knowledge and skills.

The primary procedures we performed to address this critical audit matter included:

- Testing the design and operating effectiveness of certain internal controls related to management's evaluation of the spin-off as tax-free for U.S. federal income tax purposes.

- Utilizing tax professionals with specialized skills and knowledge to assist in evaluating the conclusions reached by management that the requirements were met to qualify the spin-off as tax free for U.S. federal income tax purposes by:

- Evaluating the opinions from the Company's outside legal counsel and external tax advisor that management utilized in forming their conclusions on U.S. federal taxability of the spin-off, including certain interpretations of the Code and related statutes.

- Inspecting meeting minutes of the Board of Directors and its committees, income tax filings, support from external advisors, and contracts associated with the spin-off for corroborating or contradictory evidence.

- Obtaining written representations from management concerning management’s intent associated with future transactions that could affect U.S. federal taxability.

- Obtaining representations made by Consensus management to the Company that it does not intend to cause any transactions that could affect the Company’s U.S. federal taxability.

/s/ BDO USA, LLP

We have served as the Company's auditor since 2014.

Los Angeles, California
March 14, 2022

ZIFF DAVIS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2021 and 2020
(In thousands, except share amounts)

	2021	2020
ASSETS		
Cash and cash equivalents	$ 694,842	$ 176,442
Short-term investments	229,200	663
Accounts receivable, net of allowances of $9,811 and $11,552, respectively (includes $9,272 and $0 due from related party, respectively)	316,342	309,549
Prepaid expenses and other current assets	60,290	52,160
Current assets, discontinued operations	—	84,029
Total current assets	1,300,674	622,843
Long-term investments	122,593	97,495
Property and equipment, net	161,209	131,524
Operating lease right-of-use assets	55,617	80,133
Trade names, net	147,761	158,553
Customer relationships, net	275,451	363,515
Goodwill	1,531,455	1,525,000
Other purchased intangibles, net	149,513	174,792
Deferred income taxes	5,917	12,195
Other assets	20,090	15,759
Other assets, discontinued operations	—	483,522
TOTAL ASSETS	$ 3,770,280	$ 3,665,331
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued expenses	$ 226,621	$ 197,855
Income taxes payable, current	3,151	30,447
Deferred revenue, current	185,571	166,132
Operating lease liabilities, current	27,156	29,634
Current portion of long-term debt	54,609	396,801
Other current liabilities	130	494
Current liabilities, discontinued operations	—	61,192
Total current liabilities	497,238	882,555
Long-term debt	1,036,018	1,182,220
Deferred revenue, noncurrent	14,839	14,201
Operating lease liabilities, noncurrent	53,708	73,628
Income taxes payable, noncurrent	11,675	11,675
Liability for uncertain tax positions	42,546	53,089
Deferred income taxes	108,982	157,308
Other long-term liabilities	37,542	41,400
Long-term liabilities, discontinued operations	—	38,237
TOTAL LIABILITIES	1,802,548	2,454,313
Commitments and contingencies (Note 12)	—	—
Preferred stock, $0.01 par value. Authorized 1,000,000.00 and none issued	—	—
Preferred stock - Series A, $0.01 par value. Authorized 6,000; total issued and outstanding zero	—	—
Preferred stock - Series B, $0.01 par value. Authorized 20,000; total issued and outstanding zero	—	—
Common stock, $0.01 par value. Authorized 95,000,000; total issued and outstanding 47,440,137 and 44,346,630 shares at December 31, 2021 and 2020, respectively.	474	443
Additional paid-in capital	509,122	456,274
Retained earnings	1,515,358	809,107
Accumulated other comprehensive loss	(57,222)	(54,806)
TOTAL STOCKHOLDERS' EQUITY	1,967,732	1,211,018
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 3,770,280	$ 3,665,331

See Notes to Consolidated Financial Statements

ZIFF DAVIS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
Years Ended December 31, 2021, 2020 and 2019
(In thousands, except share and per share data)

	2021	2020	2019
Total revenues	$ 1,416,722	$ 1,158,829	$ 1,050,464
Cost of revenues [(1)]	188,053	178,403	187,332
Gross profit	1,228,669	980,426	863,132
Operating expenses:			
Sales and marketing [(1)]	493,049	366,359	327,661
Research, development and engineering [(1)]	78,874	57,148	44,651
General and administrative [(1)]	456,777	418,579	402,597
Goodwill impairment on business	32,629	—	—
Total operating expenses	1,061,329	842,086	774,909
Income from operations	167,340	138,340	88,223
Interest expense, net	(72,023)	(56,188)	(26,886)
Loss on debt extinguishment, net	(5,274)	—	—
(Loss) gain on sale of businesses	(21,798)	17,122	—
Loss on investments, net	(16,677)	(20,991)	(4,211)
Unrealized gain on short-term investment	298,490	—	—
Other income (expense), net	1,293	65	(2,305)
Income from continuing operations before income taxes and income from equity method investment, net of income taxes	351,351	78,348	54,821
Income tax (benefit) expense	(14,199)	38,350	13,760
Income (loss) from equity method investment, net of income taxes	35,845	(11,338)	(168)
Net income from continuing operations	401,395	28,660	40,893
Income from discontinued operations, net of income taxes	95,319	122,008	177,913
Net income	$ 496,714	$ 150,668	$ 218,806
Net income per common share from continuing operations:			
Basic	$ 8.74	$ 0.62	$ 0.85
Diluted	$ 8.38	$ 0.61	$ 0.83
Net income per common share from discontinued operations:			
Basic	$ 2.08	$ 2.62	$ 3.69
Diluted	$ 1.99	$ 2.58	$ 3.57
Net income per common share:			
Basic	$ 10.81	$ 3.24	$ 4.52
Diluted	$ 10.37	$ 3.18	$ 4.39
Weighted average shares outstanding:			
Basic	45,893,928	46,308,825	47,647,397
Diluted	47,862,745	47,115,609	49,025,684
Cash dividends paid per common share	$ —	$ —	$ 0.90
[(1)] Includes share-based compensation expense as follows:			
Cost of revenues	$ 306	$ 332	$ 154
Sales and marketing	1,288	1,011	946
Research, development and engineering	1,984	1,396	976
General and administrative	20,551	19,781	20,390
Total	$ 24,129	$ 22,520	$ 22,466

See Notes to Consolidated Financial Statements

ZIFF DAVIS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years Ended December 31, 2021, 2020 and 2019
(In thousands)

	2021	2020	2019
Net income	$ 496,714	$ 150,668	$ 218,806
Other comprehensive loss, net of tax:			
Foreign currency translation adjustment	(21,268)	(8,902)	(1,626)
Consensus separation	18,966	—	—
Change in fair value on available-for-sale investments, net of tax expense (benefit) of $0, $181 and $149 for the years ended December 31, 2021, 2020 and 2019, respectively	(114)	558	1,143
Other comprehensive loss, net of tax	(2,416)	(8,344)	(483)
Comprehensive income	$ 494,298	$ 142,324	$ 218,323

See Notes to Consolidated Financial Statements

ZIFF DAVIS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2021, 2020 and 2019
(In thousands)

	2021	2020	2019
Cash flows from operating activities:			
Net income	$ 496,714	$ 150,668	$ 218,806
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	258,303	228,737	232,032
Amortization of financing costs and discounts	26,090	28,476	14,038
Non-cash operating lease costs	1,485	17,686	21,419
Share-based compensation	25,248	24,006	23,922
Provision for doubtful accounts	8,738	13,283	13,134
Deferred income taxes, net	(13,433)	5,840	(63,444)
Loss on extinguishment of debt	14,024	37,969	—
Loss (gain) on sale of businesses	21,798	(17,122)	—
Lease asset impairments and other charges	12,710	12,121	—
Goodwill impairment on business	32,629	—	—
Changes in fair value of contingent consideration	(1,223)	(80)	6,318
Foreign currency remeasurement gain	184	(34,646)	—
(Income) loss from equity method investments, net	(35,845)	11,338	139
(Gain) loss on equity and debt investments	(281,527)	20,826	4,164
Decrease (increase) in:			
Accounts receivable	(18,050)	(31,611)	(30,680)
Prepaid expenses and other current assets	(15,650)	3,046	(8,685)
Other assets	(3,824)	(3)	(4,083)
Increase (decrease) in:			
Accounts payable and accrued expenses (includes $17,635, $0 and $0 with related parties)	22,262	2,184	(770)
Income taxes payable	(21,783)	6,489	(1,738)
Deferred revenue	14,282	4,720	6,844
Operating lease liabilities	(15,314)	(16,439)	(20,240)
Liability for uncertain tax positions	(10,383)	9,391	(453)
Other long-term liabilities	(899)	3,200	1,816
Net cash provided by operating activities	516,536	480,079	412,539
Cash flows from investing activities:			
Proceeds on sale of available-for-sale investments	663	—	—
Distribution from equity method investment	15,327	—	10,288
Purchases of equity method investment	(23,249)	(31,937)	(29,584)
Purchase of equity investments	(999)	(1,246)	—
Proceeds from sale of equity investments	14,330	—	—
Purchases of property and equipment	(113,740)	(92,552)	(70,588)
Proceeds from sale of assets	—	507	—
Acquisition of businesses, net of cash received	(141,146)	(482,227)	(415,343)
Proceeds from sale of businesses, net of cash divested	48,876	24,353	—
Purchases of intangible assets	(78)	(3,118)	(46)
Proceeds from divestiture of discontinued operations	259,104	—	—
Net cash provided by (used in) investing activities	59,088	(586,220)	(505,273)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	—	750,000	550,000
Payment of note payable	—	(400)	—
Proceeds from bridge loan	485,000	—	—
Debt issuance cost	—	(7,272)	(12,862)
Payment of debt	(512,388)	(650,000)	(5,100)
Debt extinguishment costs (includes reimbursement of $7,500, $0 and $0 with related parties)	(1,096)	(29,250)	—
Proceeds from line of credit	—	—	185,000
Repayment of line of credit	—	—	(185,000)
Repurchase of common stock	(78,327)	(275,654)	(20,803)
Issuance of common stock under employee stock purchase plan	9,231	7,382	4,512
Exercise of stock options	2,939	1,619	5,274
Dividends paid	—	—	(43,918)
Deferred payments for acquisitions	(14,387)	(29,180)	(18,876)
Other	(4,060)	(1,878)	(1,532)

Net cash (used in) provided by financing activities	(113,088)	(234,633)	456,695
Effect of exchange rate changes on cash and cash equivalents	(10,346)	7,811	2,180
Net change in cash and cash equivalents	452,190	(332,963)	366,141
Cash and cash equivalents at beginning of year	242,652	575,615	209,474
Cash and cash equivalents at beginning of year associated with discontinued operations	66,210	51,141	73,952
Cash and cash equivalents at beginning of year associated with continuing operations	176,442	524,474	135,522
Cash and cash equivalents at end of year	694,842	242,652	575,615
Cash and cash equivalents at end of year associated with discontinued operations	—	66,210	51,141
Cash and cash equivalents at end of year associated with continuing operations	$ 694,842	$ 176,442	$ 524,474

See Notes to Consolidated Financial Statements

ZIFF DAVIS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Years Ended December 31, 2021, 2020 and 2019
(in thousands, except share amounts)

	Common stock		Additional paid-in	Treasury stock		Retained	Accumulated other comprehensive	Total Stockholders'
	Shares	**Amount**	**capital**	**Shares**	**Amount**	**earnings**	**income/(loss)**	**Equity**
Balance, January 1, 2019	48,082,800	$ 481	$ 354,210	(600,000)	$ (42,543)	$ 769,575	$ (45,979)	$ 1,035,744
Net income	—	—	—	—	—	218,806	—	218,806
Other comprehensive income, net of tax expense of $149	—	—	—	—	—	—	(483)	(483)
Dividends	—	—	—	—	—	(43,918)	—	(43,918)
Exercise of stock options	189,436	2	5,272	—	—	—	—	5,274
Issuance of shares under Employee Stock Purchase Plan	66,413	1	4,511	—	—	—	—	4,512
Equity portion of 1.75% convertible debt	—	—	88,138	—	—	—	—	88,138
Vested restricted stock	185,227	1	(1)	—	—	—	—	—
Repurchase and retirement of common stock	(868,947)	(9)	(10,334)	600,000	42,543	(53,003)	—	(20,803)
Share based compensation	—	—	23,856	—	—	66	—	23,922
Balance, December 31, 2019	47,654,929	$ 476	$ 465,652	—	$ —	$ 891,526	$ (46,462)	$ 1,311,192
Net income	—	—	—	—	—	150,668	—	150,668
Other comprehensive income, net of tax expense of $181	—	—	—	—	—	—	(8,344)	(8,344)
Exercise of stock options	42,740	—	1,619	—	—	—	—	1,619
Issuance of shares under Employee Stock Purchase Plan	118,629	1	7,381	—	—	—	—	7,382
Exercise of 3.25% Convertible Note	—	—	(12)	—	—	—	—	(12)
Vested restricted stock	273,201	3	(3)	—	—	—	—	—
Repurchase and retirement of common stock	(3,742,869)	(37)	(42,530)	—	—	(233,087)	—	(275,654)
Share based compensation	—	—	24,006	—	—	—	—	24,006
Other, net	—	—	161	—	—	—	—	161
Balance, December 31, 2020	44,346,630	$ 443	$ 456,274	—	$ —	$ 809,107	$ (54,806)	$ 1,211,018
Net income	—	—	—	—	—	496,714	—	496,714
Other comprehensive income, net of tax expense of zero	—	—	—	—	—	—	(21,382)	(21,382)
Exercise of stock options	70,776	1	2,938	—	—	—	—	2,939
Issuance of shares under Employee Stock Purchase Plan	109,248	1	9,230	—	—	—	—	9,231
Vested restricted stock	560,290	5	(5)	—	—	—	—	—
Repurchase and retirement of common stock	(697,657)	(7)	(26,275)	(445,711)	47,741	(52,045)	—	(30,586)
Repurchase of shares of common stock	—	—	—	445,711	(47,741)	—	—	(47,741)
Share based compensation	—	—	25,248	—	—	—	—	25,248
Conversion shares issued as extinguishment cost to redeem 3.25% Convertible Notes	3,050,850	31	431,921	—	—	—	—	431,952
Reacquisition of 3.25% Convertible Notes, net of tax	—	—	(390,526)	—	—	—	—	(390,526)
Consensus Separation	—	—	—	—	—	261,394	18,966	280,360
Other, net	—	—	317	—	—	188	—	505
Balance, December 31, 2021	47,440,137	$ 474	$ 509,122	—	$ —	$ 1,515,358	$ (57,222)	$ 1,967,732

See Notes to Consolidated Financial Statements

ZIFF DAVIS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021, 2020 and 2019

1. The Company

Ziff Davis, Inc., together with its subsidiaries (“Ziff Davis”, the “Company”, “our”, “us”, or “we”), is a leading provider of internet information and services. The Company’s Digital Media business specializes in the technology, shopping, gaming, and healthcare markets, offering content, tools and services to consumers and businesses. The Company’s Cybersecurity and Martech business provides cloud-based subscription services to consumers and businesses including cybersecurity, privacy and marketing technology.

On October 7, 2021, in connection with the spin-off of its cloud fax business described further below, the Company changed its name from J2 Global, Inc. to Ziff Davis, Inc. Additionally, starting on October 8, 2021, the Company’s common stock began trading under the stock symbol “ZD”.

2. Basis of Presentation and Summary of Significant Accounting Policies

(a) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Ziff Davis and its direct and indirect wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

(b) Use of Estimates

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, including judgments about investment classifications and the reported amounts of net revenue and expenses during the reporting period. The Company believes that its most significant estimates are those related to revenue recognition, valuation and impairment of investments, its assessment of ownership interests as variable interest entities and the related determination of consolidation, share-based compensation expense, fair value of assets acquired and liabilities assumed in connection with business combinations, long-lived and intangible asset impairment, contingent consideration, income taxes and contingencies and allowance for doubtful accounts. On an ongoing basis, management evaluates its estimates based on historical experience and on various other factors that the Company believes to be reasonable under the circumstances. Actual results could materially differ from those estimates.

In March 2020, the World Health Organization declared the outbreak of the novel coronavirus disease (“COVID-19”) as a pandemic. The global impact of the COVID-19 pandemic has had a negative effect on the global economy, disrupting the financial markets and creating increasing volatility and overall uncertainty. The full impact of the COVID-19 pandemic is unknown and cannot be reasonably estimated. However, the Company has made appropriate accounting estimates based on the facts and circumstances available as of the reporting date. To the extent there are differences between these estimates and the actual results, our consolidated financial statements could be materially affected.

(c) Consensus, Inc. Spin-Off and Discontinued Operations

On September 21, 2021, the Company announced that its Board of Directors approved its previously announced separation of the cloud fax business (the "Separation") into an independent publicly traded company, Consensus Cloud Solutions, Inc. ("Consensus"). On October 7, 2021 (the "Distribution Date"), the Separation was completed and the Company transferred J2 Cloud Service, LLC to Consensus who in turn transferred non-fax assets and liabilities back to Ziff Davis such that Consensus was left with the cloud fax business. The Separation was achieved through the Company's distribution of 80.1% of the shares of Consensus common stock to holders of J2 Global common stock as of the close of business on October 1, 2021, the record date for the distribution. The Company's stockholders of record received one share of Consensus common stock for every three shares of J2 Global's common stock. On October 8, 2021, Consensus began trading on Nasdaq under the stock symbol "CCSI". Ziff Davis, Inc. (formerly J2 Global, Inc.) retained a 19.9% interest in Consensus following the Separation (the "Retained Consensus Shares").

On October 7, 2021, Consensus paid Ziff Davis approximately $259.1 million of cash in a distribution that is anticipated to be tax-free provided certain requirements are met, and issued $500.0 million of senior notes due 2028 to Ziff Davis, which Ziff Davis then exchanged with the lenders under the Credit Agreement and Credit Agreement Amendments by and among the subsidiaries of Ziff Davis party thereto as guarantors, Citicorp North America Inc. and MUFG Union Bank, N.A. and MUFG Union Bank, N.A., as administrative agent for the lenders, for the extinguishment of indebtedness outstanding under the Bridge Loan Facility (see Note 10 - Debt). Such lenders or their affiliates agreed to resell the 2028 notes to qualified institutional buyers in the United States pursuant to Rule 144A.

The accounting requirements for reporting the Company's cloud fax business as a discontinued operation were met when the Separation was completed. Accordingly, the consolidated financial statements reflect the results of the cloud fax business as a discontinued operation for all periods presented. Ziff Davis did not retain a controlling interest in Consensus. The Retained Consensus Shares are equity securities for which the Company elected the fair value option and subsequent fair value changes in the Retained Consensus Shares are included in the assets of and results from continuing operations as of and for the year ended December 31, 2021 (see Note 6 - Discontinued Operations and Dispositions).

(d) Allowances for Doubtful Accounts

The Company maintains an allowance for credit losses for accounts receivable, which is recorded as an offset to accounts receivable and changes in such are classified as general and administrative expenses in the Consolidated Statements of Operations. The Company assesses collectability by reviewing accounts receivable on a collective basis where similar characteristics exist and on an individual basis when it identifies specific customers with known disputes or collectability issues. In determining the amount of the allowance for credit losses, the Company considers historical collectability based on past due status. It also considers customer-specific information, current market conditions and reasonable and supportable forecasts of future economic conditions to inform adjustments to historical loss data. On an ongoing basis, management evaluates the adequacy of these reserves.

(e) Revenue Recognition

The Company recognizes revenue when the Company satisfies its obligation by transferring control of the goods or services to its customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services (see Note 3 - Revenues).

Principal vs. Agent

The Company determines whether revenue should be reported on a gross or net basis by assessing whether the Company is acting as the principal or an agent in the transaction. If the Company is acting as the principal in a transaction, the Company reports revenue on a gross basis. If the Company is acting as an agent in a transaction, the Company reports revenue on a net basis. In determining whether the Company acts as the principal or an agent, the Company follows the accounting guidance under Topic 606 for principal-agent considerations and assesses: (i) if another party is involved in providing goods or services to the customer and (ii) whether the Company controls the specified goods or services prior to transferring control to the customer.

Sales Taxes

The Company has made an accounting policy election to exclude from the measurement of the transaction price all taxes assessed by a governmental authority that are (i) both imposed on and concurrent with a specific revenue-producing transaction and (ii) collected by the Company from a customer.

(f) Fair Value Measurements

The Company complies with the provisions of Financial Accounting Standards Board ("FASB") ASC Topic No. 820, Fair Value Measurements and Disclosures ("ASC 820"), in measuring fair value and in disclosing fair value measurements. ASC 820 provides a framework for measuring fair value and expands the disclosures required for fair value measurements of financial and non-financial assets and liabilities.

The carrying values of cash and cash equivalents, accounts receivable, interest receivable, accounts payable, accrued expenses, interest payable, customer deposits and long-term debt are reflected in the financial statements at cost. With the exception of certain investments and long-term debt, cost approximates fair value due to the short-term nature of such instruments. The fair value of the Company's outstanding debt was determined using the quoted market prices of debt instruments with similar terms and maturities when available. As of the same dates, the carrying value of other long-term liabilities approximated fair value as the related interest rates approximate rates currently available to the Company.

(g) Cash and Cash Equivalents

The Company considers cash equivalents to be only those investments that are highly liquid, readily convertible to cash and with maturities of three months or less at the purchase date.

(h) Investments

The Company accounts for its investments in debt securities in accordance with Financial Accounting Standards Board ("FASB") ASC Topic No. 320, Investments - Debt Securities ("ASC 320"). The Company's debt investments are typically comprised of corporate debt securities, which it classifies as available-for-sale. Available-for-sale securities are carried at fair value with unrealized gains and losses included in other comprehensive income. All debt securities are accounted for on a specific identification basis.

The Company's available-for-sale debt securities are carried at an estimated fair value with any unrealized gains or losses, net of taxes, included in accumulated other comprehensive loss in stockholders' equity. Available-for-sale debt securities with an amortized cost basis in excess of estimated fair value are assessed to determine what amount of that difference, if any, is caused by expected credit losses. Expected credit losses on available-for-sale debt securities are recognized in loss on investments, net on our Consolidated Statements of Operations, and any remaining unrealized losses, net of taxes, are included in accumulated comprehensive loss in stockholders' equity.

The Company accounts for its investments in equity securities in accordance with ASC Topic No. 321, Investments - Equity Securities ("ASC 321") which requires the accounting for equity investments (other than those accounted for using the equity method of accounting) generally be measured at fair value for equity securities with readily determinable fair values. For equity securities without a readily determinable fair value that are not accounted for by the equity method, the Company measures the equity security using cost, less impairment, if any, and plus or minus observable price changes arising from orderly transactions in the same or similar investment from the same issuer. Any unrealized gains or losses is reported in current earnings (see Note 5 - Investments). The Company assesses whether an other-than-temporary impairment loss on an investment has occurred due to declines in fair value or other market conditions (see Note 5 - Investments). Investments classified as short-term are available to be converted into cash to fund current operations.

The Retained Consensus Shares are equity securities accounted for at fair value under the fair value option, and the related fair value gains and losses are recognized in earnings. As the initial carrying value of the Retained Consensus Shares was negative immediately following the Separation, the Company elected the fair value option under ASC 825-10-25 to support the initial recognition of the Retained Consensus Shares at fair value and the negative book value of $69.3 million was recorded as a gain on the Consolidated Statement of Operations. The fair value of Consensus common stock is readily available as Consensus is a publicly traded company.

(i) Variable Interest Entities ("VIE"s)

A VIE requires consolidation by the entity's primary beneficiary. The Company evaluates its investments in entities in which it is involved to determine if the entity is a VIE and if so, whether it holds a variable interest and is the primary beneficiary. The Company has determined that it holds a variable interest in its investment as a limited partner in the OCV Fund I, LP ("OCV Fund", "OCV" or the "Fund"). In determining whether the Company is deemed to be the primary beneficiary of the VIE, both of the following characteristics must be present:

a) the Company has the power to direct the activities of the VIE that most significantly impacts the VIEs economic performance (the power criterion); and

b) the Company has the obligation to absorb losses of the VIE, or the right to receive benefits of the VIE, that could potentially be significant to the VIE (the economic criterion).

The Company has concluded that, as a limited partner, although the obligations to absorb losses or the right to benefit from the gains is not insignificant, the Company does not have "power" over OCV because it does not have the ability to direct the significant decisions which impact the economics of OCV. The Company believes that the OCV general partner, as a single decision maker, holds the ability to make the decisions about the activities that most significantly impact the OCV Fund's economic performance. As a result, the Company has concluded that it will not consolidate OCV, as it is not the primary beneficiary of the OCV Fund, and will account for this investment under the equity-method of accounting (see Note 5 - Investments).

OCV qualifies as an investment company under ASC 946 - Financial Services, Investment Companies ("ASC 946"). Under ASC Topic 323, Investments - Equity Method and Joint Ventures, an investor that holds investments that qualify for specialized industry accounting for investment companies in accordance with ASC 946 should record its share of the earnings or losses, realized or unrealized, as reported by its equity method investees in the Consolidated Statements of Operations.

The Company recognizes its equity in the net earnings or losses relating to the investment in OCV on a one-quarter lag due to the timing and availability of financial information from OCV. If the Company becomes aware of a significant decline in value that is other-than-temporary, the loss will be recorded in the period in which the Company identifies the decline.

(j) Debt Issuance Costs and Debt Discount

The Company capitalizes costs incurred with borrowing and issuance of debt securities and records debt issuance costs and discounts as a reduction to the debt amount. These costs and discounts are amortized and included in interest expense over the life of the borrowing using the effective interest method.

(k) Concentration of Credit Risk

All of the Company's cash, cash equivalents and marketable securities are invested at major financial institutions primarily within the United States, Canada, United Kingdom and Ireland. These institutions are required to invest the Company's cash in accordance with the Company's investment policy with the principal objectives being preservation of capital, fulfillment of liquidity needs and above market returns commensurate with preservation of capital. The Company's investment policy also requires that investments in marketable securities be in only highly rated instruments, with limitations on investing in securities of any single issuer. However, these investments are not insured against the possibility of a total or near complete loss of earnings or principal and are inherently subject to the credit risk related to the continued credit worthiness of the underlying issuer and general credit market risks. At December 31, 2021, the Company's cash and cash equivalents were maintained in accounts in qualifying financial institutions that are insured up to the limit determined by the applicable governmental agency. These institutions are primarily in the United States and United Kingdom, however, the Company has accounts within several other countries including Australia, Austria, Canada, China, Denmark, France, Germany, Italy, Japan, New Zealand, Netherlands, Norway, and Sweden.

(l) Foreign Currency

Most of the Company's foreign subsidiaries use the local currency of their respective countries as their functional currency. Assets and liabilities are translated at exchange rates prevailing at the balance sheet dates. Revenues and expenses are translated into U.S. Dollars at average exchange rates for the period. Gains and losses resulting from translation are recorded as a component of accumulated other comprehensive income/(loss). Net translation loss was $21.3 million, $8.9 million and $1.6 million for the years ended December 31, 2021, 2020 and 2019, respectively. Realized gains and losses from foreign currency transactions are recognized within other expense (income), net. Foreign exchange gains (losses) amounted to $2.0 million, $(3.1) million and $(2.6) million for the years ended December 31, 2021, 2020 and 2019, respectively.

(m) Property and Equipment

Property and equipment are stated at cost. Equipment under a finance lease is stated at the present value of the minimum lease payments. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets and is recorded in cost of revenues and general and administrative expenses on the Consolidated Statements of Operations. The estimated useful lives of property and equipment range from one to ten years. Fixtures, which are comprised primarily of leasehold improvements and equipment under finance leases, are amortized on a straight-line basis over their estimated useful lives or for leasehold improvements, the related lease term, if less. The Company has capitalized certain internal-use software and website development costs which are included in property and equipment. The estimated useful life of costs capitalized is evaluated for each specific project and ranges from one to five years.

(n) Impairment or Disposal of Long-Lived and Intangible Assets

The Company accounts for long-lived assets, which include property and equipment, operating lease right-of-use assets and identifiable intangible assets with finite useful lives (subject to amortization), in accordance with the provisions of FASB ASC Topic No. 360, Property, Plant, and Equipment ("ASC 360"), which requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by comparing the carrying amount of an asset to the expected undiscounted future net cash flows generated by the asset. If it is determined that the asset may not be recoverable, and if the carrying amount of an asset exceeds its estimated fair value, an impairment charge is recognized to the extent of the difference.

The Company assesses the impairment of identifiable definite-lived intangibles and long-lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors it considers important which could individually or in combination trigger an impairment include the following:

- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of our use of the acquired assets or the strategy for the Company's overall business;
- Significant negative industry or economic trends;
- Significant decline in the Company's stock price for a sustained period; and
- The Company's market capitalization relative to net book value.

If the Company determined that the carrying value of definite-lived intangibles and long-lived assets may not be recoverable based upon the existence of one or more of the above indicators of impairment, it would record an impairment equal to the excess of the carrying amount of the asset over its estimated fair value.

The Company assessed whether events or changes in circumstances have occurred that potentially indicate the carrying amount of definite-lived assets may not be recoverable. In the year ended December 31, 2021 and 2020, the Company recorded impairments of certain operating right-of-use assets and associated property and equipment (see Note 11 - Leases). No impairment was recorded in fiscal year 2019.

The Company classifies its long-lived assets to be sold as held for sale in the period (i) it has approved and committed to a plan to sell the asset, (ii) the asset is available for immediate sale in its present condition, (iii) an active program to locate a buyer and other actions required to sell the asset have been initiated, (iv) the sale of the asset is probable, (v) the asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value, and (vi) it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. The Company initially measures a long-lived asset that is classified as held for sale at the lower of its carrying value or fair value less any costs to sell. Any loss resulting from this measurement is recognized in the period in which the held for sale criteria are met. Conversely, gains are not recognized on the sale of a long-lived asset until the date of sale. Upon designation as an asset held for sale, the Company stops recording depreciation expense on the asset. The Company assesses the fair value of a long-lived asset less any costs to sell at each reporting period and until the asset is no longer classified as held for sale.

(o) Business Combinations and Valuation of Goodwill and Intangible Assets

The Company applies the acquisition method of accounting for business combinations in accordance with GAAP and uses estimates and judgments to allocate the purchase price paid for acquisitions to the fair value of the assets, including identifiable intangible assets and liabilities acquired. Such estimates may be based on significant unobservable inputs and assumptions such as, but not limited to, future revenue growth rates, gross and operating margins, customer attrition rates, royalty rates, discount rates and terminal growth rate assumptions. The Company uses established valuation techniques and may engage reputable valuation specialists to assist with the valuations. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. Fair values are subject to refinement for up to one year after the closing date of an acquisition as information relative to closing date fair values becomes available. Upon the conclusion of the measurement period, any subsequent adjustments are recorded to earnings.

Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired in a business combination. Intangible assets resulting from the acquisitions of entities accounted for using the acquisition method of accounting are recorded at the estimated fair value of the assets acquired. Identifiable intangible assets are comprised of purchased customer relationships, trademarks and trade names, developed technologies and other intangible assets. Intangible assets subject to amortization are amortized over the period of estimated economic benefit ranging from one to twenty years and are included in general and administrative expenses on the Consolidated Statements of Operations. The Company evaluates its goodwill and indefinite-lived intangible assets for impairment pursuant to FASB ASC Topic No. 350, Intangibles - Goodwill and Other ("ASC 350"), which provides that goodwill and other intangible assets with indefinite lives are not amortized but tested annually for impairment or more frequently if the Company believes indicators of impairment exist. In connection with the annual impairment test for goodwill, the Company has the option to perform a qualitative assessment in determining whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the Company determines that it was more likely than not that the fair value of the reporting unit is less than its carrying amount, it then it performs an impairment test of goodwill. The impairment test involves comparing the fair values of the applicable reporting units with their aggregate carrying values, including goodwill. The Company generally determines the fair value of its reporting units using the income approach methodology of valuation. If the carrying value of a reporting unit exceeds the reporting unit's fair value, an impairment loss is recognized for the difference. In the second quarter of 2021, the Company recorded an impairment to goodwill associated with its plan to sell the B2B Backup business. This sale closed during the third quarter of 2021 (see Note 6 - Discontinued Operations and Dispositions). The Company performed the annual impairment test for goodwill for fiscal year 2021 on October 1 using a qualitative assessment primarily taking into consideration macroeconomic, industry and market conditions, overall financial performance and other relevant company-specific factors. The qualitative assessment indicated that it was more likely than not that the fair value of the Company's reporting units was greater than their carrying value. The Company performed the annual impairment test for intangible assets with indefinite lives for fiscal 2021 using a qualitative assessment primarily taking into consideration macroeconomic, industry and market conditions, overall financial performance and any other relevant company-specific factors. The Company concluded that there were no impairments in 2021, 2020 and 2019. In the first quarter of 2021, the Company aligned the annual impairment assessment date for the Cybersecurity and Martech business from September 30 to October 1, as it determined this date is preferable, and concluded this was not a material change in accounting principle.

In addition, the COVID-19 pandemic could have an adverse impact on the Company's consolidated financial results in 2022, and possibly longer. As of December 31, 2021, there were no indications that the carrying value of goodwill and other intangible assets may not be recoverable. However, a prolonged adverse impact of the COVID-19 pandemic on the Company's consolidated financial results may require an impairment charge related to one or more of these assets in a future period. No impairments to goodwill or other intangible assets were recorded during the years ended December 31, 2021, 2020, or 2019 as a result of COVID-19.

(p) Contingent Consideration

Certain of the Company's acquisition agreements include contingent earn-out arrangements, which are generally based on the achievement of future income thresholds or other metrics. The contingent earn-out arrangements are based upon the Company's valuations of the acquired companies and reduce the risk of overpaying for acquisitions if the projected financial results are not achieved.

The fair values of these earn-out arrangements are included as part of the purchase price of the acquired companies on their respective acquisition dates. For each transaction, the Company estimates the fair value of contingent earn-out payments as part of the initial purchase price and records the estimated fair value of contingent consideration as a liability on the Consolidated Balance Sheets. The Company considers several factors when determining that contingent earn-out liabilities are part of the purchase price, including the following: (1) the valuation of our acquisitions is not supported solely by the initial consideration paid, and the contingent earn-out formula is a critical and material component of the valuation approach to determining the purchase price; and (2) the former shareholders of acquired companies that remain as key employees receive compensation other than contingent earn-out payments at a reasonable level compared with the compensation of the Company's other key employees. The contingent earn-out payments are not affected by employment termination.

The Company measures its contingent earn-out liabilities in connection with acquisitions at fair value on a recurring basis using significant unobservable inputs classified within Level 3 of the fair value hierarchy (see Note 7 - Fair Value Measurements). The Company may use various valuation techniques depending on the terms and conditions of the contingent consideration including a Monte-Carlo simulation. This simulation uses a probability distribution for each significant input to produce hundreds or thousands of possible outcomes and the results are analyzed to determine probabilities of different outcomes occurring. Significant increases or decreases to these inputs in isolation would result in a significantly higher or lower liability with a higher liability capped by the contractual maximum of the contingent earn-out obligation. Ultimately, the liability will be equivalent to the amount paid, and the difference between the fair value estimate and amount paid will be recorded in earnings. The amount paid that is less than or equal to the liability on the acquisition date is reflected as cash used in financing activities in our Consolidated Statements of Cash Flows. Any amount paid in excess of the liability on the acquisition date is reflected as cash used in operating activities.

The Company reviews and re-assesses the estimated fair value of contingent consideration on a quarterly basis, and the updated fair value could be materially different from the initial estimates or prior amounts. Changes in the estimated fair value of its contingent earn-out liabilities and adjustments to the estimated fair value related to changes in all other unobservable inputs are reported in general and administrative expenses on the Consolidated Statements of Operations.

(q) Self-Insurance Program

The Company provides health and dental insurance plans to certain of its employees through a self-insurance structure. The Company has secured reinsurance in the form of a two tiered stop-loss coverage that limits the exposure arising from any claims made. Self-insurance claims filed and claims incurred but not reported are accrued based on management's estimate of the discounted ultimate costs for self-insured claims incurred using actuarial assumptions followed in the insurance industry and historical experience. Although management believes it has the ability to reasonably estimate losses related to claims, it is possible that actual results could differ from recorded self-insurance liabilities.

(r) Income Taxes

The Company's income is subject to taxation in both the U.S. and numerous foreign jurisdictions. Significant judgment is required in evaluating the Company's tax positions and determining its provision for income taxes. During the ordinary course of business, there are many transactions and calculations for which the ultimate tax determination is uncertain. The Company establishes reserves for tax-related uncertainties based on estimates of whether, and the extent to which, additional taxes will be due. These reserves for tax contingencies are established when the Company believes that certain positions might be challenged despite the Company's belief that its tax return positions are fully supportable. The Company adjusts these reserves in light of changing facts and circumstances, such as the outcome of a tax audit or lapse of a statute of limitations. The provision for income taxes includes the impact of reserve provisions and changes to reserves that are considered appropriate.

The Company accounts for income taxes in accordance with FASB ASC Topic No. 740, Income Taxes ("ASC 740"), which requires that deferred tax assets and liabilities are recognized using enacted tax rates for the effect of temporary differences between the book and tax basis of recorded assets and liabilities. ASC 740 also requires that deferred tax assets be reduced by a valuation allowance if it is more likely than not that some or all of the net deferred tax assets will not be realized. The valuation allowance is reviewed quarterly based upon the facts and circumstances known at the time. In assessing this valuation allowance, the Company reviews historical and future expected operating results and other factors, including its recent cumulative earnings experience, expectations of future taxable income by taxing jurisdiction and the carryforward periods available for tax reporting purposes, to determine whether it is more likely than not that deferred tax assets are realizable.

ASC 740 provides guidance on the minimum threshold that an uncertain income tax benefit is required to meet before it can be recognized in the financial statements and applies to all income tax positions taken by a company. ASC 740 contains a two-step approach to recognizing and measuring uncertain income tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement. If it is not more likely than not that the benefit will be sustained on its technical merits, no benefit will be recorded. Uncertain income tax positions that relate only to timing of when an item is included on a tax return are considered to have met the recognition threshold. The Company recognized accrued interest and penalties related to uncertain income tax positions in income tax expense on its Consolidated Statements of Operations.

In addition, on March 27, 2020, the "Coronavirus Aid, Relief and Economic Security ("CARES") Act" was enacted into law providing for changes to various tax laws that impact business. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions and technical corrections to tax depreciation methods for qualified improvement property.

The CARES Act also appropriated funds for the Small Business Administration ("SBA") Paycheck Protection Program ("PPP") loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. The Company did not seek to borrow any funds under the program. However, as a result of an acquisition that closed during the quarter ended December 31, 2020, the Company assumed outstanding PPP loans that had started the process of being forgiven prior to the closing of the acquisition. During the second quarter of 2021, the Company received approval from the SBA to forgive the entire amount of the outstanding PPP Loan. The amount forgiven did not have a significant impact to the Company's financial statements.

The Company does not believe these provisions have a significant impact to our current and deferred income tax balances. The Company will benefit from the technical correction to tax depreciation related to qualified improvement property and has elected to defer income tax payments and employer side social security payments where eligible.

(s) Share-Based Compensation

The Company accounts for share-based awards to employees and non-employees in accordance with the provisions of FASB ASC Topic No. 718, Compensation - Stock Compensation (“ASC 718”). Accordingly, the Company measures share-based compensation expense at the grant date, based on the fair value of the award, and recognizes the expense over the employee’s requisite service period using the straight-line method. The measurement of share-based compensation expense is based on several criteria, including but not limited to the valuation model used and associated input factors, such as expected term of the award, stock price volatility, risk free interest rate, dividend rate and award cancellation rate. These inputs are subjective and are determined using management’s judgment. If differences arise between the assumptions used in determining share-based compensation expense and the actual factors, which become known over time, the Company may change the input factors used in determining future share-based compensation expense. Any such changes could materially impact the Company’s results of operations in the period in which the changes are made and in periods thereafter. The Company estimates the expected term based upon the historical exercise behavior of its employees.

(t) Earnings Per Common Share (“EPS”)

EPS is calculated pursuant to the two-class method as defined in ASC Topic No. 260, Earnings per Share (“ASC 260”), which specifies that all outstanding unvested share-based payment awards that contain rights to nonforfeitable dividends or dividend equivalents are considered participating securities and should be included in the computation of EPS pursuant to the two-class method.

Basic EPS is calculated by dividing net distributed and undistributed earnings allocated to common shareholders, excluding participating securities, by the weighted-average number of common shares outstanding. The Company’s participating securities consist of its unvested share-based payment awards that contain rights to nonforfeitable dividends or dividend equivalents. Diluted EPS includes the determinants of basic EPS and, in addition, reflects the impact of other potentially dilutive shares outstanding during the period. The dilutive effect of participating securities is calculated under the more dilutive of either the treasury method or the two-class method.

(u) Research, Development and Engineering

Research, development and engineering costs are expensed as incurred. Costs for software development incurred subsequent to establishing technological feasibility, in the form of a working model, are capitalized and amortized over their estimated useful lives. Research, development and engineering expenditures were $78.9 million, $57.1 million and $44.7 million for the years ended December 31, 2021, 2020 and 2019, respectively.

(v) Segment Reporting

FASB ASC Topic No. 280, Segment Reporting (“ASC 280”), establishes standards for the way that public business enterprises report information about operating segments in their annual consolidated financial statements and requires that those enterprises report selected information about operating segments in interim financial reports. ASC 280 also establishes standards for related disclosures about products and services, geographic areas and major customers. The Company’s business segments are based on the organization structure used by the chief operating decision maker for making operating and investment decisions and for assessing performance.

In the fourth quarter of 2021, the Company changed its segment reporting as a result of the spin-off of its cloud fax business. The Company has two reportable segments: (i) Digital Media and (ii) Cybersecurity and Martech.

While this reporting change did not impact the Company's consolidated results, segment data has been recast to be consistent for all periods presented. For additional information, see Note 18 - Segment Information.

(w) Advertising Costs

Advertising costs are expensed as incurred. Advertising costs for the years ended December 31, 2021, 2020 and 2019 was $243.7 million, $159.8 million and $115.7 million, respectively.

(x) Recent Accounting Pronouncements

In December 2019, the FASB issued ASU No. 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes. The amendments in this ASU simplify the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. The amendments also improve consistent application of and simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance. The Company adopted this ASU in the first quarter of 2021 and has identified no material effect on its financial statements or disclosures.

In January 2020, the FASB issued ASU No. 2020-01, Investments - Equity Securities (Topic 321), Investment - Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815): Clarifying the Interactions between Topic 321, Topic 323, and Topic 815. The amendments in this ASU clarify certain interactions between the guidance to account for certain equity securities under Topic 321, the guidance to account for investments under the equity method of accounting in Topic 323, and the accounting for certain forward contracts and purchased options under Topic 815. This ASU identifies two main areas for improvement: (1) accounting for certain equity securities upon the application or discontinuation of the equity method of accounting and (2) scope considerations for forward contracts and purchased options on certain securities. The amendment states, as it is related to the first area of improvement, that an entity should consider observable transactions that require it to either apply or discontinue the equity method of accounting for the purposes of applying the measurement alternative in accordance with Topic 321 immediately before applying or upon discontinuing the equity method. The amendment also states, as it is relates to forward contracts and purchased options on certain securities, an entity should consider certain criteria to determine the accounting for those forward contracts and purchased options. The Company adopted this ASU in the first quarter of 2021 and has identified no material effect on its financial statements or disclosures.

In March 2020, the FASB issued ASU No. 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting. The amendments in this ASU provide optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments in this ASU apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. LIBOR is expected to phased out by 2021. The amendments in this ASU are effective as of March 12, 2020 through December 31, 2022. The Company is currently evaluating the effect of this ASU on its financial statements and related disclosures.

In August 2020, the FASB issued ASU No. 2020-06, Debt-Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity. The amendments in this ASU reduce the number of accounting models for convertible debt instruments and convertible preferred stock in order to simplify the accounting for convertible instruments and reduce complexity. In addition, it amends the guidance for scope exception surrounding derivatives for contracts in an entity's own equity. In each case, the related guidance surrounding EPS has also been amended. The amendments in this ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2021. The Company does not expect the adoption of this standard to have a material impact on the Company's consolidated financial statements.

In October 2020, the FASB issued ASU No. 2020-10, Codification Improvements. The amendments in this ASU improve the consistency of the codification and reorganize the guidance into appropriate sections providing less opportunities for disclosures to be missed. The amendments in this update do not change GAAP and are not expected to result in a significant change in practice. The amendments in this ASU are effective for fiscal years beginning after December 15, 2020. Early adoption is permitted. The Company adopted this ASU in the first quarter of 2021 and has identified no effect on its financial statements or disclosures.

In January 2021, the FASB issued ASU No. 2021-01, Reference Rate Reform (Topic 848). The amendments in this ASU clarify the scope of ASC 848 to include derivatives that are affected by a change in the interest rate used for discounting, margining, or contract price alignment that do not also reference LIBOR or another reference rate that is expected to be discontinued as a result of reference rate reform. Similar to ASU 2020-04, the guidance is effective for all entities immediately upon issuance on January 7, 2021. The Company adopted this ASU in the first quarter of 2021 and has identified no effect on its financial statements or disclosures.

In October 2021, the FASB issued ASU No. 2021-08, Business Combinations (Topic 805) - Accounting for Contract Assets and Contract Liabilities from Contracts with Customers, which requires contract assets and contract liabilities acquired in a business combination to be recognized and measured by the acquirer on the acquisition date in accordance with ASC 606, Revenue from Contracts with Customers. This ASU should be applied prospectively to acquisitions occurring on or after the effective date of December 15, 2022, and early adoption is permitted. The Company is currently evaluating the impacts of this guidance on the Company's consolidated financial statements.

(y) Reclassifications

Certain prior year reported amounts have been reclassified to conform with the 2021 presentation.

3. Revenues

Digital Media

Digital Media revenues are earned primarily from the delivery of advertising services and from subscriptions to services and information.

Revenue is earned from the delivery of advertising services on the Company's owned and operated websites and on those websites that are part of Digital Media's advertising network. Depending on the individual contracts with the customer, revenue for these services are recognized over the contract period when any of the following performance obligations are satisfied: (i) when an advertisement is placed for viewing; (ii) when a qualified sales lead is delivered; (iii) when a visitor "clicks through" on an advertisement; or (iv) when commissions are earned upon the sale of an advertised product.

Revenue from subscriptions is earned through the granting of access to, or delivery of, data products or services to customers. Subscriptions cover video games and related content, health information, data and other copyrighted material. Revenues under such agreements are recognized over the contract term for use of the service. Revenues are also earned from listing fees, subscriptions to online publications, and from other sources. Subscription revenues are recognized over time.

The Company generates Digital Media revenues through the license of certain assets to clients. Assets are licensed for clients' use in their own promotional materials or otherwise. Such assets may include logos, editorial reviews, or other copyrighted material. Revenues under such license agreements are recognized over the contract term for use of the asset. Technology assets are also licensed to clients. These assets are recognized over the term of the access period. The Digital Media business also generates revenue from other sources which include marketing and production services. Such other revenues are generally recognized over the period in which the products or services are delivered.

The Company also generates Digital Media revenues from transactions involving the sale of perpetual software licenses, related software support and maintenance, hardware used in conjunction with its software, and other related services. Revenue is recognized for these software transactions with multiple performance obligations after (i) the Company has had an approved contract and is committed to perform the respective obligations and (ii) the Company can identify and quantify each obligation and its respective selling price. Once the respective performance obligations have been identified and quantified, revenue will be recognized when the obligations are met, either over time or at a point in time depending on the nature of the obligation.

Revenues from software license performance obligations are generally recognized upfront at the point in time that the software is made available to the customer to download and use. Revenues for related software support and maintenance performance obligations are related to technical support provided to customers as needed and unspecified software product upgrades, maintenance releases and patches during the term of the support period when they are available. The Company is obligated to make the support services available continuously throughout the contract period. Therefore, revenues for support contracts are generally recognized ratably over the contractual period the support services are provided. Hardware product and related software performance obligations, such as an operating system or firmware, are highly interdependent and interrelated and are accounted for as a bundled performance obligation. The revenues for this bundled performance obligation are generally recognized at the point in time that the hardware and software products are delivered and ownership is transferred to the customer. Other service revenues are generally recognized over time as the services are performed.

The Company records revenue on a gross basis with respect to revenue generated (i) by the Company serving online display and video advertising across its owned and operated web properties, on third-party sites or on unaffiliated advertising networks; (ii) through the Company's lead-generation business; and (iii) through the Company's subscriptions. The Company records revenue on a net basis with respect to revenue paid to the Company by certain third-party advertising networks who serve online display and video advertising across the Company's owned-and-operated web properties and certain third-party sites.

Cybersecurity and Martech

The Company's Cybersecurity and Martech revenues substantially consist of recurring subscription and usage-based fees, which are primarily paid in advance by credit card. The Company defers the portions of monthly, quarterly, semi-annually and annually recurring subscription and usage-based fees collected in advance of the satisfaction of performance obligations and recognizes them in the period earned.

Along with its numerous proprietary Cybersecurity and Martech solutions, the Company also generates revenues by reselling various third-party solutions, primarily through its email security line of business. These third-party solutions, along with the Company's proprietary products, allow it to offer customers a variety of solutions to better meet the customer's needs. The Company records revenue on a gross basis with respect to reseller revenue because the Company has control of the specified good or service prior to transferring control to the customer.

Revenues from external customers classified by revenue source are as follows (in thousands). See Note 18 - Segment Information for additional information.

	Years ended December 31,		
Digital Media	**2021**	**2020**	**2019**
Advertising [(1)]	$ 838,075	$ 627,198	$ 531,191
Subscription and licensing [(1)]	197,354	166,219	164,052
Other [(1)]	33,871	17,943	15,268
Total Digital Media revenues	$ 1,069,300	$ 811,360	$ 710,511
Cybersecurity and Martech			
Subscription and licensing	$ 348,611	$ 347,697	$ 340,245
Other	—	—	—
Total Cybersecurity and Martech revenues	$ 348,611	$ 347,697	$ 340,245
Corporate	$ —	$ 1	$ 8
Elimination of inter-segment revenues	(1,189)	(229)	(300)
Total Revenues	$ 1,416,722	$ 1,158,829	$ 1,050,464
Timing of revenue recognition			
Point in time	$ 42,276	$ 27,685	$ 32,983
Over time	1,374,446	1,131,144	1,017,481
Total	$ 1,416,722	$ 1,158,829	$ 1,050,464

[(1)] The Company reclassified approximately $11.0 million and $15.5 million of revenue during the years ended December 31, 2020, and 2019, respectively, from 'Subscription and licensing' to 'Advertising' and reclassified approximately $9.5 million and $6.0 million of revenue during the years ended December 31, 2020, and 2019, respectively, from "Subscription and licensing' to 'Other' to conform with current period presentation. These reclassifications were made in order to separate games publishing revenue from traditional advertising revenue and to move job posting related revenue from subscriptions to advertising.

The Company has recorded $153.0 million, and $135.5 million of revenue for the years ended December 31, 2021 and 2020, respectively, which was previously included in the deferred revenue balance as of the beginning of each respective year.

As of December 31, 2021 and 2020, the Company acquired $9.5 million and $21.9 million, respectively, of deferred revenue in connection with the Company's business acquisitions (see Note 4 - Business Acquisitions) which are subject to purchase accounting adjustments, as appropriate.

Performance Obligations

The Company's contracts with customers may include multiple performance obligations. For such arrangements, revenues are allocated to each performance obligation based on its relative standalone selling price.

The Company satisfies its performance obligations within the Digital Media business upon delivery of services to its customers. In addition, the Company provides content to its advertising partners which the Company sells to its partners' customer base and receives a revenue share based on the terms of the agreement.

The Company satisfies its performance obligations within the Cybersecurity and Martech business upon delivery of services to its customers. Payment terms vary by type and location of our customers and the services offered. The time between invoicing and when payment is due is not significant. Due to the nature of the services provided, there are no obligations for returns.

Significant Judgments

Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment. Judgment is also required to determine the standalone selling price for each distinct performance obligation.

Performance Obligations Satisfied Over Time

The Company's Digital Media business consists primarily of performance obligations that are satisfied over time. This was determined based on a review of the contracts and the nature of the services offered, where the customer simultaneously receives and consumes the benefit of the services provided. Satisfaction of these performance obligations is evidenced in the following ways:

Advertising

- Website reporting by the Company, the customer, or a third-party contains the delivery evidence needed to satisfy the performance obligations within the advertising contract
- Successfully delivered leads are evidenced by either delivery reports from the Company's internal lead management systems or through e-mail communication and/or other evidence of delivery showing acceptance of leads by the customer
- Commission is evidenced by direct site reporting from the affiliate or via direct confirmation from the customer

Subscription and Licensing

- Evidence of delivery is contained in the Company's systems or from correspondence with the customer which tracks when a customer accepts delivery of any assets, digital keys or download links

The Company has concluded revenue is recognized based on delivery of services over the contract period for advertising and on a straight-line basis over the contract period for subscriptions. The Company believes that the methods described are a faithful depiction of the transfer of goods and services.

The Company's Cybersecurity and Martech business consists primarily of performance obligations that are satisfied over time. This has been determined based on the fact that the nature of services offered are subscription based where the customer simultaneously receives and consumes the benefit of the services provided regardless of whether the customer uses the services or not. Depending on the individual contracts with the customer, revenue for these services are recognized over the contract period when any of the following materially distinct performance obligations are satisfied:

- Faxing capabilities are provided (included in discontinued operations through October 7, 2021)
- Voice, email marketing and search engine optimization as services are delivered

- Consumer privacy services and data backup capabilities are provided
- Security solutions, including email and endpoint are provided

The Company has concluded that the best measure of progress toward the complete satisfaction of the performance obligation over time is a time-based measure. The Company recognizes revenue on a straight-line basis throughout the subscription period and believes that the method used is a faithful depiction of the transfer of goods and services.

Performance Obligations Satisfied at a Point in Time

The Company's Digital Media business has technology subscriptions that have standalone functionality. As a result, they are considered to be functional intellectual property where the performance obligations are satisfied at a point in time. This is evidenced once a digital key is delivered to the customer. Once the key is delivered to the customer, the customer has full control of the technology and the Company has no further performance obligations. The Company has concluded that revenue is recognized once the digital key is delivered. The Company believes that this method is a faithful depiction of the transfer of goods and services.

Practical Expedients

Existence of a Significant Financing Component in a Contract

As a practical expedient, the Company has not assessed whether a contract has a significant financing component because the Company expects at contract inception that the period between payment by the customer and the transfer of promised goods or services by the Company to the customer will be one year or less. In addition, the Company has determined that the payment terms that the Company provides to its customers are structured primarily for reasons other than the provision of finance to the Company. The Company typically charges a single upfront amount for the services because other payment terms would affect the nature of the risk assumed by the Company to provide service given the costs of the customer acquisition and the highly competitive and commoditized nature of the business we operate which allows customers to easily move from one provider to another. This additional risk may make it uneconomical to provide the service.

Costs to Fulfill a Contract

The Company's revenues are primarily generated from customer contracts that are for one year or less. Costs primarily consist of incentive compensation paid based on the achievements of sales targets in a given period for related revenue streams and are recognized in the month when the revenue is earned. Incentive compensation is paid on the issuance or renewal of the customer contract. As a practical expedient, for amortization periods which are determined to be one year or less, the Company expenses any incremental costs of obtaining the contract with a customer when incurred. For those customers with amortization periods determined to be greater than one year, the Company capitalizes and amortizes the expenses over the period of benefit.

In addition, the Company partners with various affiliates in order to generate a portion of its revenue for certain lines of business. The commissions earned by the Company's affiliates are incentive based and are paid on the acquisition of new customers in a given period. For those customers with amortization periods determined to be greater than one year, the Company capitalizes and amortizes the expenses over the period of benefit.

Revenues Invoiced

The Company has applied the practical expedient for certain revenue streams to exclude the value of remaining performance obligations for (i) contracts with an original expected term of one year or less or (ii) contracts for which the Company recognizes revenue in proportion to the amount it has the right to invoice for services performed.

4. Business Acquisitions

The Company uses acquisitions as a strategy to grow its customer base by increasing its presence in new and existing markets, expand and diversify its service offerings, enhance its technology, and acquire skilled personnel.

The Company completed the following acquisitions during the year ended December 31, 2021, paying the purchase price in cash in each transaction: (a) an asset purchase of DailyOM, acquired on April 30, 2021, a California-based provider of health and wellness digital media, content and learning business; (b) a share purchase of SEOmoz, acquired on June 4, 2021, a Seattle-based provider of search engine optimization ("SEO") solutions; (c) an asset purchase of Solutelia, LLC, acquired on July 15, 2021, a Colorado-based on-demand wireless telecommunications network monitoring and analysis, testing and optimization software business and related wireless telecommunications engineering services business; (d) a stock purchase of Arthur L. Davis Publishing, acquired on September 23, 2021, an Iowa-based digital nursing publication; (e) a stock purchase of Root Wireless, Inc. acquired on December 13, 2021, a Washington-based mobile analytics firm; and (f) four immaterial Digital Media acquisitions.

The Consolidated Statement of Operations since the date of each acquisition and balance sheet as of December 31, 2021, reflect the results of operations of all 2021 acquisitions. For the year ended December 31, 2021, these acquisitions contributed $39.9 million to the Company's revenues. Net income from continuing operations contributed by these acquisitions was not separately identifiable due to the Company's integration activities and is impracticable to provide. Total consideration for these transactions was $160.4 million, net of cash acquired and assumed liabilities and is subject to certain post-closing adjustments which may increase or decrease the final consideration paid.

The following table summarizes the allocation of the purchase consideration for all 2021 acquisitions, including individually material acquisitions noted separately (in thousands):

Assets and Liabilities	**Valuation**
Accounts receivable	$ 9,513
Prepaid expenses and other current assets	1,655
Property and equipment	2,188
Operating lease right-of-use assets, noncurrent	5,888
Trade names	16,349
Customer relationship	21,945
Goodwill	97,032
Other intangibles	38,894
Other long-term assets	62
Deferred tax asset	230
Accounts payable and accrued expenses	(5,863)
Deferred revenue	(9,491)
Operating lease liabilities, current	(7,191)
Other current liabilities	(14)
Deferred tax liability	(9,237)
Other long-term liabilities	(1,511)
Total	$ 160,449

During the year ended December 31, 2021, the purchase price accounting has been finalized for the following 2020 acquisitions: RetailMeNot, Inc., Inspired eLearning, The Aberdeen Group, LLC and The Big Willow, Inc., and other immaterial Digital Media and Cybersecurity and Martech acquired businesses. The initial accounting for all the 2021 acquisitions is incomplete due to timing of available information and is subject to change. The Company has recorded provisional amounts which may be based upon past acquisitions with similar attributes for certain intangible assets (including trade names, software and customer relationships), preliminary acquisition date working capital and related tax items.

During the year ended December 31, 2021, the Company recorded adjustments to the initial working capital and to the purchase accounting due to the finalization of prior period acquisitions in the Digital Media business, which resulted in a net decrease in goodwill of $1.4 million. In addition, the Company recorded adjustments to the initial working capital and to the purchase accounting due to the finalization of prior period acquisitions in the Cybersecurity and Martech businesses which resulted in a net increase in goodwill of $0.5 million (see Note 9 - Goodwill and Intangible Assets). Such adjustments had an immaterial impact on the amortization expense within the Consolidated Statements of Operations for the year ended December 31, 2021.

The fair value of the assets acquired includes accounts receivable of $9.5 million. The gross amount due under contracts is $9.9 million, of which $0.4 million is expected to be uncollectible. The Company did not acquire any other classes of receivables as a result of its acquisitions.

Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired and represents intangible assets that do not qualify for separate recognition. Goodwill recognized associated with these acquisitions during the year ended December 31, 2021 is $97.0 million, of which $42.1 million is expected to be deductible for income tax purposes.

Unaudited Pro Forma Financial Information for All 2021 Acquisitions

The following unaudited pro forma information is not necessarily indicative of the Company's consolidated results of income in future periods or the results that actually would have been realized had the Company and the acquired businesses been combined companies during the periods presented. These pro forma results are estimates and exclude any savings or synergies that would have resulted from these business acquisitions had they occurred on January 1, 2020. This unaudited pro forma supplemental information includes incremental intangible asset amortization and other charges as a result of the acquisitions, net of the related tax effects.

The supplemental information on an unaudited pro forma financial basis presents the combined results of the Company and its 2021 acquisitions as if each acquisition had occurred on January 1, 2020 (in thousands, except per share amounts):

	Year ended December 31,	
	2021	**2020**
	(unaudited)	
Revenues	$ 1,482,323	$ 1,267,280
Net income from continuing operations	$ 416,348	$ 33,351
EPS - Basic	$ 9.06	$ 0.72
EPS - Diluted	$ 8.69	$ 0.71

SEOmoz

On June 4, 2021, the Company acquired all the outstanding issued capital of SEOmoz at a purchase consideration of $67.0 million, net of cash acquired and assumed liabilities. SEOmoz is a provider of search engine optimization ("SEO") solutions. The Consolidated Statement of Operations since the date of acquisition and balance sheet as of December 31, 2021, reflect the results of operations of SEOmoz. For the year ended December 31, 2021, SEOmoz contributed $25.6 million to the Company's revenues. Net income from continuing operations contributed by SEOmoz since the acquisition date was not separately identifiable due to the Company's integration activities and is impracticable to provide.

The following table summarizes the allocation of the purchase consideration for the SEOmoz acquisition (in thousands):

Assets and Liabilities		**Valuation**
Accounts receivable	$	3,278
Prepaid expenses and other current assets		1,547
Property and equipment		1,845
Operating lease right of use asset		5,888
Trade names		7,406
Customer relationships		5,000
Goodwill		41,329
Other intangibles		22,777
Other long-term assets		62
Accounts payables and accrued expenses		(2,655)
Other current liabilities		(14)
Deferred revenue		(6,398)
Operating lease liabilities, current		(7,191)
Deferred tax liability		(5,327)
Other long-term liabilities		(550)
Total	$	66,997

The fair value of the assets acquired includes accounts receivable of $3.3 million. The gross amount due under contracts is $3.6 million, of which $0.3 million is expected to be uncollectible. The Company did not acquire any other classes of receivables as a result of its acquisitions.

Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired and represents intangible assets that do not qualify for separate recognition. Goodwill recognized in connection with this acquisition during the year ended December 31, 2021 is $41.3 million of which zero is expected to be deductible for income tax purposes.

Unaudited Pro Forma Financial Information for SEOmoz Acquisition

The following unaudited pro forma information is not necessarily indicative of the Company's consolidated results of operations in future periods or the results that actually would have been realized had the Company and the acquired business been combined companies during the periods presented. These pro forma results are estimates and exclude any savings or synergies that would have resulted from this business acquisition had it occurred on January 1, 2020. This unaudited pro forma supplemental information includes incremental intangible asset amortization and other charges as a result of the SEOmoz acquisition, net of the related tax effects.

The supplemental information on an unaudited pro forma financial basis presents the combined results of the Company and SEOmoz as if the acquisition had occurred on January 1, 2020 (in thousands, except per share amounts):

	Year ended December 31,			
	2021		**2020**	
	(unaudited)			
Revenues	$	1,438,099	$	1,207,910
Net income from continuing operations	$	406,281	$	29,382
EPS - Basic	$	8.84	$	0.63
EPS - Diluted	$	8.48	$	0.62

2020

The Company completed the following acquisitions during the year ended December 31, 2020, paying the purchase price in cash in each transaction: (a) a share purchase of the entire issued capital of RetailMeNot, Inc. acquired on October 28, 2020, a Texas-based provider of marketing solutions; (b) a share purchase of the entire issued capital of Inspired eLearning, LLC, acquired on November 2, 2020, a Texas-based platform for cybersecurity awareness and compliance training; (c) a share purchase of the entire issued capital of The Aberdeen Group, LLC and The Big Willow, Inc., acquired on November 20, 2020, a Massachusetts-based provider in digital marketing solutions; and (d) other immaterial acquisitions of email marketing, security and digital media businesses.

The Consolidated Statement of Operations since the date of each acquisition and balance sheet as of December 31, 2020, reflect the results of operations of all 2020 acquisitions. For the year ended December 31, 2020, these acquisitions contributed $54.6 million to the Company's revenues. Net income from continuing operations contributed by these acquisitions was not separately identifiable due to the Company's integration activities and is impracticable to provide. Total consideration for these transactions was $472.8 million, net of cash acquired and assumed liabilities and subject to certain post-closing adjustments which may increase or decrease the final consideration paid.

The following table summarizes the allocation of the purchase consideration for all 2020 acquisitions, including individually material acquisitions noted separately (in thousands):

Assets and Liabilities	Valuation
Accounts receivable	$ 46,138
Prepaid expenses and other current assets	9,105
Property and equipment	2,204
Operating lease right of use asset	10,644
Trade names	66,763
Customer relationships	214,347
Goodwill	202,901
Other intangibles	56,424
Other long-term assets	685
Deferred tax asset	992
Accounts payables and accrued expenses	(28,979)
Deferred revenue	(21,918)
Operating lease liabilities, current	(4,520)
Long-term debt	(910)
Operating lease liabilities, noncurrent	(13,104)
Income taxes payable	(3,297)
Liability for uncertain tax positions	(1,576)
Deferred tax liability	(53,870)
Other long-term liabilities	(9,269)
Total	$ 472,760

During the year ended December 31, 2020, the Company recorded adjustments to prior period acquisitions due to changes in the initial working capital and related purchase accounting within the Cybersecurity and Martech businesses, which resulted in a net decrease in goodwill of $2.1 million. In addition, the Company recorded adjustments to prior period acquisitions due to changes in the initial working capital and related purchase accounting within the Digital Media business, which resulted in a net increase in goodwill of $9.7 million (see Note 9 - Goodwill and Intangible Assets). Such adjustments had an immaterial impact to amortization expense within the Consolidated Statements of Operations for the year ended December 31, 2020.

The fair value of the assets acquired includes accounts receivable of $46.1 million. The gross amount due under contracts is $53.0 million, of which $6.9 million is expected to be uncollectible. The Company did not acquire any other classes of receivables as a result of its acquisitions.

Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired and represents intangible assets that do not qualify for separate recognition. Goodwill recognized in connection with these acquisitions during the year ended December 31, 2020 is $202.9 million, of which $55.0 million is expected to be deductible for income tax purposes.

Unaudited Pro Forma Financial Information for All 2020 Acquisitions

The following unaudited pro forma information is not necessarily indicative of the Company's consolidated results of operations in future periods or the results that actually would have been realized had the Company and the acquired businesses been combined companies during the periods presented. These pro forma results are estimates and exclude any savings or synergies that would have resulted from these business acquisitions had they occurred on January 1, 2019 and do not take into consideration the exiting of any acquired lines of business. The Company acquired a line of business, through the RetailMeNot, Inc. acquisition which was in the process of being exited prior to the acquisition. This line of business accounts for $0.1 million and $28.2 million of revenue in 2020 and 2019, respectively, which is included in the pro forma results below. In addition, during 2020, the Company sold certain Voice assets in Australia and New Zealand. This divestiture represented $8.4 million and $13.9 million of revenue during the 2020 and 2019 fiscal years, respectively. This unaudited pro forma supplemental information includes incremental intangible asset amortization, income tax expense, and interest income as a result of the acquisitions, net of the related tax effects.

The supplemental information on an unaudited pro forma financial basis presents the combined results of the Company and its 2020 acquisitions as if each acquisition had occurred on January 1, 2019 (in thousands, except per share amounts):

	Year ended December 31,	
	2020	**2019**
	(unaudited)	
Revenues	$ 1,339,927	$ 1,306,479
Net income from continuing operations	$ 21,450	$ 11,773
EPS - Basic	$ 0.46	$ 0.24
EPS - Diluted	$ 0.45	$ 0.23

RetailMeNot, Inc.

On October 28, 2020, the Company acquired all the outstanding issued capital of RetailMeNot, Inc. at a purchase consideration of $414.4 million, net of cash acquired and assumed liabilities.

RetailMeNot, Inc. ("RMN") is a leading savings destination that influences purchase decisions through the power of savings and coupons. The multinational company operates digital savings websites and mobile applications connecting consumers, both online and in-store, to retailers that advertise with RMN. The acquisition of RMN is expected to further increase retail sales generated by the Company and is believed to, when combined with the Company's current commerce business and leveraging its editorial strengths, will drive even greater scale and margin expansion.

The Consolidated Statement of Operations since the date of acquisition and balance sheet as of December 31, 2020, reflect the results of operations of RetailMeNot, Inc. For the year ended December 31, 2020, RetailMeNot, Inc. contributed $47.6 million to the Company's revenues. Net income from continuing operations contributed by RetailMeNot, Inc. since the acquisition date was not separately identifiable due to the Company's integration activities and is impracticable to provide.

The following table summarizes the allocation of the purchase consideration for the RetailMeNot, Inc. acquisition (in thousands):

Assets and Liabilities		**Valuation**
Accounts receivable	$	40,525
Prepaid expenses and other current assets		7,367
Property and equipment		587
Operating lease right of use asset		10,313
Trade names		62,940
Customer relationships		198,840
Goodwill		169,581
Other intangibles		42,610
Other long-term assets		494
Deferred tax asset		605
Accounts payables and accrued expenses		(24,526)
Deferred revenue		(11,175)
Operating lease liabilities, current		(4,029)
Operating lease liabilities, noncurrent		(13,085)
Income taxes payable		(3,308)
Liability for uncertain tax positions		(1,576)
Deferred tax liability		(52,504)
Other long-term liabilities		(9,275)
Total	$	414,384

The fair value of the assets acquired includes accounts receivable of $40.5 million. The gross amount due under contracts is $47.2 million, of which $6.7 million is expected to be uncollectible. The Company did not acquire any other classes of receivables as a result of its acquisitions.

Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired and represents intangible assets that do not qualify for separate recognition. Goodwill recognized in connection with this acquisition during the year ended December 31, 2020 is $169.6 million, of which $36.6 million is expected to be deductible for income tax purposes.

Unaudited Pro Forma Financial Information for RetailMeNot, Inc. Acquisition

The following unaudited pro forma information is not necessarily indicative of the Company's consolidated results of operations in future periods or the results that actually would have been realized had the Company and the acquired business been combined companies during the periods presented. These pro forma results are estimates and exclude any savings or synergies that would have resulted from this business acquisition had it occurred on January 1, 2019 and do not take into consideration the exiting of any acquired lines of business. The Company acquired a line of business, through the RetailMeNot, Inc. acquisition which was in the process of being exited prior to the acquisition. This line of business accounts for $0.1 million and $28.2 million of revenue in 2020 and 2019, respectively, which is included in the pro forma results below. In addition, during 2020, the Company sold certain Voice assets in Australia and New Zealand. This divestiture represented $8.4 million and $13.9 million of revenue during the 2020 and 2019 fiscal years, respectively. This unaudited pro forma supplemental information includes incremental intangible asset amortization, income tax expense, and interest income as a result of the acquisitions, net of the related tax effects.

The supplemental information on an unaudited pro forma financial basis presents the combined results of the Company and RetailMeNot, Inc. as if the acquisition had occurred on January 1, 2019 (in thousands, except per share amounts):

	Year ended December 31,	
	2020	2019
	(unaudited)	
Revenues	$ 1,308,731	$ 1,267,847
Net income from continuing operations	$ 23,395	$ 22,117
EPS - Basic	$ 0.50	$ 0.46
EPS - Diluted	$ 0.49	$ 0.44

2019

The Company completed the following acquisitions during the year ended December 31, 2019, paying the purchase price with a combination of cash and note payable: (a) an asset purchase of iContact, LLC, acquired on January 22, 2019, a North Carolina-based provider of email marketing solutions; (b) a share purchase of the entire issued capital of Safe Send AS, acquired on March 29, 2019, a Norwegian-based provider of email security solutions; (c) a share purchase of the entire issued capital of Highwinds Capital, Inc. and Cloak Holdings, LLC, acquired on April 2, 2019, a Texas-based provider in solutions for virtual private network ("VPN") services; (d) an asset purchase of OffsiteDataSync, Inc., acquired on July 1, 2019, a New York-based provider in backup and disaster recovery solutions; (e) an asset and a share purchase of the entire issued capital of BabyCenter LLC, acquired on August 19, 2019, a California-based provider in digital parenting and pregnancy resources; (f) a share purchase of the entire issued capital of Spiceworks, Inc., acquired on August 21, 2019, a Texas-based provider in digital media advertising solutions; and (g) other immaterial acquisitions of online data backup, consumer privacy and protection, and digital media businesses.

The Consolidated Statement of Operations since the date of each acquisition and balance sheet as of December 31, 2019, reflect the results of operations of all 2019 acquisitions. For the year ended December 31, 2019, these acquisitions contributed $126.3 million to the Company's revenues. Net income from continuing operations contributed by these acquisitions was not separately identifiable due to the Company's integration activities and is impracticable to provide. Total consideration for these transactions was $429.5 million, net of cash acquired and assumed liabilities and subject to certain post-closing adjustments which may increase or decrease the final consideration paid.

The following table summarizes the allocation of the purchase consideration for all 2019 acquisitions, including individually material acquisitions noted separately (in thousands):

Assets and Liabilities	Valuation
Accounts receivable	$ 22,796
Prepaid expenses and other current assets	4,528
Property and equipment	4,625
Operating lease right of use asset	4,982
Trade names	10,773
Customer relationships	123,611
Goodwill	253,096
Trademarks	32,540
Other intangibles	48,446
Other long-term assets	660
Accounts payables and accrued expenses	(31,292)
Other current liabilities	(516)
Deferred revenue	(27,953)
Operating lease liabilities, current	(1,768)
Operating lease liabilities, noncurrent	(3,215)
Income taxes payable	(762)
Liability for uncertain tax positions	(170)
Deferred tax liability	(10,229)
Other long-term liabilities	(635)
Total	$ 429,517

During the year ended December 31, 2019, the Company recorded adjustments to prior period acquisitions due to the finalization of the purchase accounting in the Cybersecurity and Martech business which resulted in a net increase in goodwill of $0.2 million. In addition, the Company recorded adjustments to the initial working capital and to the purchase accounting due to the finalization of prior period acquisitions in the Digital Media business, which resulted in a net decrease in goodwill of $0.9 million (see Note 9 - Goodwill and Intangible Assets). Such adjustments had an immaterial impact to amortization expense within the Consolidated Statement of Operations for the year ended December 31, 2019.

The fair value of the assets acquired includes accounts receivable of $22.8 million. The gross amount due under contracts is $23.7 million, of which $0.9 million is expected to be uncollectible. The Company did not acquire any other classes of receivables as a result of its acquisitions.

Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired and represents intangible assets that do not qualify for separate recognition. Goodwill recognized in connection with these acquisitions during the year ended December 31, 2019 is $253.1 million, of which $95.1 million is expected to be deductible for income tax purposes.

Unaudited Pro Forma Financial Information for All 2019 Acquisitions

The following unaudited pro forma information is not necessarily indicative of the Company’s consolidated results of operations in future periods or the results that actually would have been realized had the Company and the acquired businesses been combined companies during the periods presented. These pro forma results are estimates and exclude any savings or synergies that would have resulted from these business acquisitions had they occurred on January 1, 2019. This unaudited pro forma supplemental information includes incremental intangible asset amortization, income tax expense, and interest income as a result of the acquisitions, net of the related tax effects.

The supplemental information on an unaudited pro forma financial basis presents the combined results of the Company and its 2019 acquisitions as if each acquisition had occurred on January 1, 2019 (in thousands, except per share amounts):

		Year ended December 31, 2019
		(unaudited)
Revenues	$	1,152,542
Net income from continuing operations	$	35,203
EPS - Basic	$	0.73
EPS - Diluted	$	0.71

Highwinds Capital, Inc. and Cloak Holdings, LLC

On April 2, 2019, the Company acquired all the outstanding issued capital of Highwinds Capital, Inc. and Cloak Holdings, LLC ("Highwinds") at a purchase consideration of $209.6 million, net of cash acquired and assumed liabilities. Highwinds is a Texas-based provider in solutions of VPN services. The Consolidated Statement of Operations since the date of acquisition and balance sheet as of December 31, 2019, reflect the results of operations of Highwinds. For the year ended December 31, 2019, Highwinds contributed $53.0 million to the Company's revenues. Net income from continuing operations contributed by Highwinds since the acquisition date was not separately identifiable due to the Company's integration activities and is impracticable to provide.

The following table summarizes the allocation of the purchase consideration for the Highwinds acquisition (in thousands):

Assets and Liabilities		**Valuation**
Accounts receivable	$	900
Prepaid expenses and other current assets		38
Property and equipment		307
Customer relationships		55,260
Other intangibles		13,110
Trademarks		24,740
Acquired technology		6,678
Other long-term assets		16
Goodwill		164,102
Accounts payable and accrued expenses		(19,506)
Deferred revenue		(18,321)
Liability for uncertain tax positions		(170)
Deferred tax liability		(17,552)
Total	$	209,602

The fair value of the assets acquired includes accounts receivable of $0.9 million. The gross amount due under contracts is $1.0 million, of which $0.1 million is expected to be uncollectible. The Company did not acquire any other classes of receivables as a result of its acquisitions.

Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired and represents intangible assets that do not qualify for separate recognition. Goodwill recognized in connection with this acquisition during the year ended December 31, 2019 is $164.1 million, of which $15.2 million is expected to be deductible for income tax purposes.

Unaudited Pro Forma Financial Information for Highwinds Acquisition

The following unaudited pro forma information is not necessarily indicative of the Company's consolidated results of operations in future periods or the results that actually would have been realized had the Company and the acquired business been combined companies during the periods presented. These pro forma results are estimates and exclude any savings or synergies that would have resulted from this business acquisition had it occurred on January 1, 2019. This unaudited pro forma supplemental information includes incremental intangible asset amortization and other charges as a result of the Highwinds acquisition, net of the related tax effects.

The supplemental information on an unaudited pro forma financial basis presents the combined results of the Company and Highwinds as if the acquisition had occurred on January 1, 2019 (in thousands, except per share amounts):

		Year ended December 31, 2019
		(unaudited)
Revenues	$	1,072,047
Net income from continuing operations	$	43,345
EPS - Basic	$	0.90
EPS - Diluted	$	0.88

BabyCenter LLC.

On April 19, 2019, the Company acquired all the outstanding issued capital of BabyCenter LLC. ("BabyCenter") at a purchase consideration of $71.5 million, net of cash acquired and assumed liabilities. BabyCenter is a California-based provider in digital parenting and pregnancy resources. The Consolidated Statement of Operations since the date of acquisition and balance sheet as of December 31, 2019, reflect the results of operations of Baby Center. For the year ended December 31, 2019, BabyCenter contributed $19.2 million to the Company's revenues. Net income from continuing operations contributed by BabyCenter since the acquisition date was not separately identifiable due to the Company's integration activities and is impracticable to provide.

The following table summarizes the allocation of the purchase consideration for the BabyCenter acquisition (in thousands):

Assets and Liabilities		**Valuation**
Accounts receivable	$	10,336
Prepaid expenses and other current assets		2,302
Property and equipment		262
Operating lease right-of-use assets, noncurrent		821
Customer relationships		14,500
Other intangibles		10,800
Trademarks		7,800
Other long-term assets		110
Goodwill		34,644
Accounts payable and accrued expenses		(8,627)
Income taxes payable		(61)
Deferred revenue		(544)
Operating lease liabilities, current		(511)
Operating lease liabilities, noncurrent		(310)
Total	$	71,522

The fair value of the assets acquired includes accounts receivable of $10.3 million. The gross amount due under contracts is $10.5 million, of which $0.2 million is expected to be uncollectible. The Company did not acquire any other classes of receivables as a result of its acquisitions.

Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired and represents intangible assets that do not qualify for separate recognition. Goodwill recognized in connection with this acquisition during the year ended December 31, 2019 is $34.6 million, of which $34.6 million is expected to be deductible for income tax purposes.

Unaudited Pro Forma Financial Information for BabyCenter Acquisition

The following unaudited pro forma information is not necessarily indicative of the Company's consolidated results of operations in future periods or the results that actually would have been realized had the Company and the acquired business been combined companies during the periods presented. These pro forma results are estimates and exclude any savings or synergies that would have resulted from this business acquisition had it occurred on January 1, 2019. This unaudited pro forma supplemental information includes incremental intangible asset amortization and other charges as a result of the BabyCenter acquisition, net of the related tax effects.

The supplemental information on an unaudited pro forma financial basis presents the combined results of the Company and BabyCenter as if the acquisition had occurred on January 1, 2019 (in thousands, except per share amounts):

	Year ended December 31, 2019	
	(unaudited)	
Revenues	$	1,080,644
Net income from continuing operations	$	35,953
EPS - Basic	$	0.75
EPS - Diluted	$	0.73

Spiceworks, Inc.

On August 21, 2019, the Company acquired all the outstanding issued capital of Spiceworks, Inc. ("Spiceworks") at a purchase consideration of $60.8 million, net of cash acquired and assumed liabilities. Spiceworks is a Texas-based provider of digital media advertising solutions. The Consolidated Statement of Operations since the date of acquisition and balance sheet as of December 31, 2019, reflect the results of operations of Spiceworks. For the year ended December 31, 2019, Spiceworks contributed $23.0 million to the Company's revenues. Net income from continuing operations contributed by Spiceworks since the acquisition date was not separately identifiable due to the Company's integration activities and is impracticable to provide.

The following table summarizes the allocation of the purchase consideration for the Spiceworks acquisition (in thousands):

Assets and Liabilities		Valuation
Accounts receivable	$	10,406
Prepaid expenses and other current assets		1,986
Property and equipment		2,388
Operating lease right-of-use assets, noncurrent		4,161
Trade names		5,200
Customer relationships		27,200
Other intangibles		2,600
Non-competition agreements		680
Acquired technology		2,700
Deferred tax asset		8,752
Other long-term assets		504
Goodwill		4,149
Accounts payable and accrued expenses		(2,214)
Income taxes payable		(164)
Deferred revenue		(3,344)
Operating lease liabilities, current		(1,256)
Operating lease liabilities, noncurrent		(2,905)
Total	$	60,843

The fair value of the assets acquired includes accounts receivable of $10.4 million. The gross amount due under contracts is $10.8 million, of which $0.4 million is expected to be uncollectible. The Company did not acquire any other classes of receivables as a result of its acquisitions.

Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired and represents intangible assets that do not qualify for separate recognition. Goodwill recognized in connection with this acquisition during the year ended December 31, 2019 is $4.1 million, of which zero is expected to be deductible for income tax purposes.

Unaudited Pro Forma Financial Information for Spiceworks Acquisition

The following unaudited pro forma information is not necessarily indicative of the Company's consolidated results of operations in future periods or the results that actually would have been realized had the Company and the acquired business been combined companies during the periods presented. These pro forma results are estimates and exclude any savings or synergies that would have resulted from this business acquisition had it occurred on January 1, 2019. This unaudited pro forma supplemental information includes incremental intangible asset amortization and other charges as a result of the Spiceworks acquisition, net of the related tax effects.

The supplemental information on an unaudited pro forma financial basis presents the combined results of the Company and Spiceworks as if the acquisition had occurred on January 1, 2019 (in thousands, except per share amounts):

		Year ended December 31, 2019
		(unaudited)
Revenues	$	1,089,648
Net income from continuing operations	$	36,711
EPS - Basic	$	0.76
EPS - Diluted	$	0.74

5. Investments

Investments consist of equity and debt securities.

The Company determined that certain equity securities were without a readily determinable fair value because these securities are privately held, not traded on any public exchanges and not an investment in a mutual fund or similar investment. As a result, Management has elected to alternatively measure this investment at cost, less impairment, adjusted for subsequent observable price changes to estimate fair value. The Company made a "reasonable effort" to identify any observable price changes for identical or similar investments with the issuer that were known and could be reasonably known. Any changes in the carrying value of the equity securities was reported in current earnings as (gain) loss on investment, net. In addition, the Company determined that the shares of redeemable preferred stock that were also received as part of the consideration were corporate debt securities and were classified as available-for-sale-securities. In the first quarter of 2020, in a non-cash transaction of $18.3 million, the Company exchanged these shares of redeemable preferred stock that were previously classified as available-for-sale corporate debt securities for a new series of preferred stock, classified as equity securities without a readily determinable fair value. The Company recognized a loss on exchange of $4.4 million, which is reflected in loss on investments, net in the Consolidated Statements of Operations.

The following table summarizes the gross unrealized gains and losses and estimated fair values for the Company's securities without a readily determinable fair value (in thousands). These equity securities are included within 'Long-term investments' in the Consolidated Balance Sheets.

	Cost	Impairment	Adjustments	Reported Amount
December 31, 2021				
Equity securities	$ 17,156	$ (16,677)	$ (479)	$ —
Total	$ 17,156	$ (16,677)	$ (479)	$ —
December 31, 2020				
Equity securities	$ 50,384	$ (19,605)	$ (479)	$ 30,300
Total	$ 50,384	$ (19,605)	$ (479)	$ 30,300

Impairment losses, including gains and losses, are recorded in loss on investments, net on the Consolidated Statements of Operations.

During the year ended December 31, 2021, the Company recorded a $16.7 million impairment loss on investments related to a decline in value due to a sales transaction of an investee. The Company was not expected to recover the recorded cost of these securities and reduced such amount to what the Company received as a result of the sale. During the year ended December 31, 2021, the Company sold the remaining investments with proceeds for $14.3 million and a realized loss of approximately $0.3 million. At December 31, 2021, cumulative impairment losses on these securities were $40.5 million.

During the year ended December 31, 2020, the Company recorded a $19.6 million impairment loss related to a decline in value primarily due to the recapitalization of the investee and overall market volatility. At December 31, 2020, cumulative impairment losses on these securities were $23.8 million.

The following table summarizes the gross unrealized gains and losses and fair values for short-term investments accounted for at fair value under the fair value option, with the unrealized gains and losses reported within earnings on the Statement of Operations (in thousands):

	Initial Book Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2021				
Investment in Consensus (equity securities)	$ (69,290)	$ 298,490	$ —	$ 229,200
Total	$ (69,290)	$ 298,490	$ —	$ 229,200

The following table summarizes the gross unrealized gains and losses and fair values for investments classified as available-for-sale (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2020				
Corporate debt securities	$ 511	$ 152	$ —	$ 663
Total	$ 511	$ 152	$ —	$ 663

The Company's available-for-sale debt securities are carried at fair value, with the unrealized gains and losses reported as a component of other comprehensive income.

The following table summarizes the Company's corporate debt securities designated as available-for-sale, classified by the contractual maturity date of the security (in thousands):

	December 31, 2021	December 31, 2020
Due within 1 year	$ —	$ 663
Due within more than 1 year but less than 5 years	—	—
Due within more than 5 years but less than 10 years	—	—
Due 10 years or after	—	—
Total	$ —	$ 663

Recognition and Measurement of Credit Loss of Debt Securities

The Company adopted ASU 2016-13, Financial Instrument-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments in the first quarter of 2020. ASU 2016-13 replaces the existing incurred loss impairment model with an expected loss model which requires the use of forward-looking information to calculate credit loss estimates. This ASU also eliminates the concept of other-than-temporary impairment and requires credit losses related to available-for-sale debt securities to be recorded through an allowance for credit losses rather than a reduction in the amortized cost basis of the securities. These changes will result in the earlier recognition of credit losses, if any.

The Company's available-for-sale debt securities are carried at estimated fair value with any unrealized gains or losses, net of taxes, included in accumulated other comprehensive loss in stockholders' equity. Available-for-sale debt securities with an amortized cost basis in excess of estimated fair value are assessed to determine what amount of that difference, if any, is caused by expected credit losses. Expected credit losses on available-for-sale debt securities are recognized in other (income) expense, net on our Consolidated Statements of Operations, and any remaining unrealized losses, net of taxes, are included in accumulated other comprehensive loss in stockholders' equity.

There were no investments in an unrealized loss position as of December 31, 2021 or December 31, 2020.

As of December 31, 2021, 2020 and 2019, the Company did not recognize any other-than-temporary impairment losses on its debt securities.

On September 25, 2017, the Company entered into a commitment to invest $200 million (approximately 76.6% of equity) in the OCV Fund. The primary purpose of the Fund is to provide a limited number of select investors with the opportunity to realize long-term appreciation from public and private companies, with a particular focus on the technology and life science industries. The general activities of the OCV Fund is to buy, sell, hold and otherwise invest in securities of every kind and nature and rights and options with respect thereto, including, without limitation, stock, notes, bonds, debentures and evidence of indebtedness; to exercise all rights, powers, privileges and other incidents of ownership or possession with respect to securities held or owned by the OCV Fund; to enter into, make and perform all contracts and other undertakings; and to engage in all activities and transactions as may be necessary, advisable or desirable to carry out the foregoing.

The manager, OCV Management, LLC, and general partner of the Fund are entities with respect to which Richard S. Ressler, Chairman of the Board of Directors (the "Board") of the Company, is indirectly the majority equity holder and a related party. As a limited partner in the Fund, prior to the settlement of certain litigation generally related to the Company's investment in the Fund in January 2022, the Company paid an annual management fee to the manager equal to 2.0% (reduced by 10% each year beginning with the sixth year) of capital commitments. In addition, subject to the terms and conditions of the Fund's limited partnership agreement, once the Company has received distributions equal to its invested capital, the Fund's general partner would be entitled to a carried interest equal to 20%. The Fund has a six year investment period, subject to certain exceptions. The commitment was approved by the Audit Committee of the Board in accordance with the Company's related-party transaction approval policy. In connection with the settlement of the litigation, among other terms, no further capital calls will be made in connection with the Company's investment in the Fund, nor will any management fees be paid by the Company to the manager. For more information related to the litigation, see Note 12.

During 2021, the Company received capital call notices from the management of OCV Management, LLC for $22.2 million inclusive of certain management fees, of which $22.2 million has been paid for the year ended December 31, 2021. During 2020, the Company received capital call notices from the management of OCV Management, LLC for $32.9 million, inclusive of certain management fees, of which $31.9 million has been paid for the year ended December 31, 2020. During the years ended December 31, 2021, 2020 and 2019, the Company received a distribution from OCV of $15.3 million, zero and $10.3 million respectively.

The Company recognizes its equity in the net earnings or losses relating to the investment in OCV on a one-quarter lag due to the timing and availability of financial information from OCV. If the Company becomes aware of a significant decline in value that is other-than-temporary, the loss will be recorded in the period in which the Company identifies the decline.

During the years ended December 31, 2021, 2020, and 2019, the Company recognized an investment gain (loss) of $35.8 million, $(11.3) million, and $(0.2) million, net of tax expense (benefit), respectively. The fiscal 2021 gain was primarily the result of gains in the underlying investments. The fiscal 2020 loss was primarily a result of the impairment of two of its investments as a result of COVID-19 in the amount of $7.0 million net of tax benefit. In addition, the Company recognized an investment loss in fiscal 2020 in the amount of $4.3 million, net of tax benefit. During the years ended December 31, 2021, 2020, and 2019 the Company recognized management fees of $3.0 million, $3.0 million, and $3.0 million, net of tax benefit, respectively.

The following table discloses the carrying amount for the Company's equity method investment (in thousands). These equity securities are included within 'Long-term investments' in the Consolidated Balance Sheets.

	December 31, 2021	December 31, 2020
Equity securities	$ 122,593	$ 67,195
Maximum exposure to loss	$ 122,593	$ 67,195

As a limited partner, the Company's maximum exposure to loss is limited to its proportional ownership in the partnership. In addition, the Company is not required to contribute capital in an aggregate amount in excess of its capital commitment and any expected losses will not be in excess of the Capital Account. Finally, there are no call or put options, or other types of arrangements, which limit the Company's ability to participate in losses and returns of the Fund.

6. Discontinued Operations and Dispositions

Consensus Spin-Off

On October 7, 2021, the Separation was completed and the Company transferred J2 Cloud Services, LLC to Consensus who in turn transferred non-fax assets and liabilities back to Ziff Davis such that Consensus was left with the cloud fax business. The Separation was achieved through the Company's distribution of 80.1% of the shares of Consensus common stock to holders of J2 Global common stock as of the close of business on October 1, 2021, the record date for the distribution. The Company's stockholders of record received one share of Consensus common stock for every three shares of J2 Global's common stock. Ziff Davis, Inc. (formerly J2 Global, Inc.) retained a 19.9% interest in Consensus following the Separation. We did not retain a controlling interest in Consensus. The Retained Consensus Shares are equity securities for which the Company elected the fair value option, and subsequent fair value changes are included in the assets of and results from continuing operations as of and for the year ended December 31, 2021. At December 31, 2021, our investment in Consensus common stock was remeasured at fair value based on Consensus' closing stock price, with an unrealized gain of approximately $298.5 million recorded in the Consolidated Statement of Operations and a balance of $229.2 million in the Consolidated Balance Sheet (See Note 5). No gain or loss was recorded on the Separation in the Consolidated Statements of Operations. Certain of the Company's management and members of its board of directors resigned from the Company as of the Distribution Date and joined Consensus. In addition, one of the Company's members of its senior management as of December 31, 2021 serves on the board of directors of Consensus.

On October 7, 2021, Consensus paid Ziff Davis approximately $259.1 million of cash in a distribution that is anticipated to be tax-free provided certain requirements are met, and issued $500.0 million of senior notes due 2028 to Ziff Davis, which Ziff Davis then exchanged such notes with the lenders under the Credit Agreement and Credit Agreement Amendments by and among the subsidiaries of Ziff Davis party thereto as guarantors, Citicorp North America Inc. and MUFG Union Bank, N.A. and MUFG Union Bank, N.A., as administrative agent for the lenders, in exchange for extinguishment of indebtedness outstanding under the Bridge Loan Facility (see Note 10 - Debt). Such lenders or their affiliates agreed to resell the 2028 notes to qualified institutional buyers in the United States pursuant to Rule 144A. The Company incurred a net loss on extinguishment of approximately $8.8 million recorded within 'Loss on Extinguishment of Debt' component of 'Income (loss) from discontinued operations, net of income taxes' within the Consolidated Statements of Operations for the year ended December 31, 2021 (see Note 10). The divestiture of the cloud fax business was determined to qualify for US Federal tax-free treatment under certain sections of the Internal Revenue Code.

The accounting requirements for reporting the Company's cloud fax business as a discontinued operation were met when the Separation was completed as the Separation constitutes a strategic shift that will have a major effect on the Company's operations and financial results. Accordingly, the consolidated financial statements reflect the result of the cloud fax business as a discontinued operation for all periods presented. The Consolidated Balance Sheets and Consolidated Statements of Operations report discontinued operations separate from continuing operations. The Consolidated Statements of Comprehensive Income, Consolidated Statements of Cash Flows (including Note 19 - Supplemental Cash Flow Information) and Consolidated Statements of Stockholders' Equity combine continuing and discontinued operations. The Consolidated Statements of Operations, Consolidated Statements of Comprehensive Income, Consolidated Statements of Cash Flows and Consolidated Statements of Stockholders' Equity include the cloud fax activity for January 1, 2021 through October 7, 2021.

The key components of cash flows from discontinued operations were as follows (in thousands):

	Years ended December 31,		
	2021	2020	2019
Capital expenditures	$ 15,252	$ 16,237	$ 6,996
Depreciation and amortization	$ 9,010	$ 11,759	$ 10,270
Loss on debt extinguishment	$ 8,750	$ 37,969	$ —
Amortization of financing costs and discounts	$ —	$ 1,171	$ 1,428
Foreign currency remeasurement gain	$ —	$ 31,537	$ —
Deferred taxes	$ 8,015	$ 5,534	$ (55,931)

In preparation for and executing the Separation, the Company incurred $11.6 million, net of reimbursement from Consensus, in transaction-related costs including legal and accounting fees during the year ended December 31, 2021, which were recorded in 'General and administrative expenses' component of 'Income (loss) from discontinued operations, net of income taxes' within the Consolidated Statement of Operations. These transaction costs primarily relate to professional fees associated with preparation of regulatory filings and transaction execution and separation activities within finance, tax and legal functions.

In connection with the Separation, Ziff Davis and Consensus entered into several agreements that govern the relationship of the parties following the Separation. These agreements, as well as other activities related to Ziff Davis's continuing involvement with Consensus are further discussed in Note 21 - Related Party Transactions.

The key components of income from discontinued operations were as follows (in thousands). The Company made an accounting policy election not to allocate interest to discontinued operations. Interest expense included in discontinued operations relates to the 6.0% Senior Notes issued by J2 Cloud Services, LLC and the Bridge Loan Facility, which was required to be repaid as part of the Separation.

	Years ended December 31,		
	2021	**2020**	**2019**
Revenues	$ 270,248	$ 330,764	$ 321,590
Cost of revenues	(44,306)	(53,379)	(49,991)
Sales and marketing	(40,980)	(47,116)	(51,522)
Research, development and engineering	(5,814)	(7,146)	(9,745)
General and administrative	(39,279)	(26,852)	(21,475)
Interest expense and other	(13,856)	(44,220)	(44,080)
Income before income taxes	126,013	152,051	144,777
Income tax expense (benefit)	30,694	30,043	(33,136)
Income from discontinued operations, net of income taxes	$ 95,319	$ 122,008	$ 177,913

The following table summarizes the Balance Sheet as of December 31, 2020 (in thousands):

		December 31, 2020
ASSETS		
Cash and cash equivalents	$	66,210
Accounts receivable, net		16,071
Prepaid expenses and other current assets		1,748
Total current assets, discontinued operations		84,029
Property and equipment, net		25,053
Operating lease right-of-use assets		25,711
Trade names, net		29,350
Customer relationships, net		13,678
Goodwill		342,430
Other purchased intangibles, net		1,681
Deferred income taxes, noncurrent		44,350
Other non-current assets		1,269
Total assets, discontinued operations	$	567,551
LIABILITIES		
Trade accounts payable and accrued expenses	$	32,795
Income taxes payable, current		1,307
Deferred revenue, current		24,512
Operating lease liabilities, current		2,578
Total current liabilities, discontinued operations		61,192
Deferred revenue, noncurrent		240
Operating lease liabilities, noncurrent		25,549
Liability for uncertain tax positions		3,993
Deferred income taxes, noncurrent		5,392
Other long-term liabilities		3,063
Total liabilities, discontinued operations	$	99,429

B2B Back-up and Voice Asset Sales

The Company completed the following dispositions that did not meet the criteria for discontinued operations

During the first quarter of 2021, the Company committed to a plan to sell certain Voice assets in the United Kingdom as they were determined to be non-core assets. Such assets were recorded within the Cybersecurity and Martech reportable segment. On February 9, 2021, in a cash transaction, the Company sold the Voice assets. The total gain recognized on the sale of these Voice assets was $2.8 million which was recorded in (loss) gain on sale of businesses on the Consolidated Statement of Operations in the year ended December 31, 2021.

During the first quarter of 2021, the Company committed to a plan to sell its B2B Backup business as it was determined to be a non-core business. The B2B Backup business met the held for sale criteria, and accordingly, the assets and liabilities were presented as held for sale on the Consolidated Statement Balance Sheets at March 31, 2021 and June 30, 2021. The business is recorded within the Cybersecurity and Martech reportable segment. During the second quarter of 2021, the Company received an offer to purchase the B2B Backup business and management determined that the fair value of the business less cost to sell was lower than its carrying amount. As a result, the Company recorded an impairment to goodwill of $32.6 million during the second quarter of 2021, which was recorded in impairment of business on the Consolidated Statement of Operations (see Note 9 - Goodwill and Intangible Assets). On September 17, 2021, in a cash transaction, the Company sold the B2B Backup business. The total loss recognized on the sale of the B2B Backup business was $24.6 million which was recorded in (loss) gain on sale of businesses on the Consolidated Statement of Operations in the year ended December 31, 2021.

During the second quarter of 2020, the Company committed to a plan to sell certain Voice assets in Australia and New Zealand as they were determined to be non-core assets. Such assets were recorded within the Cybersecurity and Martech reportable segment. On August 31, 2020, in a cash transaction, the Company sold these Voice assets for a gain of $17.1 million which was recorded in gain on sale of businesses on the Consolidated Statement of Operations in the year ended December 31, 2020.

7. Fair Value Measurements

The Company complies with the provisions of ASC 820, which defines fair value, provides a framework for measuring fair value and expands the disclosures required for fair value measurements of financial and non-financial assets and liabilities. ASC 820 clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that is determined based on assumptions that market participants would use in pricing an asset or a liability. As a basis for considering such assumptions, ASC 820 establishes a three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

§ Level 1 – Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

§ Level 2 – Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

§ Level 3 – Unobservable inputs which are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The Company's money market funds are classified within Level 1. The Company values these Level 1 investments using quoted market prices. The fair value of long-term debt is determined using recent quoted market prices or dealer quotes for each of the Company's instruments, which are Level 1 inputs. On October 7, 2021, we completed the Consensus separation and retained 19.9% of the shares of Consensus common stock immediately following the Separation. We did not retain a controlling interest in Consensus. The Retained Consensus Shares are equity securities for which the Company elected the fair value option, and the fair value of our retained shares and subsequent fair value changes are included in our assets of and results from continuing operations, respectively. At December 31, 2021, our investment in Consensus common stock was remeasured at fair value based on Consensus' closing stock price, with unrealized gains of $298.5 million recorded in the Consolidated Statement of Operations and a balance of $229.2 million in the Consolidated Balance Sheet. The fair value of the investment in Consensus is determined using the quoted market prices, which is a Level 1 input.

Certain of the Company's debt securities are classified within Level 2. The Company values these Level 2 investments based on model-driven valuations using significant inputs derived from or corroborated by observable market data.

The fair value of our senior notes was determined using quoted market prices or dealer quotes for instruments with similar maturities and other terms and credit ratings, which are Level 2 inputs. The fair value of the MUFG Credit Facility approximated its carrying amount due to its variable interest rate, which approximated a market interest rate, and was considered a Level 2 input. The fair value of the Company's debt instruments was $1.3 billion and $2.0 billion, at December 31, 2021 and December 31, 2020, respectively (see Note 10 - Debt).

In 2019, the Company entered into a $5.5 million note payable that was short-term in nature and associated with the quarter's acquisition activity. In the same year, the Company paid down $5.1 million of the outstanding note and in the third quarter of 2020, the balance of the note payable was paid in full.

The Company classifies its contingent consideration liability in connection with acquisitions within Level 3 because factors used to develop the estimated fair value are unobservable inputs, such as volatility and market risks, and are not supported by market activity. For similar reasons, certain of the Company's available-for-sale debt securities were classified within Level 3. The valuation approaches used to value Level 3 investments considers unobservable inputs in the market such as time to liquidity, volatility, dividend yield and breakpoints. Significant increases or decreases in either of the inputs in isolation would result in a significantly lower or higher fair value measurement.

The following table presents the fair values, valuation techniques, unobservable inputs, and ranges of the Company's financial liabilities categorized within Level 3. The weighted averages below are a product of the unobservable input and fair value of the contingent consideration arrangement as of December 31, 2021.

	Valuation Technique	Unobservable Input	Range	Weighted Average
Contingent Consideration	Option-Based Model	Risk free rate	1.9% - 2.2%	2.0 %
		Debt spread	0.0% - 74.7%	13.6 %
		Probabilities	10.0% - 100.0%	80.5 %
		Present value factor	2.2% - 26.9%	19.0 %
		Discount rate	27.3% - 38.0%	30.7 %

The following tables present the fair values of the Company's financial assets or liabilities that are measured at fair value on a recurring basis (in thousands):

December 31, 2021	Level 1	Level 2	Level 3	Fair Value	Carrying Value
Assets:					
Cash equivalents:					
Money market and other funds	$ 144,255	$ —	$ —	$ 144,255	$ 144,255
Investment in Consensus	229,200	—	—	229,200	229,200
Total assets measured at fair value	$ 373,455	$ —	$ —	$ 373,455	$ 373,455
Liabilities:					
Contingent consideration	$ —	$ —	$ 5,775	$ 5,775	$ 5,775
Long-term debt	1,345,311	—	—	1,345,311	1,090,627
Total liabilities measured at fair value	$ 1,345,311	$ —	$ 5,775	$ 1,351,086	$ 1,096,402

December 31, 2020	Level 1	Level 2	Level 3	Fair Value	Carrying Value
Assets:					
Cash equivalents:					
Money market and other funds	$ 10,413	$ —	$ —	$ 10,413	$ 10,413
Corporate debt securities	—	663	—	663	663
Total assets measured at fair value	$ 10,413	$ 663	$ —	$ 11,076	$ 11,076
Liabilities:					
Contingent consideration	$ —	$ —	$ 5,022	$ 5,022	$ 5,022
Long-term debt	1,960,527	—	—	1,960,527	1,579,021
Total liabilities measured at fair value	$ 1,960,527	$ —	$ 5,022	$ 1,965,549	$ 1,584,043

At the end of each reporting period, management reviews the inputs to the fair value measurements of financial and non-financial assets and liabilities to determine when transfers between levels are deemed to have occurred. For the year ended December 31, 2021, there were no transfers that occurred between levels. For the year ended December 31, 2020, the Company transferred the fair value of its long-term debt from Level 2 to Level 1.

The following tables presents a reconciliation of the Company's Level 3 financial liabilities related to contingent consideration that are measured at fair value on a recurring basis (in thousands):

	Level 3	Affected line item in the Statement of Income
Balance as of January 1, 2020	$ 37,887	
Contingent consideration	4,860	
Total fair value adjustments reported in earnings	(80)	General and administrative
Contingent consideration payments	(37,645)	Not Applicable
Balance as of December 31, 2020	$ 5,022	
Contingent consideration	4,713	
Total fair value adjustments reported in earnings	(1,910)	General and administrative
Contingent consideration payments	(2,050)	Not Applicable
Balance as of December 31, 2021	$ 5,775	

In connection with the Company's other acquisition activity, contingent consideration of up to $14.9 million may be payable upon achieving certain future earnings before interest, taxes, depreciation and amortization (EBITDA), revenue, and/or unique visitor thresholds and had a combined fair value of $5.8 million and $5.0 million at December 31, 2021 and 2020, respectively. Due to the achievement of certain thresholds, $2.1 million and $37.6 million was paid during the years ended December 31, 2021 and 2020, respectively.

The Company recorded a net decrease of $1.9 million and $0.1 million during the years ended December 31, 2021 and 2020 respectively, in the fair value of the contingent consideration and reported such changes in general and administrative expenses.

8. Property and Equipment

Property and equipment, stated at cost, at December 31, 2021 and 2020 consisted of the following (in thousands):

	2021	2020
Computers and related equipment	$ 343,101	$ 317,013
Furniture and equipment	934	2,574
Leasehold improvements	8,287	6,329
	352,322	325,916
Less: Accumulated depreciation and amortization	(191,113)	(194,392)
Total property and equipment, net	$ 161,209	$ 131,524

Depreciation and amortization expense was $63.6 million, $60.6 million and $48.0 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Total disposals of long-lived assets for the years ended December 31, 2021, 2020 and 2019 were $11.0 million, $0.9 million and $0.3 million, respectively.

9. Goodwill and Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired in a business combination and is assigned to the reporting unit that is expected to benefit from the synergies of the combination. Intangible assets resulting from the acquisitions of entities accounted for using the acquisition method of accounting are recorded at the estimated fair value of the assets acquired. Identifiable intangible assets are comprised of purchased customer relationships, trademarks and trade names, developed technologies and other intangible assets. The fair values of these identified intangible assets are based upon expected future cash flows or income, which take into consideration certain assumptions such as customer turnover, trade names and patent lives. These determinations are primarily based upon the Company's historical experience and expected benefit of each intangible asset. If it is determined that such assumptions are not accurate, then the resulting change will impact the fair value of the intangible asset. Identifiable intangible assets are amortized over the period of estimated economic benefit, which ranges from one to twenty years.

The changes in carrying amounts of goodwill for the years ended December 31, 2021 and 2020 are as follows (in thousands):

	Digital Media	Cybersecurity and Martech	Consolidated
Balance as of January 1, 2020	$ 755,161	$ 557,940	$ 1,313,101
Goodwill acquired (Note 4)	177,951	24,950	202,901
Goodwill removed due to sale of businesses [2]	—	(4,751)	(4,751)
Purchase accounting adjustments [1]	9,721	(2,130)	7,591
Foreign exchange translation	101	6,057	6,158
Balance as of December 31, 2020	$ 942,934	$ 582,066	$ 1,525,000
Goodwill acquired (Note 4)	55,704	41,328	97,032
Goodwill removed due to sale of businesses [3]	—	(50,277)	(50,277)
Goodwill impairment[4]	—	(32,629)	(32,629)
Purchase accounting adjustments [1]	(1,437)	505	(932)
Foreign exchange translation	(542)	(6,197)	(6,739)
Balance as of December 31, 2021	$ 996,659	$ 534,796	$ 1,531,455

[1] Purchase accounting adjustments relate to measurement period adjustments to goodwill in connection with prior business acquisitions (see Note 4 - Business Acquisitions).

[2] On August 31, 2020, in a cash transaction, the Company sold certain of its Voice assets in Australia and New Zealand which resulted in $4.8 million of goodwill being written off (see Note 6 - Discontinued Operations and Dispositions).

[3] On February 9, 2021, in a cash transaction, the Company sold certain of its Voice assets in the United Kingdom which resulted in $1.3 million of goodwill being removed in connection with this sale and on September 17, 2021, the Company sold certain of its B2B Backup assets which resulted in $49.0 million of goodwill being removed in connection with the sale (see Note 6 - Discontinued Operations and Dispositions).

[4] During the year ended December 31, 2021, the Company had an impairment to goodwill of $32.6 million in connection with certain B2B Backup assets

The following table presents the gross carrying amount of goodwill and accumulated impairment charges as of December 31, 2021, and 2020.

	December 31, 2021			December 31, 2020		
	Gross Carrying Amount	Accumulated Impairment Charges	Net Book Value	Gross Carrying Amount	Accumulated Impairment Charges	Net Book Value
Cybersecurity and Martech	$ 567,425	$ 32,629	$ 534,796	$ 582,066	$ —	$ 582,066
Digital Media	996,659	—	996,659	942,934	—	942,934
Total Goodwill	$ 1,564,084	$ 32,629	$ 1,531,455	$ 1,525,000	$ —	$ 1,525,000

Intangible Assets Subject to Amortization:

As of December 31, 2021, intangible assets subject to amortization relate primarily to the following (in thousands):

	Weighted-Average Amortization Period	Historical Cost	Accumulated Amortization	Net
Trade names	9.7 years	$ 250,418	$ 102,657	$ 147,761
Customer relationships [1]	8.1 years	673,847	398,396	275,451
Other purchased intangibles	9.3 years	467,028	317,515	149,513
Total		$ 1,391,293	$ 818,568	$ 572,725

[1] Historically, the Company has amortized its customer relationship assets in a pattern that best reflects the pace at which the assets' benefits are consumed. This pattern results in a substantial majority of the amortization expense being recognized in the first 4 to 5 years, despite the overall life of the asset.

During the year ended December 31, 2021, the Company acquired SEOmoz (see Note 4 - Business Acquisitions). The identified intangible assets were recognized as part of the acquisition and their respective estimated weighted average amortizations were as follows (in thousands):

	Weighted-Average Amortization Period	Fair Value
Trade names	5.0 years	$ 7,406
Customer relationships	5.2 years	5,000
Other purchased intangibles	5.0 years	22,777
Total		$ 35,183

During the year ended December 31, 2021, the Company completed other acquisitions which were individually immaterial. The identified intangible assets were recognized as part of all 2021 acquisitions and their respective estimated weighted average amortizations were as follows (in thousands):

	Weighted-Average Amortization Period	Fair Value
Trade names	3.7 years	$ 8,943
Customer relationships	6.8 years	16,945
Other purchased intangibles	3.6 years	16,117
Total		$ 42,005

As of December 31, 2020, intangible assets subject to amortization relate primarily to the following (in thousands):

	Weighted-Average Amortization Period	Historical Cost	Accumulated Amortization	Net
Trade names	10.0 years	$ 247,189	$ 88,636	$ 158,553
Customer relationships [1]	8.0 years	746,330	382,815	363,515
Other purchased intangibles	9.7 years	503,195	328,403	174,792
Total		$ 1,496,714	$ 799,854	$ 696,860

[1] Historically, the Company has amortized its customer relationship assets in a pattern that best reflects the pace at which the assets' benefits are consumed. This pattern results in a substantial majority of the amortization expense being recognized in the first 4 to 5 years, despite the overall life of the asset.

Expected amortization expenses for intangible assets subject to amortization at December 31, 2021 are as follows (in thousands):

Fiscal Year:		
2022	$	148,268
2023		126,458
2024		82,499
2025		81,285
2026		65,253
Thereafter		68,962
Total expected amortization expense	$	572,725

Amortization expense was $185.7 million, $156.4 million and $173.8 million for the years ended December 31, 2021, 2020 and 2019, respectively.

10. Debt

Long-term debt as of December 31, 2021 and 2020 consists of the following (in thousands):

		2021		2020
4.625% Senior Notes	$	641,276	$	750,000
Convertible Notes:				
3.25% Convertible Notes		—		402,414
1.75% Convertible Notes		550,000		550,000
Total Notes		1,191,276		1,702,414
Paycheck Protection Program Loan		—		910
Less: Unamortized discount		(91,593)		(112,798)
Deferred issuance costs		(9,056)		(11,505)
Total debt		1,090,627		1,579,021
Less: current portion		(54,609)		(396,801)
Total long-term debt, less current portion	$	1,036,018	$	1,182,220

At December 31, 2021, future principal payments for debt are as follows (in thousands):

Years Ended December 31,		
2022	$	54,609
2023		—
2024		—
2025		—
2026		—
Thereafter		1,136,667
	$	1,191,276

Interest expense was $79.6 million, $58.1 million and $26.1 million for the years ended December 31, 2021, 2020 and 2019, respectively.

6.0% Senior Notes

On June 27, 2017, J2 Cloud Services, LLC ("J2 Cloud") and J2 Cloud Co-Obligor, Inc. (the "Co-Issuer" and together with J2 Cloud, the "Issuers"), wholly-owned subsidiaries of the Company, completed the issuance and sale of $650.0 million aggregate principal amount of their 6.0% senior notes due in 2025 (the "6.0% Senior Notes") in a private placement offering exempt from the registration requirements of the Securities Act of 1933. J2 Cloud received proceeds of $636.5 million, after deducting the initial purchasers' discounts, commissions and offering expenses. The 6.0% Senior Notes bore interest at a rate of 6.0% per annum, payable semi-annually in arrears on January 15 and July 15 of each year.

On October 7, 2020, J2 Cloud redeemed all of its outstanding $650.0 million 6.0% Senior Notes due in 2025 for $694.6 million, including an early redemption premium of $29.2 million and accrued and unpaid interest of $15.4 million. The Company recorded a loss on extinguishment of $38.0 million which is recorded in interest expense, net within discontinued operations in the Consolidated Statements of Operations.

4.625% Senior Notes

On October 7, 2020, the Company completed the issuance and sale of $750.0 million aggregate principal amount of its 4.625% senior notes due 2030 (the "4.625% Senior Notes") in a private placement offering exempt from the registration requirements of the Securities Act of 1933. The Company received proceeds of $742.7 million after deducting the initial purchasers' discounts, commissions and offering expenses. The net proceeds were used to redeem all of its outstanding 6.0% Senior Notes due in 2025 and, remaining net proceeds were available for general corporate purposes which may include acquisitions and the repurchase or redemption of other outstanding indebtedness.

These Senior Notes bear interest at a rate of 4.625% per annum, payable semi-annually in arrears on April 15 and October 15 of each year, commencing on April 15, 2021. The 4.625% Senior Notes mature on October 15, 2030, and are senior unsecured obligations of the Company which are guaranteed, jointly and severally, on an unsecured basis by certain of the Company's existing and future domestic direct and indirect wholly-owned subsidiaries (collectively, the "Guarantors"). If the Company or any of its restricted subsidiaries acquires or creates a domestic restricted subsidiary, other than an Insignificant Subsidiary (as defined in the indenture pursuant to which the 4.625% Senior Notes were issued (the "Indenture")), after the issue date, or any Insignificant Subsidiary ceases to fit within the definition of Insignificant Subsidiary, such restricted subsidiary is required to unconditionally guarantee, jointly and severally, on an unsecured basis, the Company's obligations under the 4.625% Senior Notes.

The Company may redeem some or all of the 4.625% Senior Notes at any time on or after October 15, 2025 at specified redemption prices plus accrued and unpaid interest, if any, up to, but excluding the redemption date. Before October 15, 2023, and following certain equity offerings, the Company also may redeem up to 40% of the 4.625% Senior Notes at a price equal to 104.625% of the principal amount, plus accrued and unpaid interest, if any, up to, but excluding the redemption date. The Company may make such redemption only if, after such redemption, at least 50% of the aggregate principal amount of the 4.625% Senior Notes remains outstanding. In addition, at any time prior to October 15, 2025, the Company may redeem some or all of the 4.625% Senior Notes at a price equal to 100% of the principal amount, plus accrued and unpaid interest, if any, to the redemption date, plus an applicable "make-whole" premium.

The Indenture contains covenants that restrict the Company's ability to (i) pay dividends or make distributions on the Company's common stock or repurchase the Company's capital stock; (ii) make certain restricted payments; (iii) create liens or enter into sale and leaseback transactions; (iv) enter into transactions with affiliates; (v) merge or consolidate with another company; and (vi) transfer and sell assets. These covenants contain certain exceptions. Restricted payments are applicable only if the Company and subsidiaries designated as restricted subsidiaries has a net leverage ratio of greater than 3.5 to 1.0. In addition, if such net leverage ratio is in excess of 3.5 to 1.0, the restriction on restricted payments is subject to various exceptions, including the total aggregate amount not exceeding the greater of (A) $250 million and (B) 50.0% of EBITDA for the most recently ended four fiscal quarter period ended immediately prior to such date for which internal financial statements are available. The Company is in compliance with its debt covenants as of December 31, 2021 and 2020.

On October 8, 2021, Ziff Davis announced that it had accepted tender offers to purchase $83.3 million in aggregate principal of its 4.625% Senior Notes for an aggregate purchase price of $90.0 million. The tender offer expired on October 22, 2021. As such, the Company recognized a loss of approximately $7.4 million associated with the tender of the 4.625% Senior Notes, which was recorded within 'Loss on extinguishment of debt' within the Statements of Operations.

Further, during the year ended December 31, 2021, the Company repurchased an additional $25.4 million in aggregate principal amount of the 4.625% Senior Notes for a purchase price of approximately $26.0 million. The Company recognized a loss of $0.6 million associated with the repurchase of the 4.625% Senior Notes, which was recorded within 'Loss on extinguishment of debt' within the Consolidated Statements of Operations. During January 2022, the Company repurchased an additional $54.6 million in aggregate principal amount of the 4.625% Senior Notes (see Note 23 - Subsequent Events).

As of December 31, 2021 and 2020, the estimated fair value of the 4.625% Senior Notes was approximately $659.9 million and $796.9 million, respectively, and was based on recent quoted market prices or dealer quotes for the 4.625% Senior Notes which are Level 1 inputs (see Note 7 - Fair Value Measurements).

The following table provides additional information on the 4.625% Senior Notes (in thousands):

		2021
Principal amount of 4.625% Senior Notes	$	641,276
Less: Unamortized discount		(4,259)
Less: Debt issuance costs		(1,339)
Net carrying amount of 4.625% Senior Notes	$	635,678

3.25% Convertible Notes

On June 10, 2014, the Company issued $402.5 million aggregate principal amount of 3.25% convertible senior notes due June 15, 2029 (the "3.25% Convertible Notes"). The 3.25% Convertible Notes bear interest at a rate of 3.25% per annum, payable semiannually in arrears on June 15 and December 15 of each year. Beginning with the six-month interest period commencing on June 15, 2021, the Company had to pay contingent interest on the 3.25% Convertible Notes during any six-month interest period if the trading price per $1,000 principal amount of the 3.25% Convertible Notes for each of the five trading days immediately preceding the first day of such interest period equaled or exceeded $1,300. Any contingent interest payable on the 3.25% Convertible Notes would have been in addition to the regular interest payable on the 3.25% Convertible Notes.

In connection with the spin-off of Consensus, the Company called its 3.25% Convertible Notes for redemption and on August 2, 2021, the Company redeemed in full all of its outstanding 3.25% Convertible Notes. During the year ended December 31, 2021, the Company satisfied its conversion obligation by paying the principal of $402.4 million in cash and issued 3,050,850 shares of the Company's common stock (see Note 14 - Stockholders' Equity). The redemption of the liability component of the 3.25% Convertible Notes, resulted in a gain of approximately $2.8 million during the year ended December 31, 2021 within 'Loss on debt extinguishment, net' in the Consolidated Statement of Operations. The reacquisition of the equity component of the 3.25% Convertible Notes resulted in a reduction of stockholders' equity of approximately $390.5 million, net of tax,

During the fourth quarter of 2020, the last reported sale price of the Company's common stock exceeded 130% of the conversion price for at least 20 trading days in the period of 30 consecutive trading days ending on, and including, the last trading day of the quarter. As a result, the 3.25% Convertible Notes were convertible at the option of the holder during the quarter beginning January 1, 2021 and ending March 31, 2021. Since as of December 31, 2020, the Company intended to settle the principal amount in cash, the net carrying amount of the 3.25% Convertible Notes was classified within current liabilities on the Consolidated Balance Sheet as of December 31, 2020.

Accounting for the 3.25% Convertible Notes

In accordance with ASC 470-20, *Debt with Conversion and Other Options,* convertible debt that can be settled for cash is required to be separated into the liability and equity component at issuance, with each component assigned a value. The value assigned to the liability component is the estimated fair value, as of the issuance date, of similar debt without the conversion feature. The difference between the cash proceeds and estimated fair value of the liability component, representing the value of the conversion premium assigned to the equity component, is recorded as a debt discount on the issuance date. This debt discount is amortized to interest expense using the effective interest method over the period from the issuance date through the first stated repurchase date.

The Company estimated the borrowing rates of similar debt without the conversion feature at origination to be 5.79% for the 3.25% Convertible Notes and determined the debt discount to be $59.0 million. As a result, a conversion premium after tax of $37.7 million was recorded in additional paid-in capital. The aggregate debt discount is amortized as interest expense over the period from the issuance date through the first stated repurchase date on June 15, 2021 which management believed was the expected life of the 3.25% Convertible Notes using an interest rate of 5.81%. As of December 31, 2020, the remaining period over which the unamortized debt discount will be amortized was 0.5 years.

The 3.25% Convertible Notes were carried at face value less any unamortized debt discount and debt issuance costs. The fair value of the 3.25% Convertible Notes at each balance sheet date was determined based on recent quoted market prices or dealer quotes for the 3.25% Convertible Notes, which are Level 1 inputs (see Note 7 - Fair Value Measurements). If such information was not available, the fair value was determined using cash-flow models of the scheduled payments discounted at market interest rates for comparable debt without the conversion feature. As of December 31, 2021 and 2020, the estimated fair value of the 3.25% Convertible Notes was approximately zero and $593.1 million, respectively.

As of December 31, 2020, the if-converted value of the 3.25% Convertible Notes exceeded the principal amount by $173.3 million.

The following table provides additional information related to the 3.25% Convertible Notes (in thousands):

	2021	2020
Additional paid-in capital	$ —	$ 37,688
Principal amount of 3.25% Convertible Notes	$ —	$ 402,414
Less: Unamortized discount of the liability component	—	(4,644)
Less: Carrying amount of debt issuance costs	—	(855)
Net carrying amount of 3.25% Convertible Notes	$ —	$ 396,915

The following table provides the components of interest expense related to the 3.25% Convertible Notes (in thousands):

	2021	2020	2019
Cash interest expense (coupon interest expense)	$ 5,994	$ 13,080	$ 13,081
Non-cash amortization of discount on 3.25% Convertible Notes	4,645	9,717	9,171
Amortization of debt issuance costs	855	1,749	1,600
Total interest expense related to 3.25% Convertible Notes	$ 11,494	$ 24,546	$ 23,852

The Company has recorded changes in fair value associated with the contingent interest feature of the 3.25% Convertible Notes in interest expense for the years ended December 31, 2021, 2020, and 2019 of zero, zero, and $(0.8) million, respectively (see Note 7 - Fair Value Measurements).

1.75% Convertible Notes

On November 15, 2019, the Company issued $550.0 million aggregate principal amount of 1.75% convertible senior notes due November 1, 2026 (the “1.75% Convertible Notes”). The Company received proceeds of $537.1 million in cash, net of purchasers’ discounts and commissions and other debt issuance costs. A portion of the net proceeds were used to pay off all amounts outstanding under the then-existing Credit Facility. The 1.75% Convertible Notes bear interest at a rate of 1.75% per annum, payable semiannually in arrears on May 1 and November 1 of each year, beginning on May 1, 2020. The 1.75% Convertible Notes will mature on November 1, 2026, unless earlier converted or repurchased.

Holders may surrender their 1.75% Convertible Notes for conversion at any time prior to the close of business on the business day immediately preceding July 1, 2026 only under the following circumstances: (i) during any calendar quarter commencing after the calendar quarter ending on March 31, 2020 (and only during such calendar quarter), if the last reported sale price of the Company's common stock for at least 20 trading days (whether or not consecutive) during the period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding the calendar quarter is greater than 130% of the applicable conversion price of the 1.75% Convertible Notes on each such applicable trading day; (ii) during the five business day period following any 10 consecutive trading day period in which the trading price per $1,000 principal amount of 1.75% Convertible Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of the Company's common stock and the applicable conversion rate on each such trading day; or (iii) upon the occurrence of specified corporate events. On or after July 1, 2026, and prior to the close of business on the business day immediately preceding the maturity date, holders may convert all or any portion of their notes at any time, regardless of the foregoing circumstances. The Company will settle conversions of the 1.75% Convertible Notes by paying or delivering, as the case may be, cash, shares of the Company's common stock or a combination thereof at the Company's election. The Company currently intends to satisfy its conversion obligation by paying and delivering a combination of cash and shares of the Company's common stock. Holders of the notes will have the right to require the Company to repurchase for cash all or any portion of their notes upon the occurrence of certain corporate events, subject to certain conditions. As of December 31, 2021 and December 31, 2020, the market trigger conditions did not meet the conversion requirements of the 1.75% Convertible Notes and, accordingly, the 1.75% Convertible Notes are classified as long-term debt on the Consolidated Balance Sheets.

Prior to the Separation, the conversion rate on the 1.75% Convertible Notes was 7.9864 shares of the Company's common stock for each $1,000 principal amount of 1.75% Convertible Notes, which represents a conversion price of approximately $125.21 per share of the Company's common stock. The Separation constituted an event under the 1.75% Convertible Notes that required an adjustment and the conversion rate increased to 9.3783 shares of the Company's common stock for each $1,000 principal amount of 1.75% Convertible Notes, which represents a conversion price of approximately $106.63 per share of the Company's common stock. The conversion rate is subject to adjustment for certain events as set forth in the indenture governing the 1.75% Convertible Notes, but will not be adjusted for accrued interest. In addition, upon the occurrence of a "Make-Whole Fundamental Change" (as defined in the 1.75% Convertible Note Indenture), the Company will increase the conversion rate for a holder that elects to convert its 1.75% Convertible Notes in connection with such a corporate event in certain circumstances.

The Company may not redeem the 1.75% Convertible Notes prior to November 1, 2026, and no sinking fund is provided for the 1.75% Convertible Notes.

The 1.75% Convertible Notes are the Company's general senior unsecured obligations and rank: (i) senior in right of payment to any of the Company's indebtedness that is expressly subordinated in right of payment to the 1.75% Convertible Notes; (ii) equal in right of payment to the Company's existing and future indebtedness that is not so subordinated, including its then-existing 3.25% Convertible Notes due 2029; (iii) effectively junior to any of the Company's secured indebtedness to the extent of the value of the assets securing such indebtedness; and (iv) structurally junior to all existing and future indebtedness and other liabilities incurred by the Company's subsidiaries, including the then-existing 6.0% Senior Notes due 2025.

Accounting for the 1.75% Convertible Notes

In accordance with ASC 470-20, *Debt with Conversion and Other Options*, convertible debt that can be settled for cash is required to be separated into the liability and equity component at issuance, with each component assigned a value. The value assigned to the liability component is the effective fair value, as of the issuance date, of similar debt without the conversion feature. The difference between the cash proceeds and estimated fair value of the liability component, representing the value of the conversion premium assigned to the equity component, is recorded as a debt discount on the issuance date. This debt discount is amortized to interest expense using the effective interest method over the period from the issuance date through the maturity date of November 1, 2026.

The Company estimated the borrowing rates of similar debt without the conversion feature at origination to be 5.5% for the 1.75% Convertible Notes and determined the debt discount to be $118.9 million. As a result, a conversion premium after tax of $88.1 million (net of $2.8 million of the deferred issuance costs) are recorded in additional paid-in capital. The aggregate debt discount is amortized as interest expense over the period from the issuance date through the maturity date of November 1, 2026, which management believes is the expected life of the 1.75% Convertible Notes using an interest rate of 5.5%. As of December 31, 2021, the remaining period over which the unamortized debt discount will be amortized is 4.8 years.

In connection with the issuance of the 1.75% Convertible Notes, the Company incurred $12.9 million of deferred issuance costs, which primarily consisted of the underwriters' discount, legal and other professional service fees. Of the total deferred issuance costs incurred, $10.1 million of such deferred issuance costs were attributable to the liability component and are recorded within other assets and are being amortized to interest expense through the maturity date. The remaining $2.8 million of the deferred issuance costs were netted with the equity component in additional paid-in capital at the issuance date. As of December 31, 2021, the unamortized deferred issuance costs were $7.7 million.

The 1.75% Convertible Notes are carried at face value less any unamortized debt discount and issuance costs. The fair value of the 1.75% Convertible Notes at each balance sheet date is determined based on recent quoted market prices or dealer quotes for the 1.75% Convertible Notes, which are Level 1 inputs (see Note 7 - Fair Value Measurements). If such information is not available, the fair value is determined using cash-flow models of the scheduled payments discounted at market interest rates for comparable debt without the conversion feature. As of December 31, 2021 and December 31, 2020, the estimated fair value of the 1.75% Convertible Notes was approximately $685.4 million and $569.7 million, respectively.

The following table provides additional information related to the 1.75% Convertible Notes (in thousands):

	2021	2020
Additional paid-in capital	$ 88,138	$ 88,138
Principal amount of 1.75% Convertible Notes	$ 550,000	$ 550,000
Less: Unamortized discount of the liability component	(87,334)	(102,631)
Less: Carrying amount of debt issuance costs	(7,717)	(8,889)
Net carrying amount of 1.75% Convertible Notes	$ 454,949	$ 438,480

The following table provides the components of interest expense related to the 1.75% Convertible Notes (in thousands):

	2021	2020
Cash interest expense (coupon interest expense)	$ 9,625	$ 9,653
Non-cash amortization of discount on 1.75% Convertible Notes	15,338	14,563
Amortization of debt issuance costs	1,173	1,098
Total interest expense related to 1.75% Convertible Notes	$ 26,136	$ 25,314

Credit Facility and Bridge Loan

On April 7, 2021, the Company entered into a $100.0 million Credit Agreement (the "Credit Agreement"). Subject to customary conditions, the Company may, from time to time, request increases in the commitments under the Credit Agreement in an aggregate amount up to $250.0 million, for a total aggregate commitment of up to $350.0 million. The final maturity of the Credit Facility will occur on April 7, 2026.

On June 2, 2021, June 21, 2021, August 20, 2021 and September 16, 2021, the Company entered into First, Second, Third and Fourth Amendments (together the "Amendments") to the Credit Agreement. The Amendments (i) provided for the issuance of a senior secured term loan under the Credit Agreement, in an aggregate principal amount of $485.0 million (the "Bridge Loan Facility"), (ii) permitted the spin-off of the Company's cloud fax business into a new publicly traded company, and (iii) provided for certain other changes to the Credit Agreement.

The Bridge Loan Facility bore interest at a rate per annum equal to (i) initially upon funding of the loan, either a base rate plus 2.00%, or a LIBOR rate plus 3.00%, (ii) from six months after the funding date of the Bridge Loan Facility until twelve months after the funding date of the Bridge Loan Facility, either a base rate plus 2.50%, or a LIBOR rate plus 3.50%, and (iii) from twelve months after the funding date of the Bridge Loan Facility until repayment of the Bridge Loan Facility, either a base rate plus 3.00% or a LIBOR rate plus 4.00%. The Bridge Loan Facility was to mature on the date that is 364 days after the funding date of the Bridge Loan Facility, with two automatic extensions, each for an additional three months, if SEC approval of the spin-off transaction was still outstanding. The Company was required to pay a funding fee of 0.50% of the aggregate principal amount of Bridge Loan Facility made on the funding date thereof, as well as a duration fee of 0.25% of the aggregate principal amount of outstanding Bridge Loans on the sixth month anniversary of the funding of the Bridge Loans, and a fee of 0.50% of the aggregate principal amount of outstanding Bridge Loans on each of the nine-month, twelve-month and fifteen-month anniversaries of the funding of the Bridge Loans. The Company incurred approximately $5.1 million in costs and interest associated with the Bridge Loan Facility recorded within 'Interest expense' component of 'Income (loss) from discontinued operations, net of income taxes' within the Consolidated Statements of Operations for the year ended December 31, 2021

In connection with the spin-off of Consensus, the Company drew the full amount of the Bridge Loan Facility and used the proceeds of the Bridge Loan Facility to redeem the 3.25% Convertible Notes and a portion of the 4.625% Senior Notes. On October 7, 2021, Consensus issued $500.0 million of senior notes due 2028 to Ziff Davis, which Ziff Davis then exchanged such notes with the lenders under the Credit Agreement and Credit Agreement Amendments by and among the subsidiaries of Ziff Davis party thereto as guarantors, Citicorp North America Inc. and MUFG Union Bank, N.A. and MUFG Union Bank, N.A., as administrative agent for the lenders, in exchange for the extinguishment of the indebtedness outstanding under the Bridge Loan Facility. Such lenders or their affiliates agreed to resell the 2028 notes to qualified institutional buyers in the United States pursuant to Rule 144A. The Company incurred a net loss on extinguishment of approximately $8.8 million recorded within 'Loss on Extinguishment of Debt' component of 'Income (loss) from discontinued operations, net of income taxes' within the Consolidated Statements of Operations for the year ended December 31, 2021.

11. Leases

The Company leases certain facilities and equipment under non-cancelable operating and finance leases which expire at various dates through 2031. Office and equipment leases are typically for terms of three to five years and generally provide renewal options for terms up to an additional five years. Some of the Company's leases include options to terminate within one year.

During the year ended 2021, the Company recorded impairments of $12.7 million on its operating lease right of use assets primarily related to exiting certain lease space as the Company regularly evaluates its office space requirements in light of more of its workforce working from home as part of a permanent "remote" or "partial remote" work model. During the year ended 2020, the Company had also decided to exit and seek subleases for certain leased facilities in the Digital Media reportable segment primarily also due to work from home models. The Company recorded a non-cash impairment charge of $12.1 million related to operating lease right-of-use assets for the affected facilities and an impairment charge of $3.6 million for associated property and equipment. The impairments were determined by comparing the fair value of the impacted right-of-use asset to the carrying value of the asset as of the impairment measurement date, as required under ASC Topic 360, Property, Plant, and Equipment. The fair value of the right-of-use asset was based on the estimated sublease income for the affected facilities taking into consideration the time it will take to obtain a sublease tenant, the applicable discount rate and the sublease rate which represent Level 3 unobservable inputs. The impairments are presented in general and administrative expenses on the Consolidated Statements of Operations.

In certain agreements in which the Company leases office space where the Company is the tenant, it subleases the site to various other companies through a sublease agreement.

Finance leases are not material to the Company's consolidated financial statements and are therefore not included in the disclosures.

The components of lease expense were as follows (in thousands):

	Years ended December 31,	
	2021	2020
Operating lease cost	$ 31,396	$ 38,421
Short-term lease cost	2,754	1,031
Total lease cost	$ 34,150	$ 39,452

Supplemental balance sheet information related to leases was as follows (in thousands):

	December 31, 2021	December 31, 2020
Operating leases		
Operating lease right-of-use assets	$ 55,617	$ 80,133
Total operating lease right-of-use assets	$ 55,617	$ 80,133
Operating lease liability, current	$ 27,156	$ 29,634
Operating lease liabilities, noncurrent	53,708	73,628
Total operating lease liabilities	$ 80,864	$ 103,262

Supplemental cash flow information related to leases was as follows (in thousands):

	Years ended December 31,	
	2021	2020
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 27,798	$ 27,402
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	$ 9,850	$ 31,148

Other supplemental operating lease information consists of the following:

	December 31, 2021	December 31, 2020
Operating leases:		
Weighted average remaining lease term	3.9 years	4.0 years
Weighted average discount rate	3.48 %	3.68 %

Maturities of operating lease liabilities as of December 31, 2021 were as follows (in thousands):

		Operating Leases
Fiscal Year:		
2022	$	28,163
2023		21,261
2024		17,046
2025		8,563
2026		5,511
Thereafter		5,405
Total lease payments	$	85,949
Less: Imputed interest		(5,085)
Present value of operating lease liabilities	$	80,864

Sublease

Total sublease income for the years ended December 31, 2021, 2020 and 2019 was $2.0 million, $2.6 million, and $3.5 million, respectively. Total estimated aggregate sublease income to be received in the future is $7.0 million.

In 2020, the Company recorded $2.1 million associated with its sublease tenants in default as a result of the economic effects of COVID-19. The impairment is presented in general and administrative expenses on the Consolidated Statement of Operations.

Significant Judgments

Discount Rate

The majority of the Company’s leases are discounted using the Company’s incremental borrowing rate as the rate implicit in the lease is not readily determinable. Rates are obtained from various large banks to determine the appropriate incremental borrowing rate each quarter for collateralized loans with a maturity similar to the lease term.

Options

The lease term is generally the minimum noncancelable period of the lease. The Company does not include option periods unless the Company determined it is reasonably certain of exercising the option at inception or when a triggering event occurs.

12. Commitments and Contingencies

Litigation

From time to time, the Company and its affiliates are involved in litigation and other legal disputes or regulatory inquiries that arise in the ordinary course of business. Any claims or regulatory actions against the Company and its affiliates, whether meritorious or not, could be time consuming and costly, and could divert significant operational resources. The outcomes of such matters are subject to inherent uncertainties, carrying the potential for unfavorable rulings that could include monetary damages and injunctive relief.

On July 8, 2020, Jeffrey Garcia filed a putative class action lawsuit against the Company in the Central District of California (20-cv-06906), alleging violations of federal securities laws. The Company has moved to dismiss the consolidated class action complaint. The court granted the motion to dismiss and the plaintiff has filed an amended complaint. The Company has moved to dismiss the amended complaint.

On September 24, 2020, International Union of Operating Engineers of Eastern Pennsylvania and Delaware filed an action lawsuit in the Delaware Court of Chancery (C.A. No. 2020-0819-VCL) asserting derivative claims for breach of fiduciary duty and related theories against directors of the Company and other third parties relating generally the investment by the Company in OCV Fund I, L.P. (the "Chancery Court Derivative Action"). On November 17, 2020, the court entered an order allowing Orlando Police Pension Fund to intervene as a plaintiff in the case. The parties have reached an agreement to settle the lawsuit, which requires court approval. On July 29, 2021, the parties filed a stipulation of settlement that provides the terms of the settlement and begins the settlement approval process with the Court. On January 20, 2022 the Court approved the settlement (See Note 23 - Subsequent Events). Among other terms of the settlement, no further capital calls will be made in connection with the Company's investment in OCV Fund I, L.P.

On December 11, 2020, Danning Huang filed a lawsuit in the District of Delaware (20-cv-01687-LPS) asserting derivative claims against directors of the Company and other third parties. The lawsuit alleges violations of Section 14(a), Section 10(b), Section 20(a) and Rule 10b-5 of the Securities Exchange Act of 1934, as well as breach of fiduciary duty, unjust enrichment and abuse of control.

On March 24, 2021, Fritz Ringling filed a lawsuit in the District of Delaware (21-cv-00421-UNA) asserting substantially similar derivative claims, and on April 8, 2021, the district court consolidated the two actions under the caption In re J2 Global Stockholder Derivative Litigation. No.: 20-cv-01687-LPS. On January 21, 2022, a stipulation of partial dismissal was filed in the consolidated action following approval of the settlement of the Chancery Court Derivative Action described above, the Company and its directors and officers intend to defend against the remaining claims.

The Company does not believe, based on current knowledge, that the foregoing legal proceedings or claims, after giving effect to existing accrued liabilities, are likely to have a material adverse effect on the Company's consolidated financial position, results of operations, or cash flows. However, depending on the amount and timing, an unfavorable resolution of some or all of these matters could have a material effect on the Company's consolidated financial position, results of operations, or cash flows in a particular period.

The Company has not accrued for any material loss contingencies relating to these legal proceedings because materially unfavorable outcomes are not considered probable by management. It is the Company's policy to expense as incurred legal fees related to various litigations.

Non-Income Related Taxes

The Company does not collect and remit sales and use, telecommunication, or similar taxes and fees in certain jurisdictions where the Company believes such taxes are not applicable or legally required. Several states and other taxing jurisdictions have presented or threatened the Company with assessments, alleging that the Company is required to collect and remit such taxes there.

The Company is currently under audit or is subject to audit for indirect taxes in various states, municipalities and foreign jurisdictions. The Company has a $24.0 million reserve established for these matters. It is reasonably possible that additional liabilities could be incurred resulting in additional expense, which could have a material impact to our financial results.

13. Income Taxes

The continuing operations provision for income tax consisted of the following (in thousands):

	Years Ended December 31,		
	2021	2020	2019
Current:			
Federal	$ (8,435)	$ 15,112	$ 14,227
State	(248)	4,300	1,002
Foreign	15,931	18,631	6,045
Total current	7,248	38,043	21,274
Deferred:			
Federal	(17,132)	(6,022)	(2,004)
State	(5,044)	(67)	(3,849)
Foreign	729	6,396	(1,661)
Total deferred	(21,447)	307	(7,514)
Total provision	$ (14,199)	$ 38,350	$ 13,760

A reconciliation of the statutory federal income tax rate with the Company's continuing operations effective income tax rate is as follows:

	Years Ended December 31,		
	2021	2020	2019
Statutory tax rate	21.0 %	21.0 %	21.0 %
State income taxes, net	(1.3)	1.8	0.8
Foreign rate differential	(0.3)	2.8	(0.7)
Foreign income inclusion	0.7	5.2	4.4
Foreign tax credit	(0.8)	(4.3)	(4.5)
Reserve for uncertain tax positions	(2.4)	11.5	9.3
Valuation allowance	(1.7)	9.9	0.2
Impact on deferred taxes of enacted tax law and rate changes	(0.5)	3.3	(1.3)
Tax credits and incentives	(1.5)	(7.2)	(9.2)
Mark-to market on investment in Consensus	(18.0)	—	—
Return to provision adjustments	0.5	2.4	0.2
Executive compensation	0.7	2.7	5.3
Other	(0.4)	(0.2)	(0.4)
Effective tax rates	(4.0)%	48.9 %	25.1 %

The effective tax rate for continuing operations the year ended December 31, 2021 differs from the federal statutory rate primarily due to a book-tax difference related to the $298.5 million of book income recognized related to the Company's shares held in Consensus stock. The income is not subject to tax since the Company has the ability to dispose of the investment in a tax-free manner based on guidance and requirements set out by the Internal Revenue Service.

Additional reasons the effective tax rate differs from the federal statutory tax rate include the impact of a decrease in the net reserve for uncertain tax positions during 2021 and a reduction in the valuation allowance on deferred tax assets related to realized and unrealized capital losses. The decrease in the reserve for uncertain tax positions is primarily due to the lapse of the statute of limitations for U.S. tax reserves. The reduction in the valuation allowance is primarily due to an increase in unrealized capital gains on investments held by the Company which can provide a source of capital gain income in future years to realize the benefit of the capital losses.

The effective tax rate for continuing operations for 2020 differs from the federal statutory rate primarily due to the Company recording a net increase in the reserve for uncertain tax positions during 2020 and recording a valuation allowance for a capital loss recognized due to the sale of assets related to its Voice business unit in Australia and New Zealand and the impairment of certain U.S. investments.

The effective tax rate for 2019 differs from the federal statutory rate primarily due to a net increase in the reserve for uncertain tax positions related to prior years and the impacts of the jurisdictional mix of income and disallowance of certain losses and expenses.

Deferred tax assets and liabilities result from differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. Temporary differences and carryforwards which give rise to deferred tax assets and liabilities from continuing operations are as follows (in thousands):

	Years Ended December 31,	
	2021	**2020**
Deferred tax assets:		
Net operating loss carryforwards	$ 28,393	$ 21,134
Tax credit carryforwards	2,801	9,022
Accrued expenses	12,548	17,393
Allowance for bad debt	2,116	3,757
Share-based compensation expense	3,545	5,923
Impairment of investments	—	6,714
Deferred revenue	4,331	912
State taxes	3,771	4,948
Other	9,426	11,071
	66,931	80,874
Less: valuation allowance	(1,812)	(8,262)
Total deferred tax assets	$ 65,119	$ 72,612
Deferred tax liabilities:		
Basis difference in property and equipment	$ (8,337)	$ (17,126)
Basis difference in intangible assets	(117,244)	(129,301)
Unrealized gains on investments	(11,291)	—
Prepaid insurance	(3,121)	(2,703)
Convertible debt	(21,972)	(65,192)
Other	(6,219)	(3,403)
Total deferred tax liabilities	(168,184)	(217,725)
Net deferred tax liabilities	$ (103,065)	$ (145,113)

The Company had approximately $65.1 million and $72.6 million in deferred tax assets from continuing operations as of December 31, 2021 and 2020, respectively, related primarily to net operating loss carryforwards, basis difference in intangible assets including differences related to intra-entity transfers, tax credit carryforwards and accrued expenses treated differently between its financial statements and its tax returns. Based on the weight of available evidence, the Company assesses whether it is more likely than not that some portion or all of a deferred tax asset will not be realized. If necessary, the Company records a valuation allowance sufficient to reduce the deferred tax asset to the amount that is more likely than not to be realized. The deferred tax assets should be realized through future operating results and the reversal of temporary differences.

The Company had a valuation allowance on deferred tax assets from continuing operations of $1.8 million and $8.3 million as of December 31, 2021 and 2020, respectively. The valuation allowance decreased $6.5 million as a result of the release of valuation allowance related to the impairment and sales of investments that would result in a capital loss in the year of sale. The deduction for the capital losses would be limited to other capital gains recognized during the year. A $6.3 million valuation allowance was recorded in 2020 related to these items. During 2021, the Company recognized unrealized capital gains at its investments that provided a sufficient source of future income to be more likely than not to realize the deferred tax assets related to capital losses.

As of December 31, 2021, the Company had federal net operating loss carryforwards ("NOLs") of $37.2 million, after considering substantial restrictions on the utilization of these NOLs due to "ownership changes", as defined in the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"). The Company estimates that all of the above-mentioned federal NOLs will be available for use before their expiration. $36.7 million of NOLs for losses incurred prior to January 1, 2018 expire through the year 2037 and $0.5 million of the NOLs carry forward indefinitely depending on the year the loss was incurred.

As of December 31, 2021 and 2020, the Company has interest expense limitation carryovers of $23.3 million and $0, respectively, which last indefinitely. The Company also has federal capital loss limitation carryforwards as of December 31, 2021 and 2020 of $28.7 million and $0, respectively that begin to expire in 2031. In addition, as of December 31, 2021 and 2020, we had available state research and development tax credit carryforwards of $5.1 million and $9.1 million, respectively, which last indefinitely. The Company has no foreign tax credit carryforwards as of December 31, 2021 and 2020.

The Company has not provided for deferred taxes on approximately $322.8 million of undistributed earnings from foreign subsidiaries as of December 31, 2021. The Company has not provided for any additional deferred taxes with respect to items such as foreign withholding taxes, state income tax or foreign exchange gain or loss that would be due when cash is actually repatriated to the U.S. because those foreign earnings are considered permanently reinvested in the business or may be remitted substantially free of any additional taxes. Because of the various avenues in which to repatriate the earnings, the determination of the amount of the unrecognized deferred tax liability related to the undistributed earnings if eventually remitted is not practicable.

Cash paid for income taxes net of refunds received for continuing operations and discontinued operations was $61.2 million, $45.0 million and $45.9 million for the year ended December 31, 2021, 2020 and 2019, respectively.

Certain tax payments are prepaid during the year and included within prepaid expenses and other current assets on the Consolidated Balance Sheet. The Company's prepaid tax payments were $0.8 million and $3.0 million at December 31, 2021 and 2020, respectively.

Income from continuing operations before income taxes included income from domestic operations of $279.7 million, $(2.0) million and $1.4 million for the years ended December 31, 2021, 2020 and 2019, respectively, and income from foreign operations of $71.7 million, $80.4 million and $53.4 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Uncertain Income Tax Positions

Tax positions are evaluated in a two-step process. The Company first determines whether it is more likely than not that a tax position will be sustained upon examination. If a tax position meets the more-likely-than-not recognition threshold, it is then measured to determine the amount of benefit to recognize in the financial statements. The tax position is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. The Company classifies gross interest and penalties and unrecognized tax benefits that are not expected to result in payment or receipt of cash within one year as non-current liabilities in the Consolidated Balance Sheets.

As of December 31, 2021, the total amount of unrecognized tax benefits for continuing operations was $39.5 million, of which $35.6 million, if recognized, would affect the Company's effective tax rate. As of December 31, 2020, the total amount of unrecognized tax benefits for continuing operations was $46.0 million, of which $44.9 million, if recognized, would affect the Company's effective tax rate. As of December 31, 2019, the total amount of unrecognized tax benefits for continuing operations was $43.7 million, of which $42.7 million, if recognized, would affect the Company's effective tax rate.

The aggregate changes in the balance of unrecognized tax benefits, which excludes interest and penalties, for 2021, 2020 and 2019, is as follows (in thousands):

	Years Ended December 31,		
	2021	2020	2019
Beginning balance	$ 46,032	$ 43,687	$ 40,842
Increases related to tax positions during a prior year	3,448	3,953	5,285
Decreases related to tax positions taken during a prior year	(5,511)	(244)	—
Increases related to tax positions taken in the current year	4,675	4,264	3,991
Settlements	—	(5,628)	(5,831)
Decreases related to expiration of statute of limitations	(9,117)	—	(600)
Ending balance	$ 39,527	$ 46,032	$ 43,687

The Company includes interest and penalties related to unrecognized tax benefits within the provision for income taxes. As of December 31, 2021, 2020 and 2019, the total amount of interest and penalties accrued was $5.7 million, $7.2 million, and $5.0 million, respectively, which is classified as a liability for uncertain tax positions on the Consolidated Balance Sheets. In connection with the liability for unrecognized tax benefits, the Company recognized interest and penalty expense (benefit) in 2021, 2020 and 2019 of $(1.5) million, $2.8 million, and $2.6 million, respectively.

Uncertain income tax positions are reasonably possible to significantly change during the next 12 months as a result of completion of income tax audits and expiration of statutes of limitations. At this point it is not possible to provide an estimate of the amount, if any, of significant changes in reserves for uncertain income tax positions as a result of the completion of income tax audits that are reasonably possible to occur in the next 12 months. In addition, the Company cannot currently estimate the amount of, if any, uncertain income tax positions which will be released in the next 12 months as a result of expiration of statutes of limitations due to ongoing audits. As a result of ongoing federal, state and foreign income tax audits (discussed below), it is reasonably possible that the Company's entire reserve for uncertain income tax positions for the periods under audit will be released. It is also reasonably possible that the Company's reserves will be inadequate to cover the entire amount of any such income tax liability.

Income Tax Audits:

The Company is in various stages of audit by the U.S. Internal Revenue Service ("IRS") for its 2012 through 2016 tax years. On February 24, 2021, the Company received a Notice of Deficiency for tax years 2012 through 2014 which disallowed certain deductions for domestic production. The Company disagrees with the Notice and has filed a petition with the United States Tax Court on May 24, 2021. As of December 31, 2021, the audits are ongoing.

The Company is under audit by the California Franchise Tax Board ("FTB") for its tax years 2012 and 2013. The FTB, however, has agreed to suspend its audit for 2012 and 2013 pending the outcome of the IRS audit for such tax years. In August 2018, the FTB notified the Company that it will commence an audit of tax years 2015 and 2016. As of December 31, 2021, the audits are ongoing.

In June 2019, the New York State Department of Taxation and Finance ("NYS") notified the Company that it will commence an audit for tax year 2015. In April 2020, the NYS notified the Company that it will also commence an audit for tax years 2016 and 2017. As of December 31, 2021, the audits are ongoing.

We conduct business on a global basis and as a result, one or more of our subsidiaries files income tax returns in the U.S. federal and in multiple state, local, and foreign tax jurisdictions. As noted previously, our U.S. federal income tax returns for years 2012 through 2016 are under various stages of audit by the IRS. We are also under audit for various U.S. state and local tax purposes as noted above for our significant jurisdictions. With limited exception, our significant foreign tax jurisdictions are no longer subject to an income tax audit by the various tax authorities for tax years prior to 2014.

It is reasonably possible that these audits may conclude in the next twelve months and that the uncertain tax positions the Company has recorded in relation to these tax years may change compared to the liabilities recorded for these periods. If the recorded uncertain tax positions are inadequate to cover the associated tax liabilities, the Company would be required to record additional tax expense in the relevant period, which could be material. If the recorded uncertain tax positions are adequate to cover the associated tax liabilities, the Company would be required to record any excess as reduction in tax expense in the relevant period, which could be material. However, it is not currently possible to estimate the amount, if any, of such change.

14. Stockholders' Equity

Common Stock Repurchase Program

In February 2012, the Company's Board of Directors approved a program authorizing the repurchase of up to five million shares of the Company's common stock through February 20, 2013 (the "2012 Program") which was subsequently extended through February 20, 2021. Prior to 2018, there were 2,873,920 shares available under the 2012 Program.

In November 2018 and May 2019, the Company entered into Rule 10b5-1 trading plans with a broker to facilitate the repurchase program. 600,000 shares were repurchased under the share repurchase program in 2018 at an aggregate cost of $42.5 million and were subsequently retired in March 2019. During the year ended December 31, 2019, the Company repurchased 197,870 shares at an aggregate cost of $16.0 million which were subsequently retired in the same year. During the year ended December 31, 2020, the Company repurchased 1,140,819 shares under this program at an aggregate cost of $87.5 million, which were subsequently retired in the same year. As of December 31, 2020, all of the available shares were repurchased under the 2012 Program at an aggregate cost of $204.6 million (including an immaterial amount of commission fees).

On August 6, 2020, the Company's Board of Directors approved a program authorizing the repurchase of up to ten million shares of our common stock through August 6, 2025 (the "2020 Program") in addition to the five million shares repurchased under the 2012 Program. The Company entered into a Rule 10b5-1 trading plan and during the years ended December 31, 2021 and December 31, 2020, the Company repurchased 445,711 and 2,490,599 shares, respectively, at an aggregate cost of $47.7 million and $177.8 million, respectively, (including an immaterial amount of commission fees) under the 2020 Program, which were subsequently retired. During January 2022, the Company repurchased 554,289 shares at an aggregate cost of $58.7 million (including an immaterial amount of commission fees) under the 2020 Program (see Note 23 - Subsequent Events).

As a result of the Company's share repurchase programs, the number of shares available for purchase as of December 31, 2021 is 7,063,690 shares of the Company's common stock.

In connection with the Consensus spin-off, the Company called its 3.25% Convertible Notes for redemption and during the year ended December 31, 2021, the Company issued 3,050,850 shares of the Company's common stock, respectively, in connection with that redemption (see Note 10 - Debt).

Periodically, participants in the Company's stock plans surrender to the Company shares of stock to pay the exercise price or to satisfy tax withholding obligations arising upon the exercise of stock options or the vesting of restricted stock. During the years ended December 31, 2021, December 31, 2020 and December 31, 2019, the Company purchased and retired 251,946, 111,451 and 71,077 shares, respectively, from plan participants for this purpose.

Dividends

No dividends were declared in during fiscal years 2021 and 2020.

The following is a summary of each dividend declared during fiscal year 2019:

Declaration Date	Dividend per Common Share	Record Date	Payment Date
February 6, 2019	$ 0.4450	February 25, 2019	March 12, 2019
May 2, 2019	$ 0.4550	May 20, 2019	June 4, 2019

Future dividends are subject to Board approval. Based on the significant number of current investment opportunities within the Company's portfolio of businesses and the historic returns from prior investments, the Board of Directors suspended dividend payments for the foreseeable future.

15. Stock Based Compensation

The Company's share-based compensation plans include the 2007 Stock Plan (the "2007 Plan"), 2015 Stock Option Plan (the "2015 Plan") and 2001 Employee Stock Purchase Plan (the "Purchase Plan"). Each plan is described below.

The 2007 Plan provides for the granting of incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock, restricted stock units and other share-based awards. 4,500,000 shares of the Company's common stock are authorized to be used for 2007 Plan purposes. Options under the 2007 Plan may be granted at exercise prices determined by the Board of Directors, provided that the exercise prices shall not be less than the fair market value of the Company's common stock on the date of grant for incentive stock options and not less than 85% of the fair market value of the Company's common stock on the date of grant for non-statutory stock options. As of December 31, 2021, 5,439 shares underlying options and zero shares of restricted units were outstanding under the 2007 Plan. The 2007 Plan terminated on February 14, 2017.

The 2015 Plan provides for the granting of incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance share units and other share-based awards. 4,200,000 shares of the Company's common stock are authorized to be used for 2015 Plan purposes. Options under the 2015 Plan may be granted at exercise prices determined by the Board of Directors, provided that the exercise prices shall not be less than the higher of the par value or 100% of the fair market value of the Company's common stock subject to the option on the date the option is granted. As of December 31, 2021, 435,135 shares underlying options and 360,743 shares of restricted stock units were outstanding under the 2015 Plan.

In connection with the Consensus separation and pursuant to the anti-dilution provisions of the 2007 Plan and the 2015 Plan, the number of shares underlying each stock-based award outstanding as of the date of the Separation was multiplied by a factor of approximately 1.09 and the related exercise price for the stock options was divided by a factor of approximately 1.09, which was intended to preserve the intrinsic value of the awards prior to the Separation. Further, the price targets for the Company's market-based restricted stock awards were reduced by $21.41. These adjustments to the Company's equity compensation awards did not result in additional compensation expense. Stock based compensation awards that were held by Consensus employees were terminated and replaced with awards issued under the Consensus stock compensation plan (including under the Purchase Plan). Stock-based compensation expense through the Separation date for Consensus employees is included in results from discontinued operations.

Stock Options

At December 31, 2021, 2020 and 2019, options to purchase 168,614, 175,601 and 163,741 shares of common stock were exercisable under and outside of the 2015 Plan, at weighted average exercise prices of $67.62, $60.35, $45.94, respectively. Stock options generally expire after 10 years and vest over a 5-year period.

All stock option grants are approved by "outside directors" within the meaning of Internal Revenue Code Section 162(m).

Stock option activity for the years ended December 31, 2021, 2020 and 2019 is summarized as follows:

	Number of Shares		Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (In Years)	Aggregate Intrinsic Value
Options outstanding at January 1, 2019	707,777	$	56.84		
Granted	—		—		
Exercised	(189,436)		32.39		
Canceled	—		—		
Options outstanding at December 31, 2019	518,341	$	65.77		
Granted	—		—		
Exercised	(42,740)		23.11		
Canceled	—		—		
Options outstanding at December 31, 2020	475,601	$	69.61		
Granted	—		—		
Exercised	(70,776)		41.63		
Canceled	—		—		
Adjustment due to Consensus Separation [1]	35,749	$	68.25		
Options outstanding at December 31, 2021	440,574	$	68.45	5.93	$18,683,104
Exercisable at December 31, 2021	168,614	$	67.62	5.81	$7,290,699
Vested and expected to vest at December 31, 2021	440,574	$	68.45	5.93	$18,683,104

[1] As noted above, in connection with the Consensus separation and pursuant to the anti-dilution provisions of the 2007 Plan and the 2015 Plan, the number of shares underlying each stock option outstanding as of the date of the Separation was multiplied by a factor of approximately 1.09 and the related exercise price for the stock options was divided by a factor of approximately 1.09, which was intended to preserve the intrinsic value of the awards prior to the Separation.

The total intrinsic values of options exercised during the years ended December 31, 2021, 2020 and 2019 was $5.8 million, $3.0 million, and $10.4 million, respectively. The total fair value of options vested during the years ended December 31, 2021, 2020 and 2019 was $1.0 million, $1.0 million and $1.0 million, respectively.

Cash received from options exercised under all share-based payment arrangements for the years ended December 31, 2021, 2020 and 2019 was $2.9 million, $1.6 million and $5.3 million, respectively. The actual tax benefit realized for the tax deductions from option exercises under the share-based payment arrangements totaled $1.9 million, $0.7 million and $2.4 million, respectively, for the years ended December 31, 2021, 2020 and 2019, respectively.

The following table summarizes information concerning outstanding and exercisable options as of December 31, 2021:

	Options Outstanding				Exercisable Options		
Range of Exercise Prices	Number Outstanding December 31, 2021	Weighted Average Remaining Contractual Life		Weighted Average Exercise Price	Number Exercisable December 31, 2021		Weighted Average Exercise Price
$27.15	5,439	0.17 years	$	27.15	5,439	$	27.15
68.97	435,135	6.00 years		68.97	163,175		68.97
$27.15 - $68.97	440,574	5.93 years	$	68.45	168,614	$	67.62

At December 31, 2021, there were 1,709,569 additional shares underlying options, shares of restricted stock and other share-based awards available for grant under the 2015 Plan.

As of December 31, 2021, there was $4.8 million of total unrecognized compensation expense related to nonvested share-based compensation options granted under the 2015 Plan. That expense is expected to be recognized ratably over a weighted average period of 4.00 years (i.e., the remaining requisite service period).

Fair Value Disclosure

The Company uses the Black-Scholes option pricing model to calculate the fair value of each option grant. The expected volatility is based on historical volatility of the Company's common stock. The Company estimates the expected term based upon the historical exercise behavior of its employees. The risk-free interest rate is based on U.S. Treasury zero-coupon issues with a term equal to the expected term of the option assumed at the date of grant. The Company uses an annualized dividend yield based upon the per share dividends declared by its Board of Directors. Estimated forfeiture rates were 12.4%, 13.0% and 13.9% as of December 31, 2021, 2020 and 2019, respectively.

Restricted Stock and Restricted Stock Units

The Company has awarded restricted stock and restricted stock units to its Board of Directors and senior staff pursuant to certain share-based compensation plans. Compensation expense resulting from restricted stock and restricted unit grants is measured at fair value on the date of grant and is recognized as share-based compensation expense over the applicable vesting period. Vesting periods are approximately one year for awards to members of the Company's Board of Directors, four or five years for senior staff (excluding market-based awards discussed below) and eight years for the Chief Executive Officer. The Company granted 246,251, 129,786 and 117,566 shares of restricted stock and restricted units (excluding awards with market conditions below) during the years ended December 31, 2021, 2020 and 2019, respectively.

Restricted Stock and Restricted Stock Units with Market Conditions

The Company has awarded certain key employees market-based restricted stock awards pursuant to the 2015 Plan. The market-based awards have vesting conditions that are based on specified stock price targets of the Company's common stock. Market conditions were factored into the grant date fair value using a Monte Carlo valuation model, which utilized multiple input variables to determine the probability of the Company achieving the specified stock price targets with a 20-day and 30-day lookback (trading days). Stock-based compensation expense related to an award with a market condition will be recognized over the requisite service period using the graded-vesting method regardless of whether the market condition is satisfied, provided that the requisite service period has been completed. During the years ended December 31, 2021, 2020, and 2019 the Company awarded 73,094, 82,112, and 74,051 market-based restricted stock awards, respectively. The per share weighted average grant-date fair values of the market-based restricted stock awards granted during the years ended December 31, 2021, 2020 and 2019 were $94.40, $70.99 and $69.99, respectively.

The weighted-average fair values of market-based restricted stock awards granted have been estimated utilizing the following assumptions:

	December 31, 2021	December 31, 2020	December 31, 2019
Underlying stock price at valuation date	$ 113.27	$ 91.17	$ 84.58
Expected volatility	30.3 %	27.0 %	28.3 %
Risk-free interest rate	1.3 %	0.7 %	2.5 %

Restricted stock award activity for the years ended December 31, 2021, 2020 and 2019 is set forth below:

	Shares	Weighted-Average Grant-Date Fair Value
Nonvested at January 1, 2019	1,207,011	$ 64.82
Granted	187,773	79.00
Vested	(172,884)	73.65
Canceled	(116,841)	72.58
Nonvested at December 31, 2019	1,105,059	$ 64.76
Granted	1,268	98.63
Vested	(264,172)	70.25
Canceled	(21,589)	79.34
Nonvested at December 31, 2020	820,566	$ 62.66
Granted	—	—
Vested	(435,529)	60.52
Canceled	(33,194)	83.23
Adjustment due to Consensus Separation [1]	32,120	74.62
Nonvested at December 31, 2021	383,963	$ 41.45

[1] As noted above, in connection with the Consensus separation and pursuant to the anti-dilution provisions of the 2007 Plan and the 2015 Plan, the number of shares underlying each restricted stock award outstanding as of the date of the Separation was multiplied by a factor of approximately 1.09 and the market condition stock price target for marked-based restricted stock awards was also adjusted.

Restricted stock unit activity for the years ended December 31, 2021, 2020 and 2019 is set forth below:

	Number of Shares	Weighted-Average Remaining Contractual Life (in Years)	Aggregate Intrinsic Value
Outstanding at January 1, 2019	41,231		
Granted	3,844		
Vested	(12,343)		
Canceled	(11,858)		
Outstanding at December 31, 2019	20,874		
Granted	210,630		
Vested	(9,029)		
Canceled	(12,691)		
Outstanding at December 31, 2020	209,784		
Granted	319,345		
Vested	(124,761)		
Canceled	(60,201)		
Adjustment due to Consensus Separation [(1)]	16,576		
Outstanding at December 31, 2021	360,743	2.71	$ 39,991,969
Vested and expected to vest at December 31, 2021	360,743	2.71	$ 39,991,969

[(1)] As noted above, in connection with the Consensus separation and pursuant to the anti-dilution provisions of the 2007 Plan and the 2015 Plan, the number of shares underlying each restricted stock unit outstanding as of the date of the Separation was multiplied by a factor of approximately 1.09 and the market condition stock price target for marked-based restricted stock units was also adjusted.

As of December 31, 2021, the Company had unrecognized share-based compensation cost of $44.3 million associated with these awards. This cost is expected to be recognized over a weighted-average period of 3.51 for awards and 3.9 for units. The total fair value of restricted stock and restricted stock units vested during the years ended December 31, 2021, 2020 and 2019 was $68.1 million, $18.6 million and $12.7 million, respectively. The actual tax benefit realized for the tax deductions from the vesting of restricted stock awards and units totaled $9.5 million, $2.1 million and $2.4 million, respectively, for the years ended December 31, 2021, 2020 and 2019. Share-based compensation is recognized on dividends paid related to nonvested restricted stock not expected to vest, which amounted to approximately zero, zero and $0.1 million for the years ended December 31, 2021, 2020, and 2019, respectively.

Employee Stock Purchase Plan

The Purchase Plan provides for the issuance of a maximum of two million shares of the Company's common stock. Under the Purchase Plan, eligible employees can have up to 15% of their earnings withheld, up to certain maximums, to be used to purchase shares of the Company's common stock at certain plan-defined dates. The price of the Company's common stock purchased under the Purchase Plan for the offering periods is equal to 85% of the lesser of the fair market value of a share of the common stock on the beginning or the end of the offering period.

On February 2, 2018, the Company approved an amendment to the Company's Amended and Restated 2001 Employee Stock Purchase Plan, to be effective May 1, 2018, such that (i) the purchase price for each offering period shall be 85% of the lesser of the fair market value of a share of common stock of the Company (a "Share") on the beginning or the end of the offering period, rather than 95% of the fair market value of a Share at the end of the offering period, and (ii) each offering period will be six months, rather than three months.

The Company determined that a plan provision exists which allows for the more favorable of two exercise prices, commonly referred to as a "look-back" feature. The purchase price discount and the look-back feature cause the Purchase Plan to be compensatory and the Company to recognize compensation expense. The compensation cost is recognized on a straight-line basis over the requisite service period. The Company used the Black-Scholes option pricing model to calculate the estimated fair value of the purchase right issued under the Purchase Plan. The expected volatility is based on historical volatility of the Company's common stock. The risk-free interest rate is based on U.S. Treasury zero-coupon issues with a term equal to the expected term of the option assumed at the date of grant. The Company uses an annualized dividend yield based upon the per share dividends declared by its Board of Directors. Estimated forfeiture rates were 11.15%, 11.15% and 5.80% as of December 31, 2021, 2020, and 2019, respectively. The increase in forfeiture rate comes as a result of the Purchase Plan being offered to all employees regardless of employment location.

During 2021, 2020 and 2019, 109,248, 118,629 and 66,413 shares, respectively were purchased under the Purchase Plan at price ranging from $72.92 to $97.84 per share during 2021. Cash received upon the issuance of the Company's common stock under the Purchase Plan was $9.2 million, $7.4 million and $4.5 million for the years ended December 31, 2021, 2020 and 2019, respectively. As of December 31, 2021, 1,295,691 shares were available under the Purchase Plan for future issuance.

The compensation expense related to the Purchase Plan has been estimated utilizing the following assumptions:

	December 31, 2021	December 31, 2020	December 31, 2019
Risk-free interest rate	0.05%	0.73%	2.31%
Expected term (in years)	0.5	0.5	0.5
Dividend yield	0.00%	0.00%	1.02%
Expected volatility	35.00%	25.33%	24.63%
Weighted average volatility	35.00%	25.33%	24.63%

16. Defined Contribution 401(k) Savings Plan

The Company has several 401(k) Savings Plans that qualify under Section 401(k) of the Internal Revenue Code. Eligible employees may contribute a portion of their salary through payroll deductions, subject to certain limitations. The Company may make annual contributions at its sole discretion to these plans. For the years ended December 31, 2021, 2020 and 2019, the Company made contributions of $4.8 million, $3.3 million, and $3.5 million, respectively, to these 401(k) Savings Plans.

17. Earnings Per Share

The components of basic and diluted earnings per share are as follows (in thousands, except share and per share data):

	Years Ended December 31,		
	2021	2020	2019
Numerator for basic and diluted net income per common share:			
Net income from continuing operations	$ 401,395	$ 28,660	$ 40,893
Net income available to participating securities [1]	(326)	(120)	(379)
Net income available to the Company's common shareholders from continuing operations	$ 401,069	$ 28,540	$ 40,514
Denominator:			
Weighted-average outstanding shares of common stock	45,893,928	46,308,825	47,647,397
Dilutive effect of:			
Equity incentive plans	311,585	7,537	78,076
Convertible debt [2]	1,657,232	799,247	1,300,211
Common stock and common stock equivalents	47,862,745	47,115,609	49,025,684
Net income per share from continuing operations:			
Basic	$ 8.74	$ 0.62	$ 0.85
Diluted	$ 8.38	$ 0.61	$ 0.83

(1) Represents unvested share-based payment awards that contain certain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid).

(2) Represents the incremental shares issuable upon conversion of the 3.25% Convertible Notes due June 15, 2029 (subsequently redeemed in full) and 1.75% Convertible Notes due November 1, 2026 by applying the treasury stock method when the average stock price exceeds the conversion price of the Convertible Notes (see Note 10 - Debt).

For the years ended December 31, 2021, 2020 and 2019, there were zero options outstanding, respectively, which were excluded from the computation of diluted earnings per share because the exercise prices were greater than the average market price of the common stock.

18. Segment Information

The Company's businesses are based on the organizational structure used by the chief operating decision maker ("CODM"). The CODM views the Company as two businesses: Cybersecurity and Martech and Digital Media. In connection with the spin-off of the cloud fax business, the Company revised its reportable segments to reflect how the CODM views the business for making operating and investment decisions and for assessing performance. Prior to the spin-off, the Company had three reportable segments: (i) Fax and Martech; (ii) Voice, Backup, Security, and Consumer Privacy and Protection; and (iii) Digital Media. Following the spin-off, the Company has two reportable segments: (i) Digital Media and (ii) Cybersecurity and Martech.

The Company's Digital Media business is driven primarily by advertising revenues, has relatively higher sales and marketing expense and has seasonal strength in the fourth quarter. The Company's Cybersecurity and Martech business is driven primarily by subscription revenues with relatively stable and predictable margins from quarter to quarter.

The accounting policies of the businesses are the same as those described in Note 2 - Basis of Presentation and Summary of Significant Accounting Policies. The Company evaluates performance based on revenue, gross margin and profit or loss from operations before income taxes, not including nonrecurring gains and losses and foreign exchange gains and losses.

Information on reportable segments and reconciliation to consolidated income from continuing operations is as follows (in thousands):

	Years Ended December 31,		
	2021	2020	2019
Revenue by reportable segment:			
Digital Media	$ 1,069,300	$ 811,360	$ 710,511
Cybersecurity and Martech	348,611	347,697	340,245
Elimination of inter-segment revenues	(1,189)	(229)	(300)
Total segment revenues	1,416,722	1,158,828	1,050,456
Corporate[1]	—	1	8
Total revenues	1,416,722	1,158,829	1,050,464
Gross profit by reportable segment:			
Digital Media	974,546	733,887	617,458
Cybersecurity and Martech	255,042	246,815	245,966
Elimination of inter-segment gross profit	(824)	(229)	(300)
Total segment gross profit	1,228,764	980,473	863,124
Corporate[1]	(95)	(47)	8
Total gross profit	1,228,669	980,426	863,132
Direct costs by reportable segment [2]:			
Digital Media	757,053	594,807	540,193
Cybersecurity and Martech	225,740	193,883	187,283
Elimination of inter-segment direct costs	(824)	(229)	(300)
Total segment direct costs	981,969	788,461	727,176
Corporate[1]	79,360	53,625	47,733
Total direct costs	1,061,329	842,086	774,909
Operating income by reportable segment:			
Digital Media operating income	217,493	139,080	77,265
Cybersecurity and Martech operating income	29,302	52,932	58,683
Total segment operating income	246,795	192,012	135,948
Corporate[2]	(79,455)	(53,672)	(47,725)
Total income from continuing operations	$ 167,340	$ 138,340	$ 88,223

[1] Corporate includes costs associated with general and administrative and other expenses that are managed on a global basis and that are not directly attributable to any particular segment.

[2] Direct costs for each segment include other operating expenses that are directly attributable to the segment, such as employee compensation expense, local sales and marketing expenses, engineering and network operations expense, depreciation and amortization and other administrative expenses.

[3] Beginning in the third quarter of 2020, certain expenses associated with Corporate that were previously allocated to the Digital Media business and Cybersecurity and Martech business for shared costs incurred by Corporate were no longer allocated. Table above has been recast to remove the impact of certain expenses associated with Corporate that were previously allocated to the Digital Media and Cybersecurity and Martech businesses.

The CODM does not use Balance Sheet and Cash Flow information in connection with operating and investment decisions other than as presented for Digital Media and Cybersecurity and Martech. Accordingly, the following segment information is presented for Digital Media and Cybersecurity and Martech.

	2021	2020
Assets:		
Digital Media	$ 2,043,204	$ 2,088,397
Cybersecurity and Martech	1,088,741	905,847
Total assets from reportable segments	3,131,945	2,994,244
Corporate	638,335	103,536
Assets of discontinued operations	—	567,551
Total assets	$ 3,770,280	$ 3,665,331

	2021	2020	2019
Capital expenditures:			
Digital Media	$ 80,877	$ 59,693	$ 48,736
Cybersecurity and Martech	32,863	32,859	21,826
Total from reportable segments	113,740	92,552	70,562
Corporate	—	—	26
Total capital expenditures	$ 113,740	$ 92,552	$ 70,588
Depreciation and amortization:			
Digital Media	$ 193,661	$ 145,321	$ 148,575
Cybersecurity and Martech	64,354	79,758	80,970
Total from reportable segments	258,015	225,079	229,545
Corporate	288	3,658	2,487
Total depreciation and amortization	$ 258,303	$ 228,737	$ 232,032

The Company maintains operations in the U.S., Canada, Ireland, the United Kingdom, India and other countries. Geographic information about the U.S. and all other countries for the reporting periods is presented below. Such information attributes revenues based on jurisdictions where revenues are reported (in thousands).

	Years ended December 31,		
	2021	2020	2019
Revenues:			
United States	$ 1,187,207	$ 958,833	$ 843,136
Canada	33,227	29,770	30,327
Ireland	37,906	32,403	48,729
All other countries	158,382	137,823	128,272
All foreign countries	229,515	199,996	207,328
Total	$ 1,416,722	$ 1,158,829	$ 1,050,464

	December 31, 2021	December 31, 2020
Long-lived assets:		
United States	$ 726,128	$ 865,779
All other countries	63,423	42,738
Total	$ 789,551	$ 908,517

19. Supplemental Cash Flows Information

Cash paid for interest on outstanding debt during the years ended December 31, 2021, 2020 and 2019 was $54.5 million, $106.0 million, and $55.4 million, respectively, which is the primary contributor for total cash paid for interest.

Cash paid for income taxes net of refunds received was $61.2 million, $45.0 million, and $45.9 million during the years ended December 31, 2021, 2020 and 2019, respectively.

During the years ended December 31, 2021, 2020 and 2019, the Company recorded the tax benefit from the exercise of stock options and restricted stock as a reduction of its income tax liability of $11.3 million, $2.9 million, and $4.8 million, respectively.

During the year ended December 31, 2021, in a non-cash transaction, the Company exchanged the senior notes due 2028 provided by Consensus with the lenders under the Credit Agreement and Credit Agreement Amendments by and among the subsidiaries of Ziff Davis party thereto as guarantors, Citicorp North America Inc. and MUFG Union Bank, N.A. and MUFG Union Bank, N.A., as administrative agent for the lenders, in exchange for the extinguishment of the indebtedness outstanding of $485.0 million under the Bridge Loan Facility (see Note 10 - Debt).

During the year ended December 31, 2021, the Company issued 3,050,850 shares of the Company's common stock under the redemption of the 3.25% Convertible Notes at a price of approximately $390.5 million, net of tax (See Note 14 - Stockholder's Equity),

In the first quarter of 2020, in a non-cash transaction of $18.3 million, the Company exchanged shares of redeemable preferred stock that were previously classified as available-for-sale corporate debt securities for a new series of preferred stock, classified as equity securities without a readily determinable fair value (see Note 5 - Investments).

20. Accumulated Other Comprehensive Income

The following table summarizes the changes in accumulated balances of other comprehensive loss (income), net of tax, for the years ended December 31, 2021, 2020, and 2019 (in thousands):

	Unrealized Gains (Losses) on Investments	Foreign Currency Translation	Total
Balance as of January 1, 2019	$ (1,418)	$ (44,561)	$ (45,979)
Other comprehensive income (loss) before reclassifications	1,143	(1,626)	(483)
Net current period other comprehensive income (loss)	1,143	(1,626)	(483)
Balance as of December 31, 2019	$ (275)	$ (46,187)	$ (46,462)
Other comprehensive income (loss) before reclassifications	558	(8,902)	(8,344)
Net current period other comprehensive income (loss)	558	(8,902)	(8,344)
Balance as of December 31, 2020	$ 283	$ (55,089)	$ (54,806)
Other comprehensive loss before reclassifications	(114)	(21,268)	(21,382)
Consensus separation	—	18,966	18,966
Net current period other comprehensive loss	(114)	(2,302)	(2,416)
Balance as of December 31, 2021	$ 169	$ (57,391)	$ (57,222)

The following table provides details about reclassifications out of accumulated other comprehensive loss for the years ended December 31, 2021, 2020, and 2019.

Details about Accumulated Other Comprehensive Loss Components	Amount Reclassified from Accumulated Other Comprehensive Loss			Affected Line Item in the Statements of Operations
	For the years ending December 31,			
	2021	2020	2019	
Unrealized loss on available-for-sale investments	$ (151)	$ 698	$ —	Loss on investments, net
	(151)	698	—	Income before income taxes
	—	—	—	Income tax expense
Total reclassifications for the period	$ (151)	$ 698	$ —	Net income

21. Related Party Transactions

Consensus

In preparation for and in executing the Separation, the Company incurred approximately $23.3 million (excluding costs associated with the debt exchange noted below) of transaction-related costs, before reimbursement by Consensus. These transaction costs primarily relate to professional fees associated with preparation of regulatory filings and transaction execution and separation activities within finance, tax and legal functions. During the year ended December 31, 2021, Ziff Davis received or expects to receive approximately $11.7 million (excluding the reimbursement of a portion of the debt exchange noted below) from Consensus resulting in net transaction costs of $11.6 million. These net transaction-related costs were recorded in 'General and administrative expenses' component of 'Income (loss) from discontinued operations, net of income taxes' within the Consolidated Statement of Operations. Consensus also reimbursed Ziff Davis for certain costs associated with the debt exchange in connection with the Separation totaling $7.5 million, which was recorded as an offset to the loss on extinguishment of debt on the Consolidated Statement of Operations. In addition, Consensus paid the Company approximately $8.5 million subsequent to the Separation due to excess cash held at the Separation date net of other related items pursuant to the Separation and Distribution Agreement.

In connection with the Separation, Ziff Davis and Consensus entered into several agreements with Consensus that govern the relationship of the parties following the Separation, including a separation and distribution agreement, a transition services agreement, a tax matters agreement, an employee matters agreement, an intellectual property license agreement, and a stockholder and registration rights agreement (the "Agreements"). The transition services agreement governs services including certain information technology services, finance and accounting services and human resource and employee benefit services. The agreed-upon charges for such services are generally intended to allow the providing company to recover all costs and expenses of providing such services and is expected to terminate no later than twelve months following the Separation. During the year ended December 31, 2021, the Company recorded an offset to expense of approximately $2.1 million from Consensus related to the transition services agreement within 'General and administrative expenses' within the Consolidated Statements of Operations. Further, the Company assigned its lease of office space in Los Angeles, California to Consensus. Ziff Davis will remain the lessee under this lease and its obligations remain through October 7, 2022, after which time Consensus will take over the lease in full. During the year ended December 31, 2021, the Company recorded an offset to lease expense of approximately $0.5 million related to this lease, however, Consensus paid the landlord directly and not Ziff Davis. Amounts due from Consensus as of December 31, 2021 was $9.3 million, comprised of $2.1 million related to services provided under the transition services agreement and $7.2 million related to reimbursement of certain transaction related costs and other reimbursements, and is included in within 'Accounts receivable' within the Consolidated Balance Sheet.

OCV

On September 25, 2017, the Board of the Company authorized the Company's entry into a commitment to invest $200 million in the Fund over several years at a fairly ratable rate. The manager, OCV, and general partner of the Fund are entities with respect to which Richard S. Ressler, Chairman of the Board of Directors of the Company, is indirectly the majority equity holder. As a limited partner in the Fund, prior to the settlement of certain litigation generally related to the Company's investment in the Fund in January 2022, the Company paid an annual management fee to the manager equal to 2.0% (reduced by 10% each year beginning with the sixth year) of capital commitments. In addition, subject to the terms and conditions of the Fund's limited partnership agreement, once the Company has received distributions equal to its invested capital, the Fund's general partner will be entitled to a carried interest equal to 20%. The Fund has a six year investment period, subject to certain exceptions. The commitment was approved by the Audit Committee of the Board in accordance with the Company's related-party transaction approval policy. In connection with the settlement of the litigation, among other terms, no further capital calls will be made in connection with the Company's investment in the Fund, nor will any management fees be paid by the Company to the manager.

22. Quarterly Results (unaudited)

The following tables contain selected unaudited Statements of Operations information for each quarter of 2021 and 2020 (in thousands, except share and per share data). The Company believes that the following information reflects all normal recurring adjustments necessary for a fair presentation of the information for the periods presented. The operating results for any quarter are not necessarily indicative of results for any future period.

	Year Ended December 31, 2021			
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Revenues	$ 408,628	$ 355,145	$ 341,293	$ 311,656
Gross profit	362,910	305,447	292,508	267,804
Net income (loss) from continuing operations	383,612	2,050	(23,046)	38,779
(Loss) income from discontinued operations, net of income taxes	(23,106)	40,520	38,762	39,143
Net income	$ 360,506	$ 42,570	$ 15,716	$ 77,922
Net income (loss) per common share from continuing operations:				
Basic	$ 8.02	$ 0.04	$ (0.52)	$ 0.87
Diluted	$ 7.90	$ 0.04	$ (0.52)	$ 0.83
Net (loss) income per common share from discontinued operations:				
Basic	$ (0.48)	$ 0.87	$ 0.87	$ 0.88
Diluted	$ (0.48)	$ 0.83	$ 0.81	$ 0.84
Net income per common share:				
Basic	$ 7.54	$ 0.91	$ 0.35	$ 1.75
Diluted	$ 7.43	$ 0.88	$ 0.33	$ 1.67
Weighted average shares outstanding:				
Basic	47,778,545	46,738,073	44,613,533	44,399,149
Diluted	48,514,588	48,582,585	47,528,902	46,731,872

	Year Ended December 31, 2020			
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Revenues	$ 384,055	$ 273,012	$ 250,356	$ 251,406
Gross profit	337,896	230,726	207,201	204,603
Net income from continuing operations	41,962	14,127	1,665	(29,094)
Earnings from discontinued operations, net of income taxes	16,126	46,756	36,436	22,690
Net income (loss)	$ 58,088	$ 60,883	$ 38,101	$ (6,404)
Net income (loss) per common share from continuing operations:				
Basic	$ 0.94	$ 0.30	$ 0.04	$ (0.61)

Diluted	$ 0.92	$ 0.30	$ 0.04	$ (0.61)
Net income per common share from discontinued operations:				
Basic	$ 0.36	$ 1.01	$ 0.77	$ 0.47
Diluted	$ 0.35	$ 1.01	$ 0.76	$ 0.46
Net income (loss) per common share:				
Basic	$ 1.30	$ 1.31	$ 0.81	$ (0.13)
Diluted	$ 1.27	$ 1.31	$ 0.80	$ (0.13)
Weighted average shares outstanding:				
Basic	44,504,222	46,279,515	46,850,944	47,620,774
Diluted	45,642,292	46,309,072	47,437,555	47,620,774

23. Subsequent Events

The Company completed a purchase of Lifecycle Marketing, acquired January 21, 2022, a UK-based portfolio of pregnancy and parenting brands, including Emma's Diary and Health Professional Academy. The initial accounting for this acquisition is incomplete due to the timing of available information and purchase accounting information is still being compiled and is not available for disclosure.

During January 2022, the Company repurchased an additional $54.6 million in aggregate principal amount of the 4.625% Senior Notes.

During January 2022, the Company repurchased 554,289 shares at an aggregate cost of $58.7 million (including an immaterial amount of commission fees) under the 2020 Program.

During January 2022, the Court in the Chancery Court Derivative Action approved a settlement of the litigation. Among other terms of the settlement, no further capital calls will be made in connection with the Company's investment in OCV Fund I, L.P.

Item 9. Changes In And Disagreements With Accountants On Accounting And Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in the Company's reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to the Company's management, including the principal executive officer and the principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. Our CEO and CFO concluded that, as of December 31, 2021, our disclosure controls and procedures were not effective as of such date due to a material weakness in internal control over financial reporting, described below.

Management's Report on Internal Control over Financial Reporting

Ziff Davis' management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and15d-15(f) under the Exchange Act) for Ziff Davis. In order to evaluate the effectiveness of internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act, management has conducted an assessment, including testing, using the criteria in Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) using the 2013 framework. Our system of internal control over financial reporting is designed 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. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Because of the timing of these acquisitions, under Section 404 of the Sarbanes-Oxley Act, management was not required to and therefore did not assess the effectiveness of internal control over financial reporting of all of the 2021 acquisitions (see Note 4 - Business Acquisitions in the accompanying consolidated financial statements). These acquisitions combined constituted 5.3% of total assets as of December 31, 2021 and 2.8% of revenues for the year then ended.

During the year ended December 31, 2021, we determined that we did not design and maintain effective controls over the accounting for certain elements related to the Consensus Cloud Solutions, Inc. ("Consensus") Spin-off resulting in a material weakness. The control activities were not designed to allow the Company to timely identify and account for (i) a debt exchange with a third-party lender that resulted in a loss on extinguishment of existing debt, (ii) the unrealized gain on the Company's remaining 19.9% investment in Consensus, and (iii) the completeness and accuracy of certain amounts classified in discontinued operations in the consolidated financial statements. Although this control weakness did not result in any material misstatement of our consolidated financial statements for the periods presented, it is reasonably possible that it could have led to a material misstatement of account balances or disclosures. Accordingly, management has concluded that this control weakness constitute material weakness.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. As a result of the material weakness in internal control over financial reporting described above, management concluded that the Company's internal control over financial reporting was not effective as of December 31, 2021.

Following identification of the material weakness and prior to filing this Annual Report on Form 10-K, we completed significant procedures for the year ended December 31, 2021. Based on these procedures, management believes that our consolidated financial statements included in this Form 10-K have been prepared in accordance with U.S. GAAP. Our CEO and CFO have certified that, based on their knowledge, the financial statements, and other financial information included in this Form 10-K, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this Form 10-K.

Our internal controls over financial reporting as of December 31, 2021 have been audited by BDO USA, LLP, an independent registered public accounting firm, as stated in the attestation report which is included herein.

Remediation Plan for the Material Weakness

To remediate the material weakness, our management is enhancing and revising the design of existing controls and procedures over our accounting for significant unusual transactions. These controls relate to the research, analysis and documentation supporting our management's evaluations, judgments, and conclusions that were required in order to account for significant unusual transactions. We plan to enhance our approach to and the execution of the research, analysis, and documentation related to these matters. Our existing process of consulting third party experts will also be enhanced and will continue to include outreach to and coordination with experts with the relevant knowledge and experience to assist our management with the evaluation of our accounting for significant unusual transactions.

We believe that these actions will remediate the material weakness. The material weakness will not be considered remediated, however, until the applicable controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. We expect that the remediation of this material weakness will be completed no later than December 31, 2022.

Changes in Internal Control Over Financial Reporting

Other than in respect of the remediation activities undertaken in connection with the material weakness described above, there have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) which occurred during the fourth quarter of our fiscal year ended December 31, 2021 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

(d) Report of Independent Registered Public Accounting Firm

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Stockholders and Board of Directors
Ziff Davis, Inc.
New York, New York

Opinion on Internal Control over Financial Reporting

We have audited Ziff Davis, Inc.'s (the "Company's") internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework (201*3) issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria"). In our opinion, the Company did not maintain, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on the COSO criteria.

We do not express an opinion or any other form of assurance on management's statements referring to any corrective actions taken by the Company after the date of management's assessment.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets of the Company as of December 31, 2021 and 2020, the related consolidated statements of operations and comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2021, and the related notes and financial statement schedule listed in the accompanying index (collectively referred to as "the financial statements") and our report dated March 14, 2022 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Item 9A, Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of internal control over financial reporting in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. A material weakness regarding management's failure to design and maintain controls over the Consensus Cloud Solutions, Inc. spin-off has been identified and described in management's assessment. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2021 financial statements, and this report does not affect our report dated March 14, 2022 on those financial statements.

As indicated in the accompanying Item 9A, Management's Annual Report on Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of 2021 acquisitions, which are included in the consolidated balance sheets of the Company as of December 31, 2021, and the related consolidated statements of operations and comprehensive income, stockholders' equity, and cash flows for the year then ended. These acquisitions combined constituted 5.3% of total assets as of December 31, 2021, and 2.8% of revenues from continuing operations for the year then ended. Management did not assess the effectiveness of internal control over financial reporting of the 2021 acquisitions because of the timing of these acquisitions. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of the 2021 acquisitions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ BDO USA, LLP

Los Angeles, California
March 14, 2022

Item 9B. Other Information

On October 7, 2021, the Separation was completed and the Company transferred J2 Cloud Services, LLC to Consensus who in turn transferred non-fax assets and liabilities back to the Company such that Consensus was left with the cloud fax business. The Separation was achieved through the Company's distribution of 80.1% of the shares of Consensus common stock to holders of J2 Global, Inc. common stock as of the close of business on October 1, 2021, the record date for the distribution. The Company's stockholders of record received one share of Consensus common stock for every three shares of J2 Global's common stock. The Separation was effectuated pursuant to a Separation and Distribution Agreement, dated October 7, 2021 (the "Separation and Distribution Agreement"), as Exhibit 2.1 of this report. Attached to this report as Exhibit 99.1 are the unaudited pro forma statement of operations of the Company for the nine months ended September 30, 2021 and the fiscal years ended December 31, 2020, December 31, 2019, and December 31, 2018, and the unaudited pro forma consolidated balance sheet as of September 30, 2021.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item is incorporated by reference to the information to be set forth in our proxy statement ("2022 Proxy Statement") for the 2022 annual meeting of stockholders to be filed with the SEC within 120 days after the end of our fiscal year ended December 31, 2021.

Item 11. Executive Compensation

The information required by this item is incorporated by reference to the information to be set forth in our 2022 Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item is incorporated by reference to the information to be set forth in our 2022 Proxy Statement.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item is incorporated by reference to the information to be set forth in our 2022 Proxy Statement.

Item 14. Principal Accounting Fees and Services

The information required by this item is incorporated by reference to the information to be set forth in our 2022 Proxy Statement.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) 1. Financial Statements.

The following financial statements are filed as a part of this Annual Report on Form 10-K:

Report of Independent Registered Public Accounting Firm (BDO USA, LLP; Los Angeles, California; PCAOB ID #243)
Consolidated Balance Sheets
Consolidated Statements of Operations

Consolidated Statements of Comprehensive Income
Consolidated Statements of Stockholders' Equity
Consolidated Statements of Cash Flows
Notes to Consolidated Financial Statements

2. Financial Statement Schedule

The following financial statement schedule is filed as part of this Annual Report on Form 10-K:

Schedule II-Valuation and Qualifying Accounts

All other schedules are omitted because they are not required or the required information is shown in the financial statements or notes thereto.

3. Exhibits

The following exhibits are filed with this Annual Report on Form 10-K or are incorporated herein by reference as indicated below (numbered in accordance with Item 601 of Regulation S-K). We shall furnish copies of exhibits for a reasonable fee (covering the expense of furnishing copies) upon request.

Exhibit No.	Exhibit Title
2.1	Separation and Distribution Agreement, dated as of October 7, 2021, by and between Ziff Davis, Inc. and Consensus Cloud Solutions, Inc. (26)
3.1	Amended and Restated Certificate of Incorporation of J2 Global, Inc., dated as of June 10, 2014 (8)
3.2	Amendment to the Amended and Restated Certificate of Incorporation of J2 Global, Inc., dated as of September 5, 2019 (17)
3.3	Certificate of Amendment to Amended and Restated Certificate of Incorporation of Ziff Davis, Inc. dated as of October 7, 2021 (26)
3.4	Fifth Amended and Restated By-Laws (27)
4.1	Specimen of Common Stock Certificate (6)
4.2.1	Indenture, dated as of June 10, 2014 (9)
4.2.2	First Supplemental Indenture, dated as of June 17, 2014 (10)
4.3	Indenture, dated as of June 27, 2017 (13)
4.4	Indenture, dated as of November 15, 2019 (18)
4.5	Description of Registered Securities (21)
4.6	Indenture, dated as of October 7, 2020 (7)
4.7	Form of Waiver Regarding Restricted Stock Agreements (22)
10.1	J2 Global, Inc. 2007 Stock Option Plan (5)
10.2	J2 Global, Inc. 2015 Stock Option Plan (11)
10.3	Form of Restricted Stock Agreement Pursuant to J2 Global, Inc. 2015 Stock Option Plan (23)
10.3.1	Form of Performance Stock Unit Agreement Pursuant to J2 Global, Inc. 2015 Stock Option Plan (23)
10.4	Amended and Restated J2 Global, Inc. 2001 Employee Stock Purchase Plan (4)
10.4.1	Amendment to Amended and Restated J2 Global, Inc. 2001 Employee Stock Purchase Plan (14)
10.5	Letter Agreement, dated as of April 1, 2001, between J2 Global, Inc. and Orchard Capital Corporation (2)
10.5.1	Amendment to Letter Agreement, dated as of December 31, 2001, between J2 Global, Inc. and Orchard Capital Corporation (3)
10.6	Registration Rights Agreement, dated as of June 30, 1998, by and among JFAX Communications, Inc., the Delaware State Employees' Retirement Fund, the Declaration of Trust for Defined Benefit Plan of ICI American Holdings Inc., the Declaration of Trust for Defined Benefit Plan of Zeneca Holdings Inc., the J.W. McConnell Family Foundation, DCJ Fund Investment Partners II, L.P., DLJ Capital Corporation, GMT Partners, LLC, Orchard/JFAX Investors, L.L.C. and DLJ Private Equity Employees Fund, L.P. (1)

10.7	Second Amended and Restated Limited Partnership Agreement, dated as of January 19, 2018, by and among OCV I GP, LLC and J2 Global, Inc. (15)
10.8	Credit Agreement, dated as of January 7, 2019, among J2 Cloud Services, LLC, MUFG Union Bank, N.A., as Administrative Agent, and MUFG Union Bank, N.A., as Sole Lead Arranger (16)
10.8.1	First Amendment to Credit Agreement, dated July 1, 2019 (19)
10.8.2	Second Amendment to Credit Agreement, dated August 16, 2019 (20)
10.9	Credit Agreement, dated as of April 7, 2021, among J2 Global, Inc., the Lenders from time to time party thereto and MUFG Union Bank, N.A., as Administrative Agent and Collateral Agent (24)
10.9.1	First Amendment to Credit Agreement, dated as of June 2, 2021, by and among J2 Global, Inc., the subsidiaries of J2 Global, Inc. party thereto as guarantors, Citicorp North America Inc. and MUFG (4) Union Bank, N.A., as lenders, and MUFG Union Bank, N.A., as administrative agent for the lenders.(24)
10.9.2	Second, Third and Fourth Amendments to Credit Agreement by and among J2 Global, Inc., the subsidiaries of J2 Global, Inc. party thereto as guarantors, Citicorp North America Inc. and MUFG Union Bank, N.A., as lenders, and MUFG Union Bank, N.A., as administrative agent for the lenders. (25)
10.10	Transition Services Agreement, dated as of October 7, 2021, by and between Ziff Davis, Inc. and Consensus Cloud Solutions, Inc. (26)
10.11	Tax Matters Agreement, dated as of October 7, 2021, by and between Ziff Davis, Inc. and Consensus Cloud Solutions, Inc. (26)
10.12	Employee Matters Agreement, dated as of October 7, 2021, by and between Ziff Davis, Inc. and Consensus Cloud Solutions, Inc. (26)
10.13	Intellectual Property License Agreement, dated as of October 7, 2021, by and between Ziff Davis, Inc. and Consensus Cloud Solutions, Inc. (26)
10.14	Stockholder and Registration Rights Agreement, dated as of October 7, 2021, by and between Ziff Davis, Inc. and Consensus Cloud Solutions, Inc. (26)
10.15	Stipulation of Settlement and Amendment No. 1 to the Second Amended and Restated Limited Partnership Agreement
10.16	Order Approving Stipulated Settlement
21.1	List of subsidiaries of J2 Global, Inc.
23.1	Consent of Independent Registered Public Accounting Firm – BDO USA, LLP
31.1	Certification by Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification by Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350
99.1	Unaudited pro forma consolidated statements of operations for the nine months ended September 30, 2021 and the fiscal years ended December 31, 2020, December 31, 2019, and December 31, 2018, and the unaudited pro forma consolidated balance sheet as of September 30, 2021
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

(1) Incorporated by reference to Ziff Davis' Registration Statement on Form S-1 filed with the Commission on April 16, 1999, Registration No. 333-76477.
(2) Incorporated by reference to Ziff Davis' Annual Report on Form 10-K/A filed with the Commission on April 30, 2001.
(3) Incorporated by reference to Ziff Davis' Annual Report on Form 10-K filed with the Commission on April 1, 2002.
(4) Incorporated by reference to Ziff Davis' Current Report on Form 8-K filed with the Commission on May 3, 2006.
(5) Incorporated by reference to Exhibit A to Ziff Davis' Definitive Proxy Statement on Schedule 14A filed with the Commission on September 18, 2007.
(6) Incorporated by reference to Ziff Davis' Current Report on Form 8-K filed with the Commission on December 7, 2011.
(7) Incorporated by reference to Ziff Davis' Current Report on Form 8-K filed with the Commission on October 7, 2020.
(8) Incorporated by reference to Ziff Davis' Current Report on Form 8-K filed with the Commission on June 10, 2014.
(9) Incorporated by reference to Ziff Davis' Registration Statement on Form S-3ASR filed with the Commission on June 10, 2014, Registration No. 333-196640.
(10) Incorporated by reference to Ziff Davis' Current Report on Form 8-K filed with the Commission on June 17, 2014.
(11) Incorporated by reference to Annex A to Ziff Davis' Definitive Proxy Statement on Schedule 14A filed with the Commission on March 26, 2015.
(12) Incorporated by reference to Ziff Davis' Current Report on Form 8-K filed with the Commission on May 11, 2020.
(13) Incorporated by reference to Ziff Davis' Current Report on Form 8-K filed with the Commission on June 27, 2017.
(14) Incorporated by reference to Ziff Davis' Current Report on Form 8-K filed with the Commission on February 8, 2018.
(15) Incorporated by reference to Ziff Davis' Current Report on Form 10-K filed with the Commission on March 1, 2018.
(16) Incorporated by reference to Ziff Davis' Current Report on Form 8-K filed with the Commission on January 9, 2019.
(17) Incorporated by reference to Ziff Davis' Current Report on Form 8-K filed with the Commission on November 1, 2019.
(18) Incorporated by reference to Ziff Davis' Current Report on Form 8-K filed with the Commission on November 15, 2019.
(19) Incorporated by reference to Ziff Davis' Current Report on Form 8-K filed with the Commission on July 1, 2019.
(20) Incorporated by reference to Ziff Davis' Current Report on Form 8-K filed with the Commission on August 16, 2019.
(21) Incorporated by reference to Ziff Davis' Annual Report on Form 10-K filed with the Commission on March 2, 2020.
(22) Incorporated by reference to Ziff Davis' Current Report on Form 10-Q filed with the Commission on August 10, 2020.
(23) Incorporated by reference to Ziff Davis' Quarterly Report on Form 10-Q filed with the Commission on May 10, 2021.
(24) Incorporated by reference to Ziff Davis' Quarterly Report on Form 10-Q filed with the Commission on August 9, 2021.
(25) Incorporated by reference to Ziff Davis' Current Report on Form 8-K filed with the Commission on September 22, 2021.
(26) Incorporated by reference to Ziff Davis' Current Report on Form 8-K filed with the Commission on October 8, 2021.
(27) Incorporated by reference to Ziff Davis' Quarterly Report on Form 10-Q filed with the Commission on November 9, 2021.

Item 16. Form 10-K Summary

None.

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on March 14, 2022.

Ziff Davis, Inc.

By: /s/ VIVEK SHAH
Vivek Shah
Chief Executive Officer
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated, in each case on March 14, 2022.

Signature	Title
/s/ VIVEK SHAH **Vivek Shah**	Chief Executive Officer and a Director (Principal Executive Officer)
/s/ BRET RICHTER **Bret Richter**	Chief Financial Officer (Principal Financial Officer)
/s/ STEVE P. DUNN **Steve P. Dunn**	Chief Accounting Officer
/s/ RICHARD S. RESSLER **Richard S. Ressler**	Chairman of the Board and a Director
/s/ SARAH FAY **Sarah Fay**	Director
/s/ TRACE HARRIS **Trace Harris**	Director
/s/ WILLIAM B. KRETZMER **William B. Kretzmer**	Director
/s/ JONATHAN F. MILLER **Jonathan F. Miller**	Director
/s/ SCOTT C. TAYLOR **Scott C. Taylor**	Director

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
(In thousands)

Description	Balance at Beginning of Period	Additions: Charged to Costs and Expenses	Deductions: Write-offs [1] and recoveries	Balance at End of Period
Year Ended December 31, 2021:				
Allowance for doubtful accounts	$ 11,552	$ 3,107	$ (4,848)	$ 9,811
Deferred tax asset valuation allowance	$ 8,262	$ 178	$ (6,628)	$ 1,812
Year Ended December 31, 2020:				
Allowance for doubtful accounts	$ 8,480	$ 5,315	$ (2,243)	$ 11,552
Deferred tax asset valuation allowance	$ 563	$ 9,456	$ (1,757)	$ 8,262
Year Ended December 31, 2019:				
Allowance for doubtful accounts	$ 6,369	$ 5,884	$ (3,773)	$ 8,480
Deferred tax asset valuation allowance	$ —	$ 595	$ (32)	$ 563

(1) Represents specific amounts written off that were considered to be uncollectible.

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

INTERNATIONAL UNION OF)
OPERATING ENGINEERS OF) EASTERN
PENNSYLVANIA AND) DELAWARE,)
)
Plaintiff,)
and)
)
ORLANDO POLICE PENSION FUND,)
)
Plaintiff-Intervenor,)
) C.A. No. 2020-0819-JTL
v.)
)

RICHARD RESSLER, DOUGLAS Y.) BECH, ROBERT J. CRESCI, SARAH) FAY, W. BRIAN KRETZMER,) JONATHAN F. MILLER, STEPHEN) ROSS, HEMI ZUCKER, VIVEK) SHAH, OCV FUND I, LP, OCV I GP,) LLC, AND OCV MANAGEMENT) LLC,)
)
Defendants,)
)
and)
)
J2 GLOBAL, INC.,)
)
Nominal Defendant.)

STIPULATION AND AGREEMENT OF COMPROMISE, SETTLEMENT, AND RELEASE

47973036.1

RLF1 25010515v.1

This Stipulation and Agreement of Compromise, Settlement, and Release (the "Stipulation," the terms of which are the "Settlement"), dated as of July 29, 2021, is entered into by and between (i) Plaintiff International Union of Operating Engineers of Eastern Pennsylvania and Delaware (the "Plaintiff");

(ii) Plaintiff-Intervenor Orlando Police Pension Fund (the "Plaintiff-Intervenor," and together with the Plaintiff, the "Plaintiffs"); (iii) Plaintiffs Danning Huang ("Federal Plaintiff Huang") and Fritz Ringling ("Federal Plaintiff Ringling," and together with Federal Plaintiff Huang, the "Federal Plaintiffs"); (iv) Defendants Richard Ressler, Douglas Y. Bech, Robert J. Cresci (now deceased; his decedent's estate is a party to and will receive the benefits of this Settlement), Sarah Fay, W. Brian Kretzmer, Jonathan F. Miller, Stephen Ross, Hemi Zucker, and Vivek Shah (the "Individual Defendants"); (v) Defendants OCV Fund I, L.P. (the "Fund"), OCV I GP, LLC (the "General Partner"), and OCV Management LLC (the "Management Company," and together with the Fund and the General Partner, the "OCV Defendants"); and (vi) Nominal Defendant J2 Global, Inc. ("J2" or the "Company," and together with the Individual Defendants and the OCV Defendants, the "Defendants," and together with the Plaintiffs, the "Parties" and each, individually, a "Party") (the Parties together with the Federal Plaintiffs are referred to herein as the "Settling Parties," and each, individually, a "Settling

Party”). The Settling Parties intend for this Stipulation to fully, finally, and forever resolve, discharge, and

settle the above-captioned action, *International Union of Operating Engineers of Eastern Pennsylvania and Delaware v. Ressler, et al.*, Del. Ch., C.A. No. 2020- 0819-JTL, (the "Action") and the Released Claims (as defined below), subject to the approval of the terms and conditions by the Court of Chancery of the State of Delaware (the "Court");

WHEREAS, the Plaintiffs are stockholders of the Company;

WHEREAS, the Individual Defendants are current or former officers and directors of the Company;

WHEREAS, the Plaintiff filed a Verified Stockholder Derivative Complaint (the "Complaint") on September 24, 2020 (Trans. ID 65961337);

WHEREAS, the Complaint seeks relief derivatively on behalf of the Company based upon, among other things, alleged breaches of fiduciary duties and usurpation of corporate opportunity;

WHEREAS, the Complaint alleges, among other things, that:

(i) On September 25, 2017, J2's Board of Directors and Audit Committee authorized the Company to invest $200 million in the Fund (the "Investment"). The Fund would invest in or acquire companies on behalf of J2, using, in part, monies from the Investment;

(ii) All of the Individual Defendants breached their fiduciary duties by arranging for and approving the Investment;

(iii) Defendant Ressler is a director and stockholder in J2 and the majority equity holder in the Fund's General Partner and its Management Company. Defendant Zucker was formerly the Chief Executive Officer of J2 and is now the managing principal for the Management Company.

(iv) Defendants Ressler and Zucker, and Zohar Loshitzer, who is not named as a defendant in the Action, breached their fiduciary duties and usurped corporate opportunities belonging to J2 by ceding to the Fund the opportunity to invest in or acquire other companies;

(v) The Individual Defendants, except for Defendants Ressler and Zucker, breached their fiduciary duties by approving and arranging for J2's commitment to invest in the Fund and the Company's transfer of monies to the Fund;

(vi) The OCV Defendants aided and abetted the Individual Defendants' breach of fiduciary duties; and

(vii) Defendants Ressler and Zucker, and Zohar Loshitzer, who is not named as a defendant in the Action, aided and abetted breaches of fiduciary duties by the other Individual Defendants;

WHEREAS, the Complaint sought the following relief:

(i) An award of damages and costs, including reasonable attorneys' fees and experts' fees, against the Individual Defendants and in favor of the Company; and

(ii) Equitable and injunctive relief against the Individual Defendants and in favor of the Company;

WHEREAS, on August 14, 2020, before the Plaintiff filed the Complaint, the Plaintiff-Intervenor served a books and records demand on J2 for the purpose of investigating certain allegations similar to certain of the allegations that would be set forth in the Complaint (the "Demand");

WHEREAS, on September 29, 2020 and October 6, 2020, the Company provided books and records in response to the Demand;

WHEREAS, on October 19, 2020, the Plaintiff-Intervenor filed a Motion to intervene in and stay the Action pending the Plaintiff-Intervenor's investigation of the books and records provided by J2, wherein the Plaintiff- Intervenor indicated its intention to prosecute derivative claims challenging the Investment following the completion of the Plaintiff-Intervenor's books and records investigation (Trans. ID 66027725);

WHEREAS, pursuant to a stipulation and proposed order by and among the Parties that was granted on November 17, 2020, the Action was stayed until 30 days after the Plaintiff-Intervenor completed its investigation of the books and records provided by J2 (Trans. ID 66118278);

WHEREAS, J2 made additional productions of books and records in response to the Demand following the Court's November 17, 2020 grant of the Parties' stipulation and proposed order;

WHEREAS, on December 11, 2020, Federal Plaintiff Huang filed a Verified Stockholder Derivative Complaint ("Huang Complaint") in the United States District Court for the District of Delaware ("Federal Court") against Defendants Vivek Shah, Nehemia Zucker, R. Scott Turicchi, Douglas Y. Bech, Robert J. Cresci, Sarah Fay, W. Brian Kretzmer, Jonathan F. Miller, Richard S. Ressler, and Stephen Ross and Nominal Defendant J2 (the "Huang Action");

WHEREAS, beginning in late December 2020, counsel for Plaintiffs engaged in discussions with counsel for Defendants and counsel for a Special Committee of the J2 Board of Directors concerning a potential resolution of the Action;

WHEREAS, counsel for Plaintiffs determined to work together on behalf of their clients to explore potential resolutions of the Action for the benefit of J2 and its public stockholders;

WHEREAS, in January 2021, to facilitate settlement negotiations, J2 made available to the Plaintiff all books and records produced in response to the

Plaintiff-Intervenor's Demand following execution of a confidentiality agreement by and between J2 and the Plaintiff;

WHEREAS, in February 2021, to facilitate settlement negotiations, Defendants produced certain confidential materials to Plaintiffs concerning the performance and valuation of the Fund's investment portfolio;

WHEREAS, on March 24, 2021, Federal Plaintiff Ringling filed a Verified Shareholder Derivative Complaint ("Ringling Complaint" and, together with the Huang Complaint, the "Federal Complaints") in the Federal Court against Defendants Vivek Shah, Nehemia Zucker, R. Scott Turicchi, Douglas Y. Bech, Sarah Fay, W. Brian Kretzmer, Jonathan F. Miller, Richard S. Ressler, and Stephen Ross and Nominal Defendant J2;

WHEREAS, the Huang Action and the Ringling Action were consolidated by an order entered by the Federal Court on April 8, 2021 into a consolidated action captioned: *In Re J2 Global Stockholder Derivative Litigation*, Master File No.: 20-cv-01687-LPS (the "Federal Action");

WHEREAS, among the claims made in the Federal Complaints are claims that are made in the Complaint ("Overlapping Claims");

WHEREAS, in April 2021, after J2 and the Federal Plaintiffs signed a confidentiality agreement, J2 produced to the Federal Plaintiffs all of the books and records that J2 had produced in response to the Plaintiff-Intervenor's Demand;

WHEREAS, in June 2021, to facilitate settlement negotiations, Defendants produced certain additional confidential information to Plaintiffs concerning the performance and valuation of the Fund's investment portfolio;

WHEREAS, in June 2021, Plaintiffs informed Federal Plaintiffs concerning the status of settlement negotiations with Defendants and, thereafter, Plaintiffs and Federal Plaintiffs agreed to work together on the Overlapping Claims for purposes of finalizing a resolution of the Action to benefit J2 and its public stockholders;

WHEREAS, in June 2021, after J2 and the Federal Plaintiffs signed an additional confidentiality agreement, J2 produced to the Federal Plaintiffs all of the confidential information that J2 had produced to Plaintiffs concerning the performance and valuation of the Fund's investment portfolio;

WHEREAS, following an analysis of the strengths and weaknesses of the Action and Overlapping Claims, including review and analysis of the books and records and other nonpublic materials the Plaintiffs and Federal Plaintiffs received, the Plaintiffs' counsel and Federal Plaintiffs' counsel believe that the settlement consideration reflected below provides the Company and its stockholders with substantial benefits that address each of the claims in the Complaint and the Overlapping Claims;

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WHEREAS, although the Plaintiffs and Federal Plaintiffs believe that the Action and Overlapping Claims are meritorious and assert valid claims, they are agreeing to settle the Action and Overlapping Claims to eliminate the uncertainties inherent in further litigation and in recognition of the benefits that this Settlement will afford the Company and its stockholders;

WHEREAS, the Plaintiffs and the Federal Plaintiffs and their counsel have determined that the terms of the Settlement are fair, reasonable, adequate, and in the best interests of the Company and its stockholders and that it is reasonable to pursue a settlement of the Action and Overlapping Claims based upon those terms and the procedures outlined herein;

WHEREAS, at all times, each of the Individual Defendants and the OCV Defendants has denied, and continues to deny, the allegations of wrongdoing in the Complaint and Overlapping Claims, including that he, she, or it has committed any breach of fiduciary duty or aided and abetted any breach of fiduciary duty, including, without limitation, by arranging for and approving the Investment or otherwise engaging in any of the wrongful acts alleged in the Action;

WHEREAS, each of the Defendants expressly maintains that he, she or it has at all times complied with his, her or its fiduciary and/or other legal duties; and

WHEREAS, Defendants are entering into this Stipulation solely because the Settlement will eliminate the burden, expense, distraction, and uncertainties inherent in further litigation;

WHEREAS, Robert J. Cresci passed away during the pendency of the Action and the Federal Actions, and Mary Beth Cresci in her capacity as executor of Mr. Cresci's estate is hereby added as a defendant in the Action solely for purposes of this Stipulation and the Settlement, and the Federal Plaintiffs agree to add Mary Beth Cresci in her capacity as executor of Mr. Cresci's estate as a defendant in the Federal Actions solely for purposes of dismissing the Overlapping Claims as part of this Settlement;

NOW, THEREFORE, IT IS STIPULATED AND AGREED, in consideration of the benefits set forth below, and subject to the approval of the Court pursuant to Court of Chancery Rule 23.1, that the Action and the Released Claims (as defined below) shall be compromised, settled, released, and dismissed with prejudice on the merits and without costs (except as provided below), subject to the following terms and conditions:

DEFINITIONS

1. The following terms shall have the meanings assigned to them herein:

(a) "Advisory Committee" shall mean the Advisory Committee of the Fund.

(b) "Capital Commitment" shall have the meaning set forth in the Partnership Agreement.

(c) "Claims" shall mean all manner of claims, demands, damages, rights, liabilities, defaults, promises, obligations, duties, losses, costs, expenses, debts, interest, penalties, sanctions, fees, attorneys' fees, liens, obligations, contracts, defenses, actions, potential actions, proceedings, causes of action, suits, agreements, judgments, decrees, matters, issues, and/or controversies of whatever kind, nature, or description, whether based on state, local, foreign, or federal law or rule, whether contractual, extra-contractual, statutory, regulatory, in common law, or otherwise, whether suspected or unsuspected, whether known or unknown, including Unknown Claims, whether fixed or contingent, whether liquidated or not liquidated, whether disclosed or undisclosed, whether accrued or unaccrued, whether apparent or not apparent, whether matured or not matured, whether foreseen or unforeseen, whether now existing or hereafter ensuing.

(d) "Company Releasors" shall mean each of J2 and J2's direct and/or indirect parents, assigns, subsidiaries, affiliates, predecessors and/or

successors, and the past and present stockholders, partners, employees, officers, directors, members, managers, representatives and/or agents of any of them.

(e) "Company Stockholders" shall refer to each and every J2 common stockholder who holds of record or beneficially owns as of the date that the Stipulation is filed with the Court.

(f) "Defendant Released Parties" shall mean each of the Defendants and all current and past members of the Company's Board of Directors, their respective direct and/or indirect parents, assigns, subsidiaries, affiliates, predecessors and/or successors, and the past and/or present stockholders, partners, employees, officers, directors, members, managers, representatives, financial and legal advisors, and/or agents of any of them.

(g) "Defendant Releasors" shall mean each of Richard Ressler, Douglas Y. Bech, Robert J. Cresci, Sarah Fay, W. Brian Kretzmer, Jonathan F. Miller, Stephen Ross, Hemi Zucker, Vivek Shah, the Fund, the General Partner, and the Management Company.

(h) "Defendants' Released Claims" shall mean all Claims that may legally be waived by private agreement that are based upon or arise out of the prosecution of the Action and Overlapping Claims, except for claims relating to the

enforcement of the Settlement. For avoidance of doubt, Defendants' Released Claims do not include claims for any conduct postdating this Stipulation.

(i) "Settlement Date" shall be the later of the date on which (1) the Court has entered the Judgment and (2) the claims related to the Company's investment in the Fund have been dismissed with prejudice in the Federal Action pursuant to the Stipulated Order (as defined below).

(j) "Final Court Approval" shall mean (i) if no appeal is filed, the expiration date of the time for filing or noticing of any appeal of the Judgment; or

(ii) if there is an appeal from the Judgment, the date of (a) final dismissal of all such appeals, or the final dismissal of any proceeding on certiorari or otherwise to review the Judgment, or (b) the date the Judgment is finally affirmed on appeal, the expiration of the time to file a petition for a writ of certiorari or other form of review, or the denial of a writ of certiorari or other form of review of the Judgment, and, if certiorari or other form of review is granted, the date of final affirmance of the Judgment after such review. However, any appeal or proceeding seeking subsequent judicial review pertaining solely to an order issued with respect to attorneys' fees or expenses shall not in any way delay Final Court Approval

(k) "Fee Date" shall have the meaning set forth in the Partnership Agreement.

(l) "Foreign Entities" shall have the meaning set forth in the Partnership Agreement.

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(m) “Judgment” shall mean the judgment in the form attached as Exhibit B.

(n) “Management Fee” shall have the meaning set forth in the Partnership Agreement.

(o) “Partners” shall have the meaning set forth in the Partnership Agreement.

(p) “Partnership Agreement” shall mean the Second Amended and Restated Limited Partnership Agreement, dated as of January 19, 2018, of the Fund.

(q) “Partnership Expenses” shall have the meaning set forth in the Partnership Agreement.

(r) “Management Fee Percentage” shall have the meaning set forth in the Partnership Agreement

(s) “Plaintiff Released Parties” shall mean each of J2, Plaintiffs, Federal Plaintiffs and the Company Stockholders other than the Individual Defendants, and each of their respective parents, subsidiaries, affiliates, and controlling persons, and any current or former officer or director of any of the foregoing, and each of their respective heirs, trusts, trustees, executors, estates, administrators, beneficiaries, distributees, foundations, agents, employees,

fiduciaries, partners, partnerships, general or limited partners or partnerships, joint ventures, member firms, limited liability companies, corporations, divisions,

affiliates, associated entities, stockholders, principals, officers, directors, managing directors, members, managing members, managing agents, predecessors, predecessors-in-interest, successors, successors-in-interest, assigns, financial or investment advisors, attorneys (including all Plaintiffs' counsel in this Action and all Federal Plaintiffs' counsel in the Federal Action), personal or legal representatives, accountants, insurers, co-insurers, reinsurers, and associates.

(t) "Plaintiff Releasors" shall mean each of the Plaintiffs, Federal Plaintiffs, the Company on behalf of the Company Releasors, and the Company Stockholders, and each of their respective direct and/or indirect parents, assigns, subsidiaries, affiliates, predecessors and/or successors, and the past and present stockholders, partners, employees, officers, directors, members, managers, representatives and/or agents of any of them.

(u) "Principals" shall mean each of the principals of each of the OCV Defendants and the Company.

(v) "Proposed Amendment" shall mean Amendment No. 1 to the Partnership Agreement, attached hereto as Exhibit A.

(w) "Plaintiffs' Released Claims" shall mean any and all Claims that any of the Company Releasors and/or Plaintiff Releasors may have that may legally be waived by private agreement that relate in any way to the Company's

decision to invest in the Fund and/or the Company’s investment in the Fund and/or any related

business relationships between the Company, on the one hand, and one or more of the OCV Defendants, on the other hand (including without limitation any such Claims against any of the Defendant Released Parties based on or relating to any acts or omissions undertaken by any such Defendant Released Party in his capacity as an officer or director of the Company), including without limitation any Claims against any of the Defendant Released Parties that are related in any way to (i) the Company's decision to invest in the Fund; (ii) the terms of the Company's investment in the Fund; (iii) the activities of the Fund and/or operation of the Fund by the General Partner and/or the Management Company; (iv) any matters that were alleged or that could have been alleged in the Action; (v) any matters related to the Company's investment in the Fund that were alleged or that could have been alleged in the Federal Actions; (vi) any disclosures and/or communications concerning any such matters referred to in the foregoing clauses (i) through (v) (except that this release does not have the effect of releasing the direct claims of purchasers of publicly traded securities of the Company that have been asserted under the Securities Exchange Act of 1934 in *Garcia v. J2 Global, Inc., et al.*, C.D. Cal., No. 2:20-cv-06096-SB-MAA in the United States District Court for the Central District of California); and/or (vii) the Action and/or the settlement thereof,

including this Stipulation, in each case from the beginning of time through the Settlement Date.

(x) The “Released Claims” shall mean, collectively, Plaintiffs’ Released Claims and Defendants’ Released Claims. For avoidance of doubt, the Released Claims do not include any rights or claims that the Defendants may have against their insurer(s).

(y) “Successor Fund” shall have the meaning set forth in the Partnership Agreement.

(z) “Unknown Claims” shall mean claims that the Plaintiff Releasors did not know or suspect to exist at the time of the release, which, if known, might have affected the decision to enter into this Stipulation.

SETTLEMENT CONSIDERATION

2. Immediately following the Settlement Date, the OCV Defendants and the Company shall enter into the Proposed Amendment.

3. For the avoidance of doubt, by entering into the Proposed Amendment, the Settling Parties agree to be bound by the following terms, which are set forth in the Proposed Amendment and include:

(a) Notwithstanding anything in Section 4.2(a) or Section 4.2(d)(i) of the Partnership Agreement to the contrary (but for the avoidance of doubt without limiting the Company’s obligations under Section 4.2(d)(ii) of the Partnership Agreement), effective as of the Settlement Date, (i) each Partner’s

Capital Commitment shall be reduced to the amount of such Partner's aggregate capital

contributions to the Fund actually funded as of the date hereof, and (ii) the General Partner shall not issue any new capital calls, and the Partners shall have no further obligations to make capital contributions to the Fund. Notwithstanding the foregoing, the Settling Parties agree that notwithstanding the investment restriction set forth in paragraph 8.4(i) of the Partnership Agreement and the reduction in Capital Commitments set forth in clause (i) of the preceding sentence, the Fund will be permitted to invest up to $16 million in Foreign Entities. For the avoidance of doubt, (x) compliance with paragraphs 8.4(a), 8.4(d), 8.4(e), 8.4(f) and 8.4(i) of the Partnership Agreement shall continue to be determined on a cost basis at the time of investment and shall not be affected by any events subsequent to the time of such investment, including with respect to any investments made prior to the date hereof, the reduction in Capital Commitments set forth in clause (i) of the first sentence of this Section 3(a) and (y) any and all Partnership Expenses and other fees and expenses (including Management Fees calculated in accordance with Section 2 of the Proposed Amendment) to be borne by the Fund under the Partnership Agreement shall continue to be borne by the Fund to the extent not historically borne by the Management Company or the General Partner, and funded out of investment proceeds and other amounts of cash on hand at the Fund;

(b) If the Settlement Date occurs in 2021, (i) the Management Fee for every Fee Date in 2021 on or after the Settlement Date shall be an amount equal

to the sum of the individual amounts calculated by multiplying each Partner's Management Fee Percentage by such Partner's aggregate capital contributions to the Fund actually funded as of the date hereof and (ii) the Management Fee Percentage for every Fee Date on or after December 31, 2021 shall be zero percent (0%) and, therefore, no additional Management Fees shall be payable by the Partners or the Fund with respect to any Fee Date after 2021, even if an invoice for a Fee Date after 2021 has already been delivered.

(c) If the Settlement Date occurs after 2021, each Partner's Management Fee Percentage for every Fee Date on or after the Settlement Date shall be zero percent (0%) and, therefore, no additional Management Fees shall be payable by the Fund or the Partnership after the date hereof, even if an invoice for a future Fee Date has already been delivered;

(d) Except as otherwise expressly provided in the Proposed Amendment, all of the terms and conditions of the Partnership Agreement are ratified and shall remain unchanged and continue in full force and effect;

(e) The Proposed Amendment shall be governed by and construed in accordance with the laws of the State of Delaware as such laws would be applied to agreements among the residents of such state made and to be performed entirely within such state.

4. Effective as of the Settlement Date, the Company shall no longer have the right to appoint a representative on the Advisory Committee of the Fund and the Company's current representative on the Advisory Committee shall be automatically removed from such role as of the Settlement Date.

5. For the avoidance of doubt, following the Settlement Date, the Company shall retain its interest in the Fund's portfolio companies existing as of the Settlement Date and that interest shall not be diluted by any capital contributions from other Partners after such date.

6. Effective as of the Settlement Date, any transactions between the Company, on the one hand, and Richard Ressler and/or any of his affiliates, on the other hand, shall require the approval of an independent and disinterested special committee of the Company's Board of Directors.

RELEASE OF CLAIMS

7. Upon the Settlement Date, the Plaintiff Releasors and the Company Releasors shall be deemed to have, and by operation of the Judgment approving this Settlement shall have, completely, fully, finally, and forever discharged, dismissed with prejudice on the merits, released and settled, to the fullest extent permitted by law, the Plaintiffs' Released Claims against the Defendant Released Parties.

8. Upon the Settlement Date, the Defendant Releasors shall be deemed to have, and by operation of the Judgment (as defined below) approving this Settlement

shall have, completely, fully, finally, and forever discharged, dismissed with prejudice on the merits, released and settled, to the fullest extent permitted by law, the Defendants' Released Claims against the Plaintiff Released Parties.

9. Within two (2) business days of the date that the Court enters the Judgment, the Federal Plaintiffs and Defendants shall file a stipulation and proposed order in the District Court, in the form attached hereto as Exhibit E (the "Stipulated Order"), dismissing the Overlapping Claims.

SUCCESSOR FUND

10. The Settling Parties confirm and agree, for the avoidance of doubt, that the Principals may form and pursue a Successor Fund at any time. Pursuant to paragraph 6 of this Stipulation, however, the Company's participation in the formation or pursuit of such a Successor Fund must be approved by an independent and disinterested special committee of the Company's Board of Directors.

OPERATIONS PENDING THE SETTLEMENT DATE

11. Notwithstanding anything in paragraph 4.2(a) or paragraph 4.2(d)(i) of the Partnership Agreement to the contrary (but for the avoidance of doubt without limiting the Company's obligations under paragraph 4.2(d)(ii) of the Partnership Agreement and assuming, for this purpose, that each Partner's entire Capital

Commitment has already been funded), from and after July 12, 2021 until the Settlement Date (or until such earlier date upon which the Settlement is terminated

in accordance with paragraph 14 of this Stipulation), the General Partner and the Fund shall only be permitted to issue new capital calls to the Company and the other Partners for two reasons: (1) to pay for regularly scheduled Management Fees and

(2) to pay for up to $5 million in the aggregate in follow-on investments (debt or equity) in the Fund's existing Portfolio Companies in which the Fund already owns equity.

OTHER INVESTMENT VEHICLES

12. The Company acknowledges and agrees that from and after July 12, 2021, the General Partner and its Affiliates intend to manage other investment vehicles that are likely to make investments that are similar to those that have been made for the Partnership during its term or are otherwise suitable for investment by the Partnership or within the Partnership's investment criteria. Notwithstanding anything to the contrary in the Partnership Agreement (including without limitation paragraph 8.3 thereof), the Company shall not, by reason of being a limited partner of the Partnership, have any right to object to, or participate in any manner in any profits or income earned or derived by or accruing to the General Partner or its Affiliates from the conduct of any investment activity, or any transaction by the General Partner or its Affiliates, for the account of any investment vehicle other

than the Partnership after July 12, 2021 (it being understood that nothing in this paragraph 12 shall be interpreted to grant the Company any right to object to, or participate in

any manner in any such profits or income from, the conduct of any such investment activity, or any transaction by the General Partner or its Affiliates, for the account of any investment vehicle other than the Partnership prior to the date first above written that the Company did not have prior to entering into this Letter Agreement), and shall hold harmless the General Partner and its Affiliates from any claim, liability or expense incurred by reason of any claim asserted by or on behalf of the Company arising out of or related to any activity or transaction permitted by this sentence.

TERMINATION OF THE SETTLEMENT

13. This Stipulation shall be terminated, and shall be null and void and of no force and effect, unless otherwise agreed to by the Settling Parties pursuant to the terms hereof, if any Settling Party exercises a right to terminate the Settlement pursuant to the terms of this Stipulation.

14. Any of the Plaintiffs, Federal Plaintiffs, or the Defendants may terminate the Settlement by serving written notice, in the manner provided in the rules of the Court, on counsel of record for the other parties within thirty (30) days after (i) the Court denies the Parties' request to approve the Settlement and enter the Judgment; (ii) the Judgment is reversed on appeal; or (iii) despite reasonable best efforts of

the Federal Plaintiffs and the Defendants, the District Court has refused to approve a stipulation substantially in the form of the Stipulated Order. For the

avoidance of doubt, the Settling Parties agree that denial of the Attorneys' Fees and Expenses Application (as defined below), or reversal of an order approving that Application, shall not be deemed a denial of the motion to approve the Settlement or reversal of the Judgment.

15. In the event that any final injunction, decision, order, judgment, determination, or decree is entered or issued by any court or governmental entity prior to the Settlement Date that would make consummation of the Settlement in accordance with the terms of this Stipulation unlawful or that would restrain, prevent, enjoin, or otherwise prohibit consummation of the Settlement, the Settling Parties each reserve the right to withdraw from and to terminate the Settlement. In addition, in the event that any preliminary or temporary injunction, decision, order, determination, or decree (an "Interim Order") is entered or issued by any court or governmental entity prior to Final Court Approval (as defined below) of this Stipulation and the Settlement that would restrain, prevent, enjoin, or otherwise prohibit consummation of the Settlement, then, notwithstanding anything herein to the contrary, the Settling Parties shall have no obligation to consummate the Settlement unless and until such Interim Order expires or is terminated or modified in a manner such that consummation of the Settlement in accordance with the

terms of this Stipulation would no longer be restrained, prevented, enjoined, or otherwise prohibited.

16. If the Settlement is terminated, this Stipulation and the Settlement and the Proposed Amendment shall be null and void and of no effect, the Parties shall be restored to their litigation positions as they existed immediately prior to the execution of this Stipulation, and this Stipulation shall not be deemed to prejudice in any way the positions in the Action of any Party. In such event, and consistent with the applicable evidentiary rules, neither this Stipulation nor any of its contents, nor the existence of this Stipulation, shall be admissible in evidence or shall be referred to for any purpose in the Action or in any other proceeding, except in connection with any claim for breach of this Stipulation or as otherwise specifically provided herein.

SUBMISSION AND APPLICATION TO THE COURT

17. As soon as practicable, the Plaintiffs' counsel shall submit this Stipulation together with its exhibits to the Court, and the Parties shall apply jointly for entry of an order (the "Scheduling Order"), substantially in the form attached hereto as Exhibit C, providing for, among other things: (i) approval of the form and content of the proposed Notice of Pendency of Derivative Action, Proposed Settlement of Derivative Action, Settlement Hearing, and Right to Appear attached hereto as Exhibit D; and (ii) a date for the final settlement hearing (the "Settlement

Hearing”). At the Settlement Hearing, the Parties shall jointly request that the Judgment be entered substantially in the form attached hereto as Exhibit B.

NOTICE

18. J2 shall be responsible for providing the Notice of Pendency of Derivative Action, Proposed Settlement of Derivative Action, Settlement Hearing, and Right to Appear to the Company Stockholders, substantially in the form attached hereto as Exhibit D, in the form and manner directed by the Court (when approved by the Court, the "Notice"). J2 or its insurer(s) shall cause to be paid all costs and expenses incurred in providing the Notice, including any costs and expenses associated with any additional copies of the Notice requested by record holders of J2's common stock (whether for purpose of providing the Notice to beneficial owners or otherwise).

INTERIM INJUNCTION

19. Pending final determination of whether the Settlement should be approved, the Plaintiffs and the Company Stockholders will be barred and enjoined, to the maximum extent permitted under law, from commencing, prosecuting, instigating, or in any way participating in the commencement or prosecution of any action asserting any of the Plaintiffs' Released Claims, either directly, representatively, derivatively, or in any other capacity, against the Defendant Released Parties, and all pending deadlines in any and all such actions shall be suspended.

ATTORNEYS' FEES AND EXPENSES

20. The Settling Parties did not discuss attorneys' fees before executing this Stipulation, and any award to the Plaintiffs' counsel for fees and expenses shall be determined by the Court. After execution of this Stipulation, the Company and the Plaintiffs and the Plaintiffs' counsel will attempt to negotiate an award of reasonable attorneys' fees and expenses. If the Company and the Plaintiffs and the Plaintiffs' counsel agree to the amount of an appropriate award, they will separately document that agreement, the Plaintiffs and the Plaintiffs' counsel shall then apply for an award up to that agreed amount (the "Attorneys' Fees and Expenses Application"), and the Company will not oppose the Attorneys' Fees and Expenses Application. If the Company and the Plaintiffs and the Plaintiffs' counsel do not reach agreement as to the amount of an appropriate award, the Plaintiffs and the Plaintiffs' counsel reserve the right to make a petition to the Court for an award of reasonable attorneys' fees and expenses in connection with the Settlement, and the Company reserves all rights to oppose any such petition for attorneys' fees and expenses. Any such attorneys' fees shall be borne entirely by the Company and/or its insurer(s), and not by any other Defendant.

21. Any award of attorneys' fees and expenses approved by the Court shall be paid to Plaintiffs' counsel by or on behalf of the Company within fifteen (15)

days of the entry of Judgment approving the Settlement and such order becoming final after exhaustion of all appeals or petitions for review.

22. Counsel for Plaintiffs shall allocate the attorneys' fees amongst themselves and counsel for Federal Plaintiffs in a manner they believe in good faith to appropriately reflect counsel's contributions to the creation of the benefit achieved by the Settlement. Federal Plaintiffs and their counsel shall not apply for, or accept, any award of fees or expenses related to the Overlapping Claims in the Federal Action or in any other court or proceeding.

23. An award of attorneys' fees or expenses to the Plaintiffs or the Plaintiffs' counsel is not a necessary term of the Settlement and shall not be a condition of the Settlement. Neither the Plaintiffs nor the Plaintiffs' counsel may cancel or terminate the Settlement based on the Court's or any appellate court's ruling on attorneys' fees or expenses to the Plaintiffs.

24. Except as provided in this Stipulation, the Defendants shall bear no other expenses, costs, damages, or fees alleged or incurred by any of the Plaintiffs' counsel, or by any of the Plaintiffs' and/or Federal Plaintiffs' attorneys, experts, advisors, agents, or representatives in connection with the Action, the Released Claims, or the Settlement. Except as provided in this Stipulation, the Plaintiffs and Federal Plaintiffs shall bear no expenses, costs, damages, or fees alleged or

incurred by any Defendant, or by any of Defendant’s attorneys, experts, advisors, agents or

representatives in connection with the Action, the Released Claims, or the Settlement.

ENTIRE AGREEMENT

25. This Stipulation and its exhibits constitute the entire agreement among the Settling Parties with respect to the subject matter hereof and supersede all written or oral communications, agreements, or understandings that may have existed prior to the execution of this Stipulation. No representations, warranties, or statements of any nature whatsoever, whether written or oral, have been made to or relied upon by any Settling Party concerning this Stipulation or its exhibits, other than the representations, warranties, statements, and covenants expressly set forth in such documents.

CONSTRUCTION

26. This Stipulation shall be construed in all respects as jointly drafted and shall not be construed, in any way, against any Settling Party on the ground that the Settling Party or its counsel drafted this Stipulation.

27. Headings have been inserted for convenience only and will not be used in determining the terms of this Stipulation.

GOVERNING LAW; CONTINUING JURISDICTION

28. This Stipulation shall be governed by and construed in accordance with the laws of the State of Delaware as such laws would be applied to agreements

among the residents of such state made and to be performed entirely within such state without regard to Delaware's principles governing choice of law. The Settling Parties irrevocably and unconditionally (i) consent to submit to the sole and exclusive jurisdiction of the Court for any litigation arising out of or relating in any way to this Stipulation or the Settlement (or if subject-matter jurisdiction is lacking, to the Complex Commercial Litigation Division of the Superior Court of the State of Delaware); (ii) agree that any dispute arising out of or relating in any way to this Stipulation or the Settlement shall not be litigated or otherwise pursued in any forum or venue other than any such court; (iii) waive any objection to the laying of venue of any such litigation in any such court; (iv) agree not to plead or claim in any such court that such litigation brought therein has been brought in any inconvenient forum; (v) agree that all issues and questions raised in such litigation, including issues and questions concerning the statute of limitations, shall be governed by the laws of the State of Delaware, as such laws would be applied to litigation arising from agreements among the residents of such state made and to be performed entirely within such state without regard to Delaware's principles governing choice of law or conflict of law; (vi) agree to service in any such litigation by email to their respective Delaware counsel listed on the signature

blocks below and (vii) expressly waive any right to demand a jury trial as to any such dispute.

AMENDMENTS

29. This Stipulation may be modified or amended only by a writing, signed by the Settling Parties (or their duly authorized counsel), that refers specifically to this Stipulation.

SETTLEMENT NOT AN ADMISSION

30. The provisions contained in the Settlement and this Stipulation shall not be deemed a presumption, concession, or admission by any Settling Party to this Stipulation of any fault, liability, or wrongdoing, or any infirmity or weakness of any claim or defense, as to any facts or claims (including the Released Claims) that have been or might be alleged or asserted in the Action, or any other action or proceeding that has been, will be, or could be brought, and shall not be interpreted, construed, deemed, invoked, offered, or received in evidence or otherwise used by any person in the Action, or in any other action or proceeding, whether civil, criminal, or administrative, for any purpose other than as permitted by applicable court rules and rules of evidence.

BINDING EFFECT

31. This Stipulation shall be binding upon and inure to the benefit of the Settling Parties hereto and their respective agents, executors, heirs, successors, and assigns.

COUNTERPARTS

32. This Stipulation may be executed in multiple counterparts, each one of which shall be deemed an original and which, taken together, shall constitute one and the same agreement. Any such counterpart, to the extent delivered by means of a facsimile machine or by .pdf, .tif, .gif, .jpg, or similar attachment to electronic mail, shall be treated in all manner and respects as an original executed counterpart.

AUTHORITY

33. This Stipulation will be executed by counsel for each of the Settling Parties, each of whom represents and warrants that they have the authority from their client(s) to enter into this Stipulation and bind their clients hereto.

OWNERSHIP OF SHARES; NON-ASSIGNMENT OF CLAIMS

34. Each of the Plaintiff and the Plaintiff-Intervenor represents and warrants that it has been a stockholder of J2 since September 25, 2017, continually to the present, that as of the date hereof it continues to hold stock in J2, and that it shall continue to hold such stock in J2 through the Settlement Date. Each of the Plaintiff, Plaintiff-Intervenor and Federal Plaintiffs further represents that it has not assigned the claims asserted in the Action, or any of the Plaintiffs' Released Claims, to any person.

NO WAIVER

35. Any failure by any Settling Party to insist upon the strict performance by any other Settling Party of any of the provisions of this Stipulation shall not be deemed a waiver of any of the provisions hereof, and such Settling Party, notwithstanding such failure, shall have the right thereafter to insist on the strict performance of any and all of the provisions of this Stipulation to be performed by such other Settling Party. No waiver, express or implied, by any Settling Party of any breach or default in the performance by the other Settling Party of its obligations under this Stipulation shall be deemed or construed to be a waiver of any other breach, whether prior, subsequent, or contemporaneous, under this Stipulation.

CONFIDENTIALITY

36. The Settling Parties and their respective counsel agree, to the extent permitted by law, that all agreements made before and during the course of the Action relating to confidentiality of information shall survive this Stipulation.

IN WITNESS WHEREOF, the undersigned Settling Parties, by and through their respective counsel, have executed this Stipulation as of the date set forth above.

[*Signature page follows*]

GRANT & EISENHOFER P.A.

/s/ Michael J. Barry
Michael J. Barry (#4368) John C.
Kairis (#2752) 123 Justison Street
Wilmington, DE 19801
Counsel for Plaintiff International Union of Operating Engineers of Eastern Pennsylvania and Delaware

MORRIS, NICHOLS, ARSHT &
TUNNELL LLP

/s/ R. Judson Scaggs, Jr.
R. Judson Scaggs, Jr. (#2676) Susan W.
Waesco (#4476) Daniel T. Menken
(#6309) Michael J. Slobom, Jr (#6726)
1201 N. Market Street, 16th Floor
Wilmington, DE 19801
Counsel for Defendants Douglas Y. Bech, Robert J. Cresci, Sarah Fay, W. Brian Kretzmer, Jonathan F. Miller, Stephen Ross, Vivek Shah and Nominal Defendant J2 Global, Inc.

SAXENA WHITE P.A.

/s/ Thomas Curry
Thomas Curry (#5877) 1000 N. West Street Suite 1200, Office 1265
Wilmington, DE 19801
Counsel for Proposed Intervenor Orlando Police Pension Fund

THE BROWN LAW FIRM, P.C.

/s/ Timothy Brown
Timothy Brown
767 Third Avenue, Suite 2501 New York, NY 10017

RICHARDS, LAYTON & FINGER, P.A.

/s/ Raymond J. DiCamillo Raymond J. DiCamillo (#3188) Matthew D. Perri (#6066)
920 North King Street
Wilmington, DE 19801
Counsel for Defendants Richard Ressler, Hemi Zucker, OCV Fund I, LP, OCV I GP, LLC, and OCV Management LLC

THE ROSEN LAW FIRM, P.A.
Phillip Kim
275 Madison Avenue, 40th Floor New York, NY 10016

FARNAN LLP
Brian E. Farnan (#4089) Michael J. Farnan (#5165)
919 N. Market St., 12th Floor Wilmington, DE 19801

Counsel for Federal Plaintiff Danning Huang

HYNES & HERNANDEZ, LLC

/s/ Ligaya T. Hernandez
Michael J. Hynes Ligaya T. Hernandez
101 Lindenwood Drive, Suite 225
Malvern, PA 19355

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810 Seventh Avenue, Suite 620 New York, NY 10019

COOCH AND TAYLOR, P.A.
Blake A. Bennett (# 5133) The Nemours Building
1007 N. Orange Street, Suite 1120
Wilmington, DE 19801

Counsel for Federal Plaintiff Fritz Ringling

July 29, 2021

EXHIBIT A

OCV I GP, LLC

July 12, 2021

J2 Global, Inc.
700 South Flower Street, Suite 1500 Los Angeles, California
90017

Ladies and Gentlemen:

OCV Fund I, L.P., a Delaware limited partnership (the "Partnership"), OCV I GP, LLC, a Delaware limited liability company and the general partner of the Partnership (the "General Partner"), OCV Management, LLC, a Delaware limited liability company and the manager of the Partnership (the "Management Company") and J2 Global, Inc., a Delaware corporation and a limited partner of the partnership (the "Investor") are entering into this letter agreement (this "Letter Agreement") in connection with the Investor's existing limited partner interest in the Partnership. Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Second Amended and Restated Limited Partnership Agreement of the Partnership, dated as of January 19, 2018.

1. Derivative Litigation. The parties agree to work together to seek the approval of the Delaware Court of Chancery of a settlement of *International Union of Operating Engineers, etc. v. Ressler, et al.* (the "Delaware Derivative Action") whose terms incorporate the substance of this Letter Agreement, including the proposed amendment to the Partnership Agreement attached hereto as Exhibit A (the "Proposed Amendment"), as a settlement and final resolution of any and all derivative claims related to the Investor's investment in the Partnership and dismissal with prejudice to all stockholders of the Delaware Derivative Action. The parties also agree to work together to seek the dismissal by the U.S. District Court for the District of Delaware of any and all derivative claims related to the Investor's investment in the Partnership that have been asserted in *In re J2 Global Stockholder Derivative Litigation* (the "Federal Derivative Action") through the filing and approval of a stipulation substantially in the form attached hereto as Exhibit B. The later of the date on which such approval and dismissal is ordered in the Delaware Derivative Action and the date on which the claims related to the Investor's investment in the Partnership have been dismissed in the Federal Derivative Action is referred to as the "Settlement Date".

2. Amendment to the Partnership Agreement. The parties hereto agree that immediately following the occurrence of the Settlement Date (as defined above) they shall enter into the Proposed Amendment, which shall be effective as of the Settlement Date. For the avoidance of doubt, following the Proposed Amendment the Investor shall retain its interest in the Partnership's portfolio companies existing as of the Settlement Date and that interest shall not be diluted by any capital contributions from other Partners after such date.

3. Operations Pending the Settlement Date. Notwithstanding anything in paragraph 4.2(a) or paragraph 4.2(d)(i) of the Partnership Agreement to the contrary (but for the avoidance of doubt without limiting the Investor's obligations under paragraph 4.2(d)(ii) of the Partnership Agreement and assuming, for this purpose, that each Partner's entire Capital Commitment has already been funded), from and after the date first above written until the Settlement Date, the General Partner and the Fund shall only be permitted to issue new capital calls to the Investor and the other Partners for two reasons: (1) to pay for regularly scheduled Management Fees and (2) to pay for up to $5 million in the aggregate in follow-on investments (debt or equity) in the Fund's existing Portfolio Companies in which the Fund already owns equity. The provisions of this paragraph 3 shall terminate immediately if the settlement of the Delaware Derivative Action is terminated pursuant to the terms of the Stipulation of Settlement filed by the plaintiffs and defendants in the Delaware Derivative Action.

4. Other Investment Vehicles. The Investor acknowledges and agrees that from and after the date first above written, the General Partner and its Affiliates intend to manage other investment vehicles that are likely to make investments that are similar to those that have been made for the Partnership during its term or are otherwise suitable for investment by the Partnership or within the Partnership's investment criteria. Notwithstanding anything to the contrary in the Partnership Agreement (including without limitation paragraph 8.3 thereof), the Investor shall not, by reason of being a limited partner of the Partnership, have any right to object to, or participate in any manner in any profits or income earned or derived by or accruing to the General Partner or its Affiliates from, the conduct of any investment activity, or any transaction by the General Partner or its Affiliates, for the account of any investment vehicle other than the Partnership after the date first above written (it being understood that nothing in this paragraph 4 shall be interpreted to grant the Investor any right to object to, or participate in any manner in any such profits or income from, the conduct of any such investment activity, or any transaction by the General Partner or its Affiliates, for the account of any investment vehicle other than the Partnership prior to the date first above written that the Investor did not have prior to entering into this Letter Agreement), and shall hold harmless the General Partner and its Affiliates from any claim, liability or expense incurred by reason of any claim asserted by or on behalf of the Investor arising out of or related to any activity or transaction permitted by this sentence.

5. Advisory Committee. Effective as of the Settlement Date, the Investor shall no longer have the right to appoint a representative on the Advisory Committee of the Partnership and the Investor's current representative on such Advisory Committee shall be automatically removed from such role as of the Settlement Date.

6. Related Party Transactions. Effective as of the Settlement Date, any transactions between the Investor, on the one hand, and Richard Ressler and/or any of his affiliates, on the other hand, shall require the approval of an independent and disinterested special committee of the Investor's Board of Directors.

7. Release. Effective as of the Settlement Date, in consideration of the mutual covenants and agreements set forth in this Letter Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Investor, on behalf of itself, its direct and/or indirect parents, assigns, subsidiaries, affiliates, predecessors and/or successors, and the past and present stockholders, partners, employees, officers, directors, members, managers, representatives and/or agents of any of them (together, the "Releasors"), hereby releases the General Partner, the Management Company, the Partnership, all defendants in the Derivative Action and all current and past members of the Investor's Board of Directors, their respective direct and/or indirect parents, assigns, subsidiaries, affiliates, predecessors and/or successors, and the past and/or present stockholders, partners, employees, officers, directors, members, managers, representatives, financial and legal advisors, and/or agents of any of them (together, the "Released Parties"), from any and all claims, demands, damages, rights, liabilities, defaults, promises, obligations, duties, losses, costs, expenses, debts, interest, penalties, sanctions, fees, attorneys' fees, liens, obligations, contracts, defenses, actions, potential actions, proceedings, causes of action, suits agreements, judgments, decrees, matters, issues, and/or controversies of whatever kind, nature, or description, whether based on state, local, foreign, or federal law or rule, whether contractual, extra-contractual, statutory, regulatory, in common law, or otherwise, whether under federal law or state law, whether suspected or unsuspected, whether known or unknown, whether fixed or contingent, whether liquidated or not liquidated, whether disclosed or undisclosed, whether accrued or unaccrued, whether apparent or not apparent, whether matured or not matured, whether foreseen or unforeseen, whether now existing or hereafter ensuing (collectively, "Claims") the Releasors may have that may legally be waived by private agreement that relate in any way to the Investor's decision to invest in the Partnership and/or the Investor's investment in the Partnership and/or any related business relationships between the Investor, on the one hand, and the General Partner, the Management Company, and/or the Partnership, on the other hand (including without limitation any such Claims against any of the Released Parties based on or relating to any acts or omissions undertaken by any such Released Party in his capacity as an officer or director of the Investor), including without limitation any Claims against any of the Released Parties that are related in any way to (i) the Investor's decision to invest in the Partnership, (ii) the terms of the Investor's investment in the Partnership, (iii) the activities of the Partnership and/or operation of the Partnership by the General Partner and/or the Management Company, (iv) any matters that were alleged or that could have been alleged in the Delaware Derivative Action, (v) any matters related to the Investor's investment in the Partnership that were alleged or that could have been alleged in the Federal Derivative Action, (vi) any disclosures and/or communications concerning any such matters referred to in the foregoing clauses (i) through (v) (except that this release does not have the effect of releasing the direct claims of purchasers of publicly traded securities of the Investor that have been asserted under the Securities Exchange Act of 1934 in *Jeffrey Garcia, Individually and on behalf of All Others Similarly Situated vs. J2 Global, Inc., Vivek Shah, et al.* in the United States District Court for the Central District of California), and/or (vii) the Delaware Derivative Action, in each case from the beginning of time through the Settlement Date.

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8. Successor Fund. The parties confirm and agree, for the avoidance of doubt, that, whether or not the Settlement Date occurs, the Principals may form and pursue a Successor Fund at any time from and after the date hereof.

9. Expenses. Investor shall be responsible for its own fees and expenses in connection with the negotiation of this Letter Agreement and the proceedings related thereto, and the fees and expenses of the Partnership will be paid by the Partnership.

10. Governing Law. This Letter Agreement shall be governed by and construed in accordance with the laws of the State of Delaware as such laws would be applied to agreements among the residents of such state made and to be performed entirely within such state.

11. Counterparts. This Letter Agreement may be executed in multiple counterparts, each one of which shall be deemed an original and which, taken together, shall constitute one and the same agreement. Any such counterpart, to the extent delivered by means of a facsimile machine or by .pdf, .tif, .gif, .jpg or similar attachment to electronic mail, shall be treated in all manner and respects as an original executed counterpart.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, the parties hereto, each intending to be legally bound hereby, have caused this Letter Agreement to be executed as of the date first above written.

OCV FUND I, L.P.

By: OCV I GP, LLC
its General Partner

By: /s/ Richard S. Ressler
Name: Richard S. Ressler
Title: President of Orchard Capital Corporation,
Manager of OCV I GP, LLC

OCV I GP, LLC

By: /s/ Richard S. Ressler
Name: Richard S. Ressler
Title: President of Orchard Capital Corporation,
Manager of OCV I GP, LLC

OCV MANAGEMENT, LLC

By: /s/ Richard S. Ressler
Name: Richard S. Ressler
Title: President of Orchard Capital Corporation,
Manager of OCV Management, LLC

Acknowledged and Agreed:

J2 GLOBAL, INC.

By: ________
Name:
Title:

IN WITNESS WHEREOF, the parties hereto, each intending to be legally bound hereby, have caused this Letter Agreement to be executed as of the date first above written.

OCV FUND I, L.P.

By: OCV I GP, LLC
its General Partner

By:__ Name:
Title:

OCV I GP, LLC

By:____ Name:
Title:

OCV MANAGEMENT, LLC

By:____ Name:
Title:

Acknowledged and Agreed:

J2 GLOBAL, INC.

By: /s/ Scott Turicchi
Name: Scott Turicchi
Title: President and Chief Financial Officer

Exhibit A

OCV FUND I, L.P.

Amendment No. 1 to the
Second Amended and Restated Limited Partnership Agreement

THIS AMENDMENT NO. 1 (this "Amendment No. 1") to the Second Amended and Restated Limited Partnership Agreement, dated as of January 19, 2018 (the "Partnership Agreement"), of OCV Fund I, L.P., a Delaware limited partnership (the "Partnership"), is made on , by OCV I GP, LLC, a Delaware limited liability company and the general partner of the Partnership (the "General Partner"), and the undersigned limited partners of the Partnership. All capitalized terms used but not defined herein shall have the meanings assigned to them in the Partnership Agreement.

WHEREAS, pursuant to paragraph 15.11 of the Partnership Agreement, any provision of the Partnership Agreement may be amended with the written consent of the General Partner and a Majority in Interest of Limited Partners and the undersigned Limited Partners represent a Majority in Interest of the Limited Partners.

NOW, THEREFORE, the General Partner and the undersigned Limited Partners hereby amend the Partnership Agreement as follows:

1. No Further Capital Calls. Notwithstanding anything in paragraph 4.2(a) or paragraph 4.2(d)(i) of the Partnership Agreement to the contrary (but for the avoidance of doubt without limiting the Investor's obligations under paragraph 4.2(d)(ii) of the Partnership Agreement), effective as of the date hereof, (i) each Partner's Capital Commitment shall be reduced to the amount of such Partner's aggregate capital contributions to the Partnership actually funded as of the date hereof, and (ii) the General Partner shall not issue any new capital calls and the Partners shall have no further obligations to make capital contributions to the Partnership. Notwithstanding the foregoing, the parties agree that notwithstanding the investment restriction set forth in paragraph 8.4(i) of the Partnership Agreement and the reduction in Capital Commitments set forth in clause (i) of the preceding sentence, the Partnership will be permitted to invest up to $16 million in Foreign Entities. For the avoidance of doubt, (x) compliance with paragraphs 8.4(a), 8.4(d), 8.4(e), 8.4(f) and 8.4(i) of the Partnership Agreement shall continue to be determined on a cost basis at the time of investment and shall not be effected by any events subsequent to the time of such investment, including with respect to any investments made prior to the date hereof, the reduction in Capital Commitments set forth in clause (i) of the first sentence of this Section 1 and (y) any and all Partnership Expenses and other fees and expenses (including Management Fees calculated in accordance with Section 2 hereof) to be borne by the Partnership under the Partnership Agreement shall be continue to be borne by the Partnership to the extent not historically borne by the Management Company or the General Partner, and funded out of investment proceeds and other amounts of cash on hand at the Partnership.

2. Management Fee.

If the Settlement Date occurs in 2021:

[The Management Fee for every Fee Date in 2021 on or after the date hereof shall be an amount equal to the sum of the individual amounts calculated by multiplying each Partner's Management Fee Percentage by such Partner's aggregate capital contributions to the Partnership actually funded as of the date hereof. The Management Fee Percentage for every Fee Date on or after December 31, 2021 shall be zero percent (0%) and, therefore no additional Management Fees shall be payable by the Partners or the Partnership with respect to any Fee Date after 2021, even if an invoice for a Fee Date after 2021 has already been delivered.]

If the Settlement Date occurs after 2021:

[Each Partner's Management Fee Percentage for every Fee Date on or after the date hereof shall be zero percent (0%) and, therefore, no additional Management Fees shall be payable by the Partners or the Partnership after the date hereof, even if an invoice for a future Fee Date has already been delivered.]

3. Ratification of the Partnership Agreement. Except as otherwise expressly provided herein, all of the terms and conditions of the Partnership Agreement are ratified and shall remain unchanged and continue in full force and effect.

4. Governing Law. This Amendment No. 1 shall be governed by and construed in accordance with the laws of the State of Delaware as such laws would be applied to agreements among the residents of such state made and to be performed entirely within such state.

[Signature Page Follows]

IN WITNESS WHEREOF, this Amendment No. 1 has been executed as a deed on the date first above written.

GENERAL PARTNER:

OCV I GP, LLC

By:____ Name:
Title:

LIMITED PARTNERS:

(*Limited Partner Name*)

By:____ Name:
Title:

EXHIBIT B

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

INTERNATIONAL UNION OF)
OPERATING ENGINEERS OF) EASTERN
PENNSYLVANIA AND) DELAWARE,)
)
Plaintiff,)
and)
)
ORLANDO POLICE PENSION FUND,)
)

EXHIBIT B

Plaintiff-Intervenor,) C.A. No. 2020-0819-JTL
)
v.)
)

RICHARD RESSLER, DOUGLAS Y.) BECH, ROBERT J. CRESCI, SARAH) FAY, W. BRIAN KRETZMER,) JONATHAN F. MILLER, STEPHEN) ROSS, HEMI ZUCKER, VIVEK) SHAH, OCV FUND I, LP, OCV I GP,) LLC, AND OCV MANAGEMENT) LLC,)
)
Defendants,)
)
and)
)
J2 GLOBAL, INC.,)
)
Nominal Defendant.)

[PROPOSED] FINAL ORDER AND JUDGMENT

A hearing having been held before this Court on _____, 2021, pursuant to the Court's Order of __ __, 2021 (the "Scheduling Order"),

EXHIBIT B

upon the Stipulation and Agreement of Settlement, Compromise, and Release, dated July 29, 2021, and the exhibits thereto (the "Stipulation"), filed in the above- captioned stockholder derivative action (the "Action"), which is incorporated herein by reference, it appearing that due notice of the hearing has been given in accordance with the Scheduling Order, the parties having appeared by their attorneys of record, the Court having heard and considered all documents, evidence, objections (if any), and arguments presented in support of or against the proposed Settlement, an opportunity to be heard having been given to all other persons and entities requesting to be heard in accordance with the Scheduling Order, the Court having determined that notice to Company Stockholders was adequate and sufficient, and the entire matter of the proposed Settlement having been considered by the Court,

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED, this __ day of__2021, that:

1. Unless otherwise stated herein, all capitalized terms herein shall have the same meaning and effect as stated in the Stipulation and the Scheduling Order.

2. Mary Beth Cresci, solely in her capacity as executor of Mr. Cresci's estate, is added as a Defendant in the Action solely for purposes of entering this Final Order and Judgment.

3. This Court has jurisdiction over the subject matter of the Action, and all matters relating to the Settlement of the Action, as well as personal jurisdiction over the Parties and each of the Company Stockholders in this Action and in any dispute arising out of or relating in any way to the Settlement. It is further determined that the Plaintiffs, the Defendants, (who include Mary Beth Cresci solely in her capacity as executor of Robert J. Cresci's estate), and all Company Stockholders, as well as their heirs, executors, successors, and assigns, are bound by this Final Order and Judgment. The Federal Plaintiffs have agreed to be bound by this Final Order and Judgment.

4. Notice has been given to Company Stockholders, pursuant to and in the manner directed by the Scheduling Order, proof of dissemination of the Notice was filed with the Court, and full opportunity to be heard has been offered to all Parties and to all other persons and entities in interest with respect to all matters relating to the Settlement. The form and manner of the Notice directed by the Scheduling Order is hereby determined to have been given in full compliance with the requirements of Chancery Court Rule 23.1 and due process.

5. Based on the record in the Action, each of the provisions of Court of Chancery Rule 23.1 has been satisfied, and the Action has been properly maintained according to the provisions of Court of Chancery Rule 23.1.

6. Pursuant to Court of Chancery Rule 23.1, the Court finds that:

(a) the Plaintiffs have continuously held stock in the Company since the time of the conduct complained of in the Action, and otherwise have standing to prosecute this Action derivatively on behalf of the Company; (b) this Action was properly instituted as a derivative action on behalf of the Company; and (c) at all times, the Plaintiffs and Plaintiffs' counsel have adequately represented the interests of the Company and its stockholders with respect to this Action, the claims asserted herein, and the Settlement.

7. The Settlement is found to be, in all respects, fair, reasonable, adequate, and in the best interests of the Company and the Company's stockholders and is hereby approved pursuant to Court of Chancery Rule 23.1. The Parties are hereby authorized and directed to comply with and to consummate the Settlement as set forth in the Stipulation, and the Register in Chancery is directed to enter and docket this Final Order and Judgment.

8. This Action is hereby dismissed with prejudice as to all Defendants and as to the Plaintiffs and all other Company Stockholders. Within two business days of this Order, the Federal Plaintiffs and Defendants shall file a stipulation and proposed order in the Federal Court dismissing with prejudice the Overlapping Claims. The Parties shall bear their own fees, costs, and expenses, except as otherwise provided in the Stipulation and the Scheduling Order.

EXHIBIT B

EXHIBIT B

9. Upon the Effective Date, the Plaintiff Releasors, claiming by, through, in the right of, derivatively, or on behalf of the Company, on behalf of themselves, and their respective heirs, trustees, executors, administrators, predecessors, successors, and assigns in their capacities as such only, shall be deemed to have, and by operation of the Final Order and Judgment shall have, fully, finally, and forever released, settled, and discharged, and shall forever be enjoined from prosecuting, any and all of Plaintiffs' Released Claims against the Defendant Released Parties.

10. Upon the Effective Date, Defendant Releasors, on behalf of themselves, and their respective heirs, executors, administrators, predecessors, successors, and assigns in their capacities as such only, shall be deemed to have, and by operation of the Final Order and Judgment shall have, fully, finally and forever released, settled, and discharged, and shall forever be enjoined from prosecuting, any and all of Defendants' Released Claims against the Plaintiff Released Parties.

11. Plaintiffs' counsel are hereby awarded attorneys' fees in the amount of $___, inclusive of expenses, which amount the Court finds to be fair and reasonable and which shall be paid by the Company or its insurers as set forth in the Stipulation. Counsel for Plaintiffs shall allocate the attorneys' fees amongst

themselves and counsel for Federal Plaintiffs in a manner they believe in good faith to appropriately reflect counsel's contributions to the creation of the

benefit achieved by the Settlement. Federal Plaintiffs and their counsel shall not apply for, or accept, any award of fees or expenses related to the Overlapping Claims in the Federal Action or in any other court or proceeding.

12. Nothing herein shall in any way impair or restrict the rights of any Party to enforce the terms of the Stipulation.

13. The Parties are hereby authorized, without further approval from the Court, to agree to adopt such amendments, modifications, and expansions of the Stipulation or any exhibits attached thereto that are consistent with this Final Order and Judgment and the Stipulation, and that do not limit the rights of the Plaintiffs, the Federal Plaintiffs, the Defendants, or the Company Stockholders under the Stipulation. Without further order of the Court, the Parties may agree to reasonable extensions of time to carry out any of the provisions of the Stipulation.

14. Neither the Stipulation (including any exhibits attached thereto) nor the Settlement, nor any act performed or document executed pursuant to or in furtherance of the Stipulation or the Settlement: (a) is or may be deemed to be or may be offered, attempted to be offered, or used in any way by the Parties as a presumption, a concession, or an admission of, or evidence of, any fault, wrongdoing, or liability of the Parties or of the validity of any Released Claims; or

EXHIBIT B

(b) is or may be deemed to be or may be used as a presumption, concession, admission, or evidence of any liability, fault, or omission of any of the Plaintiff

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Released Parties or the Defendant Released Parties in any civil, criminal, or administrative proceeding in any court, administrative agency, or other tribunal. Neither the Stipulation nor the Settlement, nor any act performed or document executed pursuant to or in furtherance of the Stipulation, or the Settlement, shall be admissible in any proceeding for any purpose, except to enforce the terms of the Settlement, and except that the Plaintiff Released Parties and/or the Defendant Released Parties may file the Stipulation and/or this Judgment in any action that may be brought against them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, equitable estoppel, judicial estoppel, release, good-faith settlement, judgment bar or reduction, or any theory of claim preclusion or issue preclusion or similar defense or counterclaim.

15. If the Settlement is terminated pursuant to the terms of the Stipulation or the Settlement otherwise fails to become final for any reason, then the Settlement, the Stipulation, and this Final Order and Judgment shall be rendered null and void, and the Action shall proceed, completely without prejudice to any party as to any matter of law or fact, as if the Stipulation had not been made and had not been submitted to the Court, and neither the Stipulation, any provision contained in the Stipulation or exhibits thereto, any action undertaken pursuant thereto, nor the negotiation thereof by any Party shall be deemed an admission or

EXHIBIT B

offered or received in evidence at any proceeding in the Action, the Federal Action, or in any other

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action or proceeding. In the event the Stipulation is rendered null and void, the parties shall be deemed to have reverted to their respective status in the Action as of the date and time immediately before the execution of the Stipulation.

16. Without affecting the finality of this Judgment in any way, this Court hereby retains continuing jurisdiction over: (a) implementation of this Settlement; and (b) all Parties and the Parties' counsel hereto for the sole purpose of construing, enforcing, and administering the Stipulation and this Order.

DATED:__, 2021 __

Vice Chancellor Laster

EXHIBIT C

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

INTERNATIONAL UNION OF)
OPERATING ENGINEERS OF) EASTERN
PENNSYLVANIA AND) DELAWARE,)
)
Plaintiff,)
and)
)
ORLANDO POLICE PENSION FUND,)
)

EXHIBIT C

Plaintiff-Intervenor,)
) C.A. No. 2020-0819-JTL
v.)
)

RICHARD RESSLER, DOUGLAS Y.) BECH, ROBERT J. CRESCI, SARAH) FAY, W. BRIAN KRETZMER,) JONATHAN F. MILLER, STEPHEN) ROSS, HEMI ZUCKER, VIVEK) SHAH, OCV FUND I, LP, OCV I GP,) LLC, AND OCV MANAGEMENT) LLC,)
)
Defendants,)
)
and)
)
J2 GLOBAL, INC.,)
)
Nominal Defendant.)

[PROPOSED] SCHEDULING ORDER

WHEREAS, the Parties have applied, pursuant to Court of Chancery Rule 23.1, in accordance with the Stipulation and Agreement of Compromise,

EXHIBIT C

Settlement, and Release, dated as of July 29, 2021 (the "Stipulation"), for an Order to approve the proposed settlement (the "Settlement") of the above-captioned action (the "Action"), which sets forth the terms and conditions for the Settlement and dismissal with prejudice of the Action;

WHEREAS, the Court having read and considered the Stipulation and the accompanying documents, and the Stipulation being sufficient to warrant notice to Company Stockholders; and

WHEREAS, all parties having consented to the entry of this Order; NOW, THEREFORE, upon application of the Parties, IT IS HEREBY

ORDERED this__day of__2021, that:

1. Except for terms defined herein, the Court adopts and incorporates the definitions in the Stipulation for purposes of this Scheduling Order.

2. A hearing (the "Settlement Hearing") shall be held on

____ , 2021, at_ _.m., before the Honorable J. Travis Laster, [via Zoom videoconferencing system/at Leonard L. Williams Justice Center, 500 North King Street, Wilmington, Delaware 19801] to, among other things:

a. determine whether the Plaintiffs and Plaintiffs' counsel have adequately represented the interests of the Company and its stockholders;

b. determine whether the proposed Settlement, as set forth in the

EXHIBIT C

Stipulation, should be approved by the Court as fair, reasonable, adequate, and in the best interests of the Company and its stockholders;

c. determine whether an order and judgment should be entered approving the Settlement and dismissing the Action with prejudice, and releasing, barring, and enjoining prosecution of any and all Released Claims, upon the terms and conditions set forth in the Stipulation;

d. hear and determine any objections to the Settlement; and

e. hear other such matters as the Court may deem necessary and appropriate.

3. The Court reserves the right to adjourn and reconvene the Settlement Hearing or any adjournment thereof without further notice of any kind, other than oral announcement at the Settlement Hearing or any adjournment thereof.

4. The Court reserves the right to approve the Stipulation and the Settlement at or after the Settlement Hearing, with such modifications as may be consented to by the Parties, without further notice to Company Stockholders.

5. The Court approves the form, content, and requirements of the Notice of Pendency of Derivative Action, Proposed Settlement of Derivative

EXHIBIT C

Action, Settlement Hearing, and Right to Appear (the “Notice”) and finds that the form and

matter of notice specified therein are the best form and manner of notice practicable and shall constitute due and sufficient notice of the Settlement Hearing, and all matters relating to the Settlement, to all persons entitled to receive such notice, and fully satisfy the requirements of Court of Chancery Rule 23.1 and of due process.

6. Within fourteen (14) calendar days after the entry of this Scheduling Order, the Company shall mail, or cause to be mailed, to each Company Stockholder at their last known address appearing in the stock transfer records maintained by or on behalf of the Company as of July 29, 2021, by first-class U.S. mail, postage prepaid, a copy of the Notice, substantially in the form attached as Exhibit D to the Stipulation. All current stockholders who are record holders of J2 common stock on behalf of beneficial owners are directed to forward the Notice to the beneficial owners of such common stock, as set forth in the Notice.

7. No later than fourteen (14) calendar days before the Settlement Hearing, the Company shall file proof of the dissemination of the Notice as directed herein.

EXHIBIT C

8. At least fourteen (14) calendar days prior to the Settlement Hearing, the Parties shall file any opening briefs in support of the proposed Settlement and any proposed award of attorneys' fees.

9. At least five (5) calendar days prior to the date of the Settlement Hearing, reply papers, if any, shall be filed.

10. Any Company Stockholder that continues to own Company common stock as of the date of the Settlement Hearing may enter an appearance in the Action, at his, her, or its own expense, individually or through counsel of his, her, or its own choice, by filing with the Register in Chancery and delivering a notice of appearance to Plaintiffs' counsel and counsel for each of the Defendants, at the addresses set forth in Paragraph 11 below, such that it is received no later than fourteen (14) calendar days prior to the Settlement Hearing, or as the Court may otherwise direct.

11. Any Company Stockholder that continues to own Company common stock as of the date of the Settlement Hearing may file a written objection to the proposed Settlement and appear and show cause, if he, she, or it has any cause, why the proposed Settlement should not be approved; *provided*, *however*, that, unless otherwise directed by the Court for good cause shown, no such person or entity shall be heard or entitled to contest the approval of the terms and conditions of the proposed Settlement unless that person or entity has filed a written objection with the Register in Chancery and served (by e-mail or by hand, first-class mail, or express service) copies of such objection on the counsel listed below such that they are received no later than fourteen (14) calendar days prior to the Settlement Hearing.

EXHIBIT C

EXHIBIT C

Saxena White P.A. Attn: Thomas
Curry 1000 N. West Street Suite 1200,
Office 1265
Wilmington, DE 19801
Telephone: (302) 485-0480 Email:
tcurry@saxenawhite.com

Federal Plaintiffs' Counsel:

The Brown Law Firm, P.C. Attn: Timothy
Brown
767 Third Avenue, Suite 2501 New York,
NY 10017 Telephone: (516) 922-5427
Email: tbrown@thebrownlawfirm.net.

Hynes & Hernandez, LLC Attn: Ligaya
T. Hernandez
101 Lindenwood Drive, Suite 225
Malvern, PA 19355
Telephone: (484) 875-3116
Email: lhernandez@hh-lawfirm.com

Plaintiffs' Counsel:

Grant & Eisenhofer P.A. Attn: Michael
J. Barry 123 Justison Street
Wilmington, DE 19801
Telephone: (302) 622-7000 Email:
mbarry@gelaw.com

EXHIBIT C

Defendants' Counsel:

Morris, Nichols, Arsht & Tunnell LLP Attn: R. Judson Scaggs, Jr.
1201 N. Market Street, 16th Floor
Wilmington, DE 19801
Telephone: (302) 658-9200
Email: rscaggs@morrisnichols.com

Richards, Layton & Finger, P.A. Attn: Raymond J. DiCamillo 920 North King Street Wilmington, DE 19801
Telephone: (302) 651-7700 Email: dicamillo@rlf.com

12. Any objections must: (a) state the name, address, and telephone number of the objector and, if represented by counsel, the name, address, and telephone number of his, her, or its counsel; (b) be signed by the objector; (c) state
the objection is being filed with respect to "*International Union of Operating*

Engineers of Eastern Pennsylvania and Delaware v. Ressler, et al., C.A. No. 2020- 0819-JTL"; (d) contain a specific, written statement of the objection(s) and the specific reason(s) for the objection(s), including any legal and evidentiary support the objector wishes to bring to the Court's attention, and if the objector has indicated that he, she, or it intends to appear at the Settlement Hearing, the identity of any witnesses the objector may call to testify and any exhibits the objector intends to introduce into evidence at the hearing; and (e) include documentation sufficient to prove that the objector owned shares of Company common stock as of July 29, 2021 and contain a statement that the objector continues to hold such shares as of the date of the filing of the objection and will continue to hold those shares as of the date of the Settlement Hearing.

1. Unless the Court orders otherwise, any person or entity who does not make his, her, or its objection in the manner provided above shall: (a) be deemed to have waived and forfeited his, her, or its right to object to any aspect of the proposed Settlement; (b) be forever barred and foreclosed from objecting to the fairness, adequacy, or reasonableness of the Settlement, the Judgment to be entered approving the Settlement, or the attorneys' fees and expenses requested or awarded; and (c) be deemed to have waived and be forever barred and foreclosed from being heard, in this or any other proceeding, with respect to any matters concerning the Settlement.

EXHIBIT C

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14. All proceedings in the Action, other than such proceedings as may be necessary to carry out the terms and conditions of the Stipulation and the Settlement, are hereby stayed and suspended until further order of this Court. Pending final determination of whether the Stipulation and Settlement should be approved, the Plaintiffs, the Company and all of the Company's stockholders, and any of them, are barred and enjoined from commencing, prosecuting, instigating, or in any way participating in the commencement or prosecution of any action asserting any of the Plaintiffs' Released Claims against any of the Defendant Released Parties and from seeking any interim relief in favor of the Plaintiffs.

15. If the Settlement is approved by the Court following the Settlement Hearing, the Court shall enter the Judgment, substantially in the form attached as Exhibit B to the Stipulation.

16. If the Stipulation is not approved by the Court, is terminated, or shall not become final for any reason, then the Settlement, the Stipulation, and this Order shall be rendered null and void, and the Action shall proceed, completely without prejudice to any Party as to any matter of law or fact, as if the Stipulation had not been made and had not been submitted to the Court, and neither the Stipulation, any provision contained in the Stipulation or exhibits thereto, any

action undertaken pursuant thereto, nor the negotiation thereof by any Party shall be deemed an admission or offered or received in evidence at any proceeding in the

Action, the Federal Action, or in any other action or proceeding. In the event the Stipulation is not approved by the Court, is terminated, or shall not become effective for any reason, the parties shall be deemed to have reverted to their respective status in the Action as of the date and time immediately before the execution of the Stipulation.

17. The Court may, for good cause, extend any of the deadlines set forth in this order without further notice to Company Stockholders.

18. The Court retains jurisdiction to consider all further applications arising out of or connected with the proposed Settlement.

DATED:__, 2021 __

Vice Chancellor J. Travis Laster

EXHIBIT D

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

INTERNATIONAL UNION OF)
OPERATING ENGINEERS OF) EASTERN
PENNSYLVANIA AND) DELAWARE,)
)
Plaintiff,)
and)
)
ORLANDO POLICE PENSION FUND,)
)

EXHIBIT D

Plaintiff-Intervenor,)
) C.A. No. 2020-0819-JTL
v.)
)

RICHARD RESSLER, DOUGLAS Y.) BECH, ROBERT J. CRESCI, SARAH) FAY, W. BRIAN KRETZMER,) JONATHAN F. MILLER, STEPHEN) ROSS, HEMI ZUCKER, VIVEK) SHAH, OCV FUND I, LP, OCV I GP,) LLC, AND OCV MANAGEMENT) LLC,)
)
Defendants,)
)
and)
)

J2 GLOBAL, INC.,)
)
Nominal Defendant.)

NOTICE OF PENDENCY OF DERIVATIVE ACTION, PROPOSED SETTLEMENT OF DERIVATIVE ACTION, SETTLEMENT HEARING, AND RIGHT TO APPEAR

47975166.1

EXHIBIT D

TO: ALL RECORD HOLDERS OF SHARES OF THE COMMON STOCK OF J2 GLOBAL, INC. AT THE CLOSE OF BUSINESS ON JULY 29, 2021.

This Notice of Pendency of Derivative Action, Proposed Settlement of Derivative Action, Settlement Hearing, and Right to Appear (the "Notice") relates to a proposed settlement (the "Settlement") of the above-captioned stockholder derivative action (the "Action") pending in the Court of Chancery of the State of Delaware (the "Court").

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS WILL BE AFFECTED BY THE ACTION.

A Stipulation and Agreement of Compromise, Settlement, and Release (the "Stipulation") was entered into as of July 29, 2021 among (i) Plaintiff International Union of Operating Engineers of Eastern Pennsylvania and Delaware (the "Plaintiff"); (ii) Plaintiff-Intervenor Orlando Police Pension Fund (the "Plaintiff-Intervenor," and together with the Plaintiff, the "Plaintiffs");
(iii) Plaintiffs Danning Huang ("Federal Plaintiff Huang") and Fritz Ringling ("Federal Plaintiff Ringling," and together with Federal Plaintiff Huang, the "Federal Plaintiffs"); (iv) Defendants Richard Ressler, Douglas Y. Bech, Robert J. Cresci (now deceased; his decedent's estate is a party to and will receive the benefits of this Settlement), Sarah Fay, W. Brian Kretzmer, Jonathan F. Miller, Stephen Ross, Hemi Zucker, and Vivek Shah (the "Individual Defendants"); (v) Defendants OCV Fund I, L.P. (the "Fund"), OCV I GP, LLC (the "General Partner"), and OCV Management LLC (the "Management Company," and together with the Fund and the General Partner, the "OCV Defendants"); and (vi) Nominal Defendant J2 Global, Inc. ("J2" or the "Company," and together with the Individual Defendants and the OCV Defendants, the "Defendants," and together with the Plaintiffs, the "Parties" and each, individually, a "Party") (the Parties together the with the Federal Plaintiffs are referred to herein as the "Settling Parties," and each, individually, a "Settling Party").

<u>Please note</u>: Because the Action was brought as a derivative action, which means that it was brought on behalf of and for the benefit of the Company, the benefits from the Settlement will go to the Company. Individual J2 stockholders will not receive any direct payment from the Settlement. Also, please note that there is no proof of claim form for stockholders to submit in connection with this Settlement, and stockholders are not required to take any action in response to this Notice.

EXHIBIT D

WHAT IS THE PURPOSE OF THIS NOTICE?

1. This Notice is provided to J2 stockholders pursuant to an order of the Court. This is not a solicitation from a lawyer. The purpose of this Notice is to inform you about the pendency of the Action, which was brought by the Plaintiff on behalf of and for the benefit of the Company pending in the Court, the proposed Settlement, a hearing on the proposed Settlement (the "Settlement Hearing"), and your right, among other things, to participate in the Settlement Hearing.

2. Pursuant to the Court's Scheduling Order,[1] the Settlement Hearing will be held on___, 2021, at_a.m/p.m., before the Honorable
J. Travis Laster, [via Zoom videoconferencing system/at Leonard L. Williams Justice Center, 500 North King Street, Wilmington, Delaware 19801] (or at such a date and time as the Court may direct without further notice), to: (i) determine whether the Plaintiffs and the Plaintiffs' counsel have adequately represented the interests of J2 and its stockholders; (ii) determine whether the proposed Settlement, as set forth in the Stipulation, should be approved by the Court as fair, reasonable, adequate, and in the best interests of the Company and its stockholders;
(iii) determine whether an order and judgment should be entered approving the Settlement and dismissing the Action with prejudice, releasing, barring, and enjoining prosecution of any and all of Plaintiffs' Released Claims (as defined in paragraph 26 below) and Defendants' Released Claims (as defined in paragraph 26 below), upon the terms and conditions set forth in the Stipulation; (iv) hear and determine any objections to the Settlement; and (v) hear other such matters as the Court may deem necessary and appropriate.

3. The Court has reserved the right to adjourn and reconvene the Settlement Hearing without further notice to you other than by announcement at the Settlement Hearing or any adjournment thereof. The Court has further reserved the right to approve the Settlement, at or after the Settlement Hearing, with such modifications as may be consented to by the Parties to the Stipulation and without further notice of any kind.

WHAT IS THIS CASE ABOUT?

[1] The capitalized terms used in this Notice and not otherwise defined are defined in the Stipulation.

EXHIBIT D

THE FOLLOWING DESCRIPTION OF THE ACTION AND THE SETTLEMENT HAS BEEN PREPARED BY COUNSEL FOR THE PARTIES.

4. On September 25, 2017, J2's Board of Directors and Audit Committee authorized the Company to invest $200 million in the Fund (the "Investment"). The Fund would invest in or acquire companies on behalf of J2, using, in part, monies from the Investment.

5. Defendant Ressler is a director and stockholder in J2 and the majority equity holder in the Fund's General Partner and its Management Company. Defendant Zucker was formerly the Chief Executive Officer of J2 and is now the managing principal for the Management Company.

6. On September 24, 2020, the Plaintiff filed a Verified Stockholder Derivative Complaint (the "Complaint"). The Complaint alleges that the Individual Defendants breached their fiduciary duties by arranging for and approving the Investment. The Complaint further alleges that the Individual Defendants, except for Defendants Ressler and Zucker, breached their fiduciary duties by approving and arranging for J2's commitment to invest in the Fund and the Company's transfer of monies to the Fund and that the OCV Defendants aided and abetted the Individual Defendants' breach of fiduciary duties. The Complaint further alleges that Defendants Ressler and Zucker, and Zohar Loshitzer who is not named as a defendant in the Action, (i) breached their fiduciary duties and usurped corporate opportunities belonging to J2 by ceding to the Fund the opportunity to invest in or acquire other companies and (ii) aided and abetted breaches of fiduciary duties by the other Individual Defendants.

7. On August 14, 2020, before the Plaintiff filed the Complaint, the Plaintiff-Intervenor served a books and records demand on J2 for the purpose of investigating certain allegations similar to certain of the allegations that would be set forth in the Complaint (the "Demand").

8. The Company provided books and records in response to the Demand on September 29, 2020 and October 6, 2020.

9. On October 19, 2020, the Plaintiff-Intervenor moved to intervene in and stay the Action pending the Plaintiff-Intervenor's investigation of the books and records provided by J2.

10. Pursuant to a stipulation and proposed order by and among the Parties that was granted on November 17, 2020, the Action was stayed until 30 days after the Plaintiff-Intervenor completed its investigation of the books and records

provided by J2. J2 made additional productions of books and records in response to the Demand after the Court granted the Parties' stipulation and proposed order. In addition, J2 made available to the Plaintiff all books and records produced in response to the Demand following execution of a confidentiality agreement by and between J2 and the Plaintiff.

11. On December 11, 2020, Federal Plaintiff Huang filed a Verified Stockholder Derivative Complaint ("Huang Complaint") in the United States District Court for the District of Delaware ("Federal Court") against Defendants Vivek Shah, Nehemia Zucker, R. Scott Turicchi, Douglas Y. Bech, Robert J. Cresci, Sarah Fay, W. Brian Kretzmer, Jonathan F. Miller, Richard S. Ressler, and Stephen Ross and Nominal Defendant J2 (the "Huang Action").

12. On March 24, 2021, Federal Plaintiff Ringling filed a Verified Shareholder Derivative Complaint ("Ringling Complaint" and, together with the Huang Complaint, the "Federal Complaints") in the Federal Court against Defendants Vivek Shah, Nehemia Zucker, R. Scott Turicchi, Douglas Y. Bech, Sarah Fay, W. Brian Kretzmer, Jonathan F. Miller, Richard S. Ressler, and Stephen Ross and Nominal Defendant J2 (the "Ringling Action").

13. The Huang Action and the Ringling Action were consolidated by court order on April 8, 2021 into a consolidated action captioned: *In re J2 Global Stockholder Derivative Litigation*, Master File No.: 20-cv-01687-LPS (the "Federal Action").

14. Among the claims made in the Federal Complaints are claims that are made in the Complaint ("Overlapping Claims").

15. J2 made available to the Federal Plaintiffs, after signing a confidentiality agreement, all books and records provided to Plaintiffs.

16. Robert J. Cresci passed away during the pendency of the Action and the Federal Actions. By agreement of the Parties, Mary Beth Cresci was added as a defendant in the Action in her capacity as executor of Mr. Cresci's estate solely for purposes of the Settlement. In addition, the Federal Plaintiffs agreed to add Mary Beth Cresci as a defendant in the Federal Actions in her capacity as executor of Mr. Cresci's estate solely for purposes of dismissing the Overlapping Claims as part of this Settlement.

17. On July 29, 2021, the Settling Parties, by their counsel, executed the Stipulation and submitted the Stipulation to the Court.

18. On____, 2021, the Court entered the Scheduling Order scheduling the Settlement Hearing; staying and suspending all proceedings in the Action, other than proceedings necessary to carry out the terms and conditions of the Stipulation and the Settlement, until further order of the Court; and enjoining the Plaintiffs, the Company, and all of the Company's stockholders from commencing, prosecuting, instigating, or in any way participating in the commencement or prosecution of any action asserting any of the Plaintiffs' Released Claims (as defined in paragraph 26 below) against any of the Defendant Released Parties (as defined in paragraph 26 below) and from seeking any interim relief in favor of the Plaintiffs.

WHY ARE THE PARTIES SETTLING?

19. In light of the benefits of the Settlement, the Plaintiffs and Federal Plaintiffs have concluded that it is desirable that the Action and Overlapping Claims be fully and finally settled in the manner and upon the terms and conditions set forth in the Stipulation. The Plaintiffs, Federal Plaintiffs and their counsel recognize the significant risk, expense, and length of continued proceedings necessary to prosecute the Action and Overlapping Claims against the Defendants through appeal. Based on their evaluation, and in light of what the Plaintiffs' counsel believe to be the significant benefits conferred upon J2 and its stockholders as a result of the Settlement, the Plaintiffs, Federal Plaintiffs and their counsel have determined that the Settlement is fair, reasonable, adequate, and in the best interests of the Plaintiffs, J2, and J2 stockholders.

20. The Defendants, solely to avoid the costs, disruption, and distraction of further litigation, and without admitting the validity of any allegations made in the Action, or acknowledging any liability with respect thereto, have concluded that it is desirable that the claims against them be settled on the terms reflected in the Stipulation.

21. The Defendants maintain that they have not breached any fiduciary duty, have not engaged in any of the wrongful acts alleged in the Action, and expressly maintain that each of them diligently and scrupulously complied with his, her, or its fiduciary and other legal duties, as applicable, and entered into the Stipulation solely to eliminate the burden and expense inherent in further litigation. Similarly, the Plaintiffs' entry into the Stipulation is not an admission as to the lack of merit of any of the claims asserted in the Action, or any admission of the validity of any of the Defendants' defenses to liability. Each of the Parties recognizes and

acknowledges, however, that the Action has been brought by the Plaintiffs in good faith and defended by the Defendants and the Company in good faith, and that the Action is being voluntarily settled with the advice of counsel.

WHAT ARE THE TERMS OF THE SETTLEMENT?

22. Immediately following the Settlement Date, the OCV Defendants and the Company shall enter into Amendment No. 1 to the Fund's Second Amended and Restated Limited Partnership Agreement, dated as of January 19, 2018 (the "Proposed Amendment"), the terms of which are more fully set forth in the Stipulation.

23. In summary, the Proposed Amendment will modify the terms of the Fund's Second Amended and Restated Limited Partnership Agreement, dated as of January 19, 2018 ("Partnership Agreement") as follows:

a. On the Settlement Date (which as defined in the Stipulation is the later of the date on which (1) the Settlement is approved by the Court and
(2) the claims related to J2's investment in the Fund have been dismissed with prejudice in the Federal Action), the Partnership Agreement will be amended so that:

each Partner's Capital Commitment will be deemed fully satisfied;

no further capital calls will be made for any reason;

there will be no management fees for any period after December 31, 2021; and

for quarterly management fee payment dates between the Settlement Date and December 31, 2021, the management fee will be reduced to .5% of each Partner's *actual* Capital Contributions as of the Settlement Date (rather than .5% of the Partner's original Capital Commitment).

b. J2 and OCV Fund I also agree that, effective as of the Settlement Date:

J2 will retain its indirect interest in the Fund's portfolio companies as they exist on the Settlement Date, and that interest shall not be diluted by any capital contributions from other Partners after such date;

J2 will give up its right to appoint a representative to the Fund's advisory committee and J2's current representative on the advisory committee shall be automatically removed from such role as of the Settlement Date; and

any future transactions between J2, on the one hand, and/or Richard Ressler or any of his affiliates, on the other hand, will require the approval of an independent and disinterested special committee of J2's board of directors.

c. Between now and the Settlement Date (or between now and any date on which the settlement is terminated pursuant to the terms of the Stipulation), OCV will operate in the ordinary course, but new capital calls will be limited to regularly scheduled quarterly management fees and up to $5 million of follow-on investments in the Fund's existing portfolio companies.

24. The benefits to J2 of the Settlement can be summarized as follows:

Assuming a prompt approval of the Settlement, it relieves J2 of responsibility for any management fees after 2021, representing approximately $17 million in savings.

Assuming a prompt approval of the Settlement, it reduces the management fee for the 4th quarter of 2021 by several hundred thousand dollars.

It relieves J2 of the obligation to make capital contributions for investments during the remaining term of the Fund (other than up to $5 million of follow-on investments as described in paragraph 22.c above) .

It allows J2 to retain its interest in the existing OCV portfolio, but J2 will not have any right to participate in any future investments made by OCV or its affiliates.

It reduces the distraction related to J2's funding of future investments managed by an entity controlled by Richard Ressler, one of J2's directors and stockholders.

You should not rely solely on this summary of the Proposed Amendment or its benefits to J2, but should review the full Proposed Amendment and make your own determination of its benefits to J2.

25. Upon the Settlement Date, the release set forth in paragraph 26 below will occur.

WHAT WILL HAPPEN IF THE SETTLEMENT IS APPROVED? WHAT CLAIMS WILL THE SETTLEMENT RELEASE?

26. If the Settlement is approved, the Court will enter a Final Order and Judgment (the "Judgment"). Pursuant to the Judgment, upon the Settlement Date, the Action will be dismissed with prejudice and the following releases will occur:

> **Release of Claims by the Plaintiff Releasors and the Company Releasors:** The Plaintiff Releasors and the Company Releasors shall be deemed to have, and by operation of the Judgment approving this Settlement shall have, completely, fully, finally, and forever discharged, dismissed with prejudice on the merits, released and settled, to the fullest extent permitted by law, the Plaintiffs' Released Claims against the Defendant Released Parties.
>
> "Plaintiff Releasors" means each of the Plaintiffs, Federal Plaintiffs, the Company on behalf of the Company Releasors, and the Company Stockholders, and each of their respective direct and/or indirect parents, assigns, subsidiaries, affiliates, predecessors and/or successors, and the past and present stockholders, partners, employees, officers, directors, members, managers, representatives and/or agents of any of them.

EXHIBIT D

"Company Releasors" means each of J2 and J2's direct and/or indirect parents, assigns, subsidiaries, affiliates, predecessors and/or successors, and the past and present stockholders, partners, employees, officers, directors, members, managers, representatives and/or agents of any of them.

"Plaintiffs' Released Claims" means any and all Claims that any of the Company Releasors and/or Plaintiff Releasors may have that may legally be waived by private agreement that relate in any way to the Company's decision to invest in the Fund and/or the Company's investment in the Fund and/or any related business relationships between the Company, on the one hand, and one or more of the OCV Defendants, on the other hand (including without limitation any such Claims against any of the Defendant Released Parties based on or relating to any acts or omissions undertaken by any such Defendant Released Party in his capacity as an officer or director of the Company), including without limitation any Claims against any of the Defendant Released Parties that are related in any way to (i) the Company's decision to invest in the Fund; (ii) the terms of the Company's investment in the Fund; (iii) the activities of the Fund and/or operation of the Fund by the General Partner and/or the Management Company; (iv) any matters that were alleged or that could have been alleged in the Action; (v) any matters related to the Company's investment in the Fund that were alleged or that could have been alleged in the Federal Actions; (vi) any disclosures and/or communications concerning any such matters referred to in the foregoing clauses (i) through (v) (except that this release does not have the effect of releasing the direct claims of purchasers of publicly traded securities of the Company that have been asserted under the Securities Exchange Act of 1934 in *Garcia v. J2 Global, Inc., et al.*, C.D. Cal., No. 2:20-cv- 06096-SB-MAA in the United States District Court for the Central District of California); and/or (vii) the Action and/or the settlement thereof, including this Stipulation, in

each case from the beginning of time through the Settlement Date.

"Defendant Released Parties" means each of the Defendants and all current and past members of the Company's Board of Directors, their respective direct and/or indirect parents, assigns, subsidiaries, affiliates, predecessors and/or successors, and the past and/or present stockholders, partners, employees, officers, directors, members, managers, representatives, financial and legal advisors, and/or agents of any of them.

"Claims" means all manner of claims, demands, damages, rights, liabilities, defaults, promises, obligations, duties, losses, costs, expenses, debts, interest, penalties, sanctions, fees, attorneys' fees, liens, obligations, contracts, defenses, actions, potential actions, proceedings, causes of action, suits, agreements, judgments, decrees, matters, issues, and/or controversies of whatever kind, nature, or description, whether based on state, local, foreign, or federal law or rule, whether contractual, extra-contractual, statutory, regulatory, in common law, or otherwise, whether suspected or unsuspected, whether known or unknown, including Unknown Claims, whether fixed or contingent, whether liquidated or not liquidated, whether disclosed or undisclosed, whether accrued or unaccrued, whether apparent or not apparent, whether matured or not matured, whether foreseen or unforeseen, whether now existing or hereafter ensuing.

"Unknown Claims" means claims that the Plaintiff Releasors did not know or suspect to exist at the time of the release, which, if known, might have affected the decision to enter into this Stipulation.

Release of Claims by the Defendant Releasors: The Defendant Releasors shall be deemed to have, and by operation of the Judgment (as defined below) approving the Settlement shall have, completely, fully, finally, and forever discharged, dismissed with prejudice on the

merits, released and settled, to the fullest extent permitted by law, the Defendants' Released Claims against the Plaintiff Released Parties.

"Defendant Releasors" means each of Richard Ressler, Douglas Y. Bech, Robert J. Cresci, Sarah Fay, W. Brian Kretzmer, Jonathan F. Miller, Stephen Ross, Hemi Zucker, Vivek Shah, the Fund, the General Partner, and the Management Company.

"Defendants' Released Claims" means all Claims that may legally be waived by private agreement that are based upon or arise out of the prosecution of the Action and Overlapping Claims, except for claims relating to the enforcement of the Settlement. For avoidance of doubt, Defendants' Released Claims do not include claims for any conduct postdating the Stipulation.

"Plaintiff Released Parties" means each of J2, Plaintiffs, Federal Plaintiffs and the Company Stockholders other than the Individual Defendants, and each of their respective parents, subsidiaries, affiliates, and controlling persons, and any current or former officer or director of any of the foregoing, and each of their respective heirs, trusts, trustees, executors, estates, administrators, beneficiaries, distributees, foundations, agents, employees, fiduciaries, partners, partnerships, general or limited partners or partnerships, joint ventures, member firms, limited liability companies, corporations, divisions, affiliates, associated entities, stockholders, principals, officers, directors, managing directors, members, managing members, managing agents, predecessors, predecessors-in-interest, successors, successors-in- interest, assigns, financial or investment advisors, attorneys (including all Plaintiffs' counsel in this Action), personal or legal representatives, accountants, insurers, co-insurers, reinsurers, and associates.

27. If the Court enters the Judgment, within two business days of the date that the Court enters the Judgment, the Federal Plaintiffs and Defendants shall

file a stipulation and proposed order in the District Court, in the form of Exhibit E to the Stipulation, dismissing the Overlapping Claims.

28. If the Settlement is approved and becomes final, because the Company will have released the Plaintiffs' Released Claims described above against the Defendant Released Parties, no J2 stockholder will be able to bring another action asserting those claims against those persons on behalf of the Company.

29. Pending final determination of whether the Settlement should be approved, all proceedings in the Action, other than such proceedings as may be necessary to carry out the terms and conditions of the Settlement, are stayed and suspended until further order of the Court. Pending final determination of whether the Settlement should be approved, Plaintiffs and all current J2 stockholders are barred and enjoined from commencing, prosecuting, instigating, or in any way participating in the commencement or prosecution of any action asserting any Plaintiffs' Released Claims, either directly, derivatively, or in any other capacity, against the Company, the Defendants, or any of the Defendant Released Parties and from seeking any interim relief in favor of the Plaintiffs.

HOW WILL THE ATTORNEYS BE PAID?

30. The Company and the Plaintiffs, Federal Plaintiffs and their counsel will attempt to negotiate an award of reasonable attorneys' fees and expenses. If the Company and the Plaintiffs, Federal Plaintiffs and their counsel agree to the amount of an appropriate award, they will separately document that agreement, the Plaintiffs and the Plaintiffs' counsel shall then apply for an award up to that agreed amount (the "Attorneys' Fees and Expenses Application"), and the Company will not oppose the Attorneys' Fees and Expenses Application.

31. If the Company and the Plaintiffs, Federal Plaintiffs and their counsel do not reach agreement as to the amount of an award of reasonable attorneys' fees and expenses, the Plaintiffs, Federal Plaintiffs and their counsel reserve the right to petition the Court for an award of reasonable attorneys' fees and expenses in connection with the Settlement, and the Company reserves all rights to oppose any such petition for attorneys' fees and expenses.

32. Any such attorneys' fees shall be borne entirely by the Company and/or its insurers, and not by any other Defendant.

EXHIBIT D

WHEN AND WHERE WILL THE SETTLEMENT HEARING BE HELD? DO I HAVE THE RIGHT TO APPEAR AT THE SETTLEMENT HEARING?

33. The Court will consider the Settlement and all matters related to the Settlement at the Settlement Hearing. The Settlement Hearing will be held on _______, 2021, at___a.m./p.m., before the Honorable J. Travis Laster, [via Zoom videoconferencing system/at Leonard L. Williams Justice Center, 500 North King Street, Wilmington, Delaware 19801] (or at such a date and time as the Court may direct without further notice).

34. At the Settlement Hearing, the Court will, among other things: (i) determine whether Plaintiffs and Plaintiffs' counsel have adequately represented the interests of J2 and its stockholders; (ii) determine whether the proposed Settlement, as set forth in the Stipulation, should be approved by the Court as fair, reasonable, adequate, and in the best interests of the Company and its stockholders; (iii) determine whether an order and judgment should be entered approving the Settlement and dismissing the Action with prejudice, releasing, barring, and enjoining prosecution of any and all of Plaintiffs' Released Claims (as defined in paragraph 26 above) and Defendants' Released Claims (as defined in paragraph 26 above), upon the terms and conditions set forth in the Stipulation; (iv) hear and determine any objections to the Settlement; and (v) hear other such matters as the Court may deem necessary and appropriate.

35. **Please note:** The Court has reserved the right to adjourn the Settlement Hearing at such hearing or any adjournment thereof, without further notice of any kind other than by oral announcement at the Settlement Hearing or any adjournment thereof. The Court has further reserved the right to approve the Settlement, at or after the Settlement Hearing, with such modifications as the Parties may agree to, without further notice to stockholders. You should monitor the Court's docket before making plans to attend the Settlement Hearing. You may also confirm the date and time of the Settlement Hearing by contacting Plaintiffs' counsel as indicated in paragraph 36 below.

36. Any person or entity that owned Company common stock as of September 25, 2017 and continues to own such stock through____, 2021 (the date of the Settlement Hearing), may object to the Settlement. Objections must be in writing and must be filed, together with copies of all other papers and briefs supporting the objection, with the Register in Chancery, Court of Chancery, 500 North King Street, Wilmington, Delaware 19801 no later than fourteen (14) days

EXHIBIT D

prior to the Settlement Hearing. Objections must also be served (by e-mail or hand, first class mail, or express service) on the counsel listed below such that they are ***received*** no later than fourteen (14) days prior to the Settlement Hearing:

EXHIBIT D

Saxena White P.A. Attn: Thomas Curry 1000 N. West Street Suite 1200, Office 1265
Wilmington, DE 19801
Telephone: (302) 485-0480 Email: tcurry@saxenawhite.com

Federal Plaintiffs' Counsel:

The Brown Law Firm, P.C. Attn: Timothy Brown
767 Third Avenue, Suite 2501 New York, NY 10017 Telephone: (516) 922-5427
Email: tbrown@thebrownlawfirm.net.

Hynes & Hernandez, LLC Attn: Ligaya T. Hernandez
101 Lindenwood Drive, Suite 225
Malvern, PA 19355
Telephone: (484) 875-3116
Email: lhernandez@hh-lawfirm.com

Plaintiffs' Counsel:

Grant & Eisenhofer P.A. Attn: Michael J. Barry 123 Justison Street
Wilmington, DE 19801
Telephone: (302) 622-7000 Email: mbarry@gelaw.com

EXHIBIT D

Defendants' Counsel:

Morris, Nichols, Arsht & Tunnell LLP Attn:
R. Judson Scaggs, Jr.
1201 N. Market Street, 16th Floor
Wilmington, DE 19801
Telephone: (302) 658-9200
Email: rscaggs@morrisnichols.com

Richards, Layton & Finger, P.A. Attn:
Raymond J. DiCamillo 920 North King
Street Wilmington, DE 19801
Telephone: (302) 651-7700 Email:
dicamillo@rlf.com

37. Any objections must: (a) state the name, address, and telephone number of the objector and, if represented by counsel, the name, address, and telephone number of his, her, or its counsel; (b) be signed by the objector; (c) state

the objection is being filed with respect to "*International Union of Operating Engineers of Eastern Pennsylvania and Delaware v. Ressler*, C.A. No. 2020-0819- JTL"; (d) contain a specific, written statement of the objection(s) and the specific reason(s) for the objection(s), including any legal and evidentiary support the objector wishes to bring to the Court's attention, and if the objector has indicated that he, she, or it intends to appear at the Settlement Hearing, the identity of any witnesses the objector may call to testify and any exhibits the objector intends to introduce into evidence at the hearing; and (e) include documentation sufficient to prove that the objector owned shares of Company common stock as of July 29, 2021, and contain a statement that the objector continues to hold such shares as of the date of the filing of the objection and will continue to hold those shares as of the date of the Settlement Hearing.

1. You may file a written objection without having to appear at the Settlement Hearing. You may not, however, appear at the Settlement Hearing to present your objection unless you first filed and served a written objection in accordance with the procedures described above, unless the Court orders otherwise.

2. Any J2 stockholder wishing to be heard orally at the Settlement Hearing is required to file and serve a timely written objection as described above, and must also serve a notice of intention to appear with the Register in Chancery (either electronically by File & Serve*Xpress*, by hand, or by overnight mail) and serve it on Plaintiffs' counsel and counsel for each of the Defendants at the addresses set forth in paragraph 36 above so that it is received no later than fourteen (14) days prior to the Settlement Hearing. Persons who intend to object and desire to present evidence at the Settlement Hearing must include in their written objection or notice of appearance the identity of any such witnesses they may call to testify and exhibits they intend to introduce into evidence at the hearing. Such persons may be heard orally at the discretion of the Court.

3. You are not required to hire an attorney to represent you in making written objections or in appearing at the Settlement Hearing. However, if you decide to hire an attorney, it will be at your own expense, and that attorney must file a notice of appearance with the Court and serve it on Plaintiffs' counsel and counsel for each of the Defendants at the addresses set forth in paragraph 36 above so that the notice is received no later than fourteen (14) days prior to the Settlement Hearing.

4. Unless the Court orders otherwise, any person or entity who does not make his, her, or its objection in the manner described above shall be deemed to have waived his, her, or its right to object to any aspect of the

proposed Settlement, and shall forever be barred and foreclosed from objecting to the fairness, adequacy, or reasonableness of the Settlement or from otherwise being heard concerning the Settlement in this or any other proceeding.

NOTICE TO PERSONS OR ENTITIES HOLDING RECORD

42. Brokerage firms, banks, and/or other persons or entities who hold shares of the stock of J2 for the benefit of others are hereby requested to promptly send this Notice to all of their respective beneficial owners. If additional copies of this Notice are needed for forwarding to such beneficial owners, any requests for such copies may be made to:

Computershare
C/O Shareowner Services PO Box 505000
Louisville, KY 40233-5002

Overnight Correspondence: Computershare
C/O Shareowner Services 462 S. 4th Street
Louisville, KY 40202

(800) 962-4284

CAN I SEE THE COURT FILE? WHOM SHOULD I CONTACT IF I HAVE QUESTIONS?

43. This Notice does not purport to be a comprehensive description of the Action, the allegations related thereto, or the terms of the Settlement. For more detailed information about the matters involved in the Action, you may view the papers on file in the Action, including the Stipulation, during regular office hours at the Office of the Register in Chancery in the Court of Chancery of the State of Delaware, 500 North King Street, Wilmington, Delaware 19801. If you have questions regarding the Settlement, you may write Plaintiffs' counsel at the addresses set forth in paragraph 36 above.

EXHIBIT D

PLEASE DO NOT TELEPHONE THE COURT OR THE REGISTER OF CHANCERY REGARDING THIS NOTICE.

EXHIBIT D

Dated: ____, 2021 BY ORDER OF THE COURT OF
CHANCERY OF THE STATE OF DELAWARE

EXHIBIT E

IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF DELAWARE

DANNING HUANG, derivatively on behalf of J2 GLOBAL, INC.,

Plaintiff,

EXHIBIT E

v.

EXHIBIT E

VIVEK SHAH, NEHEMIA ZUCKER, R. SCOTT TURICCHI, DOUGLAS Y. BECH, ROBERT J. CRESCI, SARAH FAY, W. BRIAN KRETZMER, JONATHAN F. MILLER, RICHARD S. RESSLER, and STEPHEN ROSS,

C.A. No. 1:20-cv-01687-LPS

Defendants,

and

J2 GLOBAL, INC.,

Nominal Defendant.

FRITZ RINGLING, derivatively on behalf of J2 GLOBAL, INC.,

Plaintiff,

v.

VIVEK SHAH, NEHEMIA ZUCKER, R. SCOTT TURICCHI, DOUGLAS Y. BECH, SARAH FAY, W. BRIAN KRETZMER, JONATHAN F. MILLER, RICHARD S. RESSLER, and STEPHEN ROSS,

C.A. No. 1:21-cv-00421-CFC

Defendants,

and

J2 GLOBAL, INC.,

Nominal Defendant.

EXHIBIT E

STIPULATION AND [PROPOSED] ORDER OF PARTIAL DISMISSAL

WHEREAS, on December 11, 2020 and March 24, 2021 respectively, Plaintiffs Danning Huang and Fritz Ringling ("Plaintiffs") filed stockholder derivative complaints (the "Complaints") in this Court against Defendants Vivek Shah, Nehemia Zucker, R. Scott Turicchi, Douglas Y. Bech, Robert J. Cresci, Sarah Fay, W. Brian Kretzmer, Jonathan F. Miller, Richard S. Ressler, and Stephen Ross (the "Individual Defendants"), and Nominal Defendant J2 Global, Inc. ("J2," together with the Individual Defendants, "Defendants");

WHEREAS, a putative derivative lawsuit, asserting Delaware state law claims based on allegations that overlap with certain allegations in the Complaints related to an investment made by J2 in OCV Fund I, L.P. (the "Fund") in 2017 (the "OCV Investment"), was filed in the Court of Chancery of the State of Delaware on September 24, 2020 under the caption *Int'l Union of Operating Engineers of E. Penn. & Del. v. Ressler, et al.*, C.A. No. 2020-0819-JTL (the "Chancery Action");

WHEREAS, plaintiffs in the Chancery Action and Plaintiffs in this action reached a negotiated settlement with Defendants resolving the claims at issue in the Chancery Action and claims in the Complaints in this action related to the OCV Investment (the "Settlement"); and

WHEREAS, on__, 2021, the Settlement was reviewed and approved by the Court of Chancery of the State of Delaware pursuant to Court of Chancery Rule

23.1 after the parties provided reasonable notice of the Settlement to J2's stockholders and an opportunity to object to the Settlement.[1]

WHEREAS, Robert J. Cresci passed away during the pendency of the Chancery Action and these consolidated actions, and Mary Beth Cresci, in her capacity as executor of Mr.

---

[1] A true and correct copy of the Court of Chancery's order approving the Settlement is attached hereto as Exhibit A.

EXHIBIT E

Cresci's estate, was added as a defendant in the Chancery Action solely for purposes of the Settlement and is hereby added as a defendant to these consolidated actions solely for purposes of dismissing the Dismissed Claims (defined below) as part of the Settlement;

NOW THEREFORE, IT IS HEREBY STIPULATED, by and among the parties hereto, through their undersigned counsel, subject to the approval of the Court, that:

1. All claims in the Complaints that were settled, released, or dismissed by the Settlement (and all claims that are based on, related to or arise out of such claims), including without limitation all claims that are based on, related to or arise out of (i) J2's investment in the Fund, (ii) the activities and operations of the Fund, (iii) the business relationship between J2 and the Fund, OCV I GP, LLC and OCV Management LLC, and/or (iv) any disclosures and/or communications concerning such matters, are hereby DISMISSED WITH PREJUDICE ("Dismissed Claims").

2. All claims other than the Dismissed Claims remain pending before this Court.

3. The Stipulation and Order Regarding Stay of Proceedings, entered by the Court on March 3, 2021, shall remain in effect.

EXHIBIT E

EXHIBIT E

FARNAN LLP

/s/ DRAFT

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OF COUNSEL:

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THE ROSEN LAW FIRM, P.A.
Phillip Kim
275 Madison Avenue, 34th Floor New York, NY
10016
(212) 686-1060
pkim@rosenlegal.com

Attorneys for Plaintiff Danning Huang

MORRIS, NICHOLS, ARSHT &
TUNNELL LLP

/s/ DRAFT

R. Judson Scaggs, Jr. (#2676) Susan
W. Waesco (#4476) Daniel T.
Menken (#6309) 1201 North Market
Street
P.O. Box 1347 Wilmington,
DE 19899 (302) 658-9200
rscaggs@morrisnichols.com swaesco@morrisnichols.com
dmenken@morrisnichols.com

Attorneys for Defendants Vivek Shah, R. Scott Turicchi, Douglas Y. Bech, Robert J. Cresci, Sarah Fay, W. Brian Kretzmer, Jonathan F. Miller, and Stephen Ross and for Nominal Defendant J2 Global, Inc.

EXHIBIT E

EXHIBIT E

COOCH AND TAYLOR, P.A.

/s/ DRAFT
Blake A. Bennett (# 5133) The Nemours Building
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Wilmington, DE 19801
Telephone: (302) 984-3800
bbennett@coochtaylor.com

OF COUNSEL:

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Michael J. Hynes Ligaya T. Hernandez
101 Lindenwood Drive, Suite 225
Malvern, PA 19355
Telephone: (484) 875-3116 mhynes@hh-lawfirm.com lhernandez@hh-lawfirm.com

BRAGAR EAGEL & SQUIRE, P.C.
Garam Choe
810 Seventh Avenue, Suite 620 New York, NY 10019 Telephone: (646) 860-9449
choe@bespc.com

Attorneys for Plaintiff Fritz Ringling

RICHARDS, LAYTON & FINGER, P.A.

/s/ DRAFT
Raymond J. DiCamillo (#3188)
Matthew D. Perri (#6066)
920 North King Street
Wilmington, DE 19801
(302) 651-7786
dicamillo@rlf.com
perri@rlf.com

Attorneys for Defendants Nehemia Zucker and Richard S. Ressler

Date:__, 2021

IT IS SO ORDERED this__day of__, 2021.

CHIEF, UNITED STATES DISTRICT JUDGE

EX
H
T

GRANTED WITH MODIFICATIONS

IBI

N THE COURT OF CHANCERY OF THE STATE OF DELAWARE

INTERNATIONAL UNION OF)
OPERATING ENGINEERS OF) EASTERN
PENNSYLVANIA AND) DELAWARE,)
)
Plaintiff,)
and)
)
ORLANDO POLICE PENSION FUND,)
)
Plaintiff-Intervenor,)
) C.A. No. 2020-0819-JTL
v.)
)

RICHARD RESSLER, DOUGLAS Y.) BECH, ROBERT J. CRESCI, SARAH) FAY, W. BRIAN KRETZMER,) JONATHAN F. MILLER, STEPHEN) ROSS, HEMI ZUCKER, VIVEK) SHAH, OCV FUND I, LP, OCV I GP,) LLC, AND OCV MANAGEMENT) LLC,)
)
Defendants,)
)
and)
)
J2 GLOBAL, INC.,)
)
Nominal Defendant.)

[PROPOSED] FINAL ORDER AND JUDGMENT

A hearing having been held before this Court on _____, 2021, pursuant to the Court's Order of __ __, 2021 (the "Scheduling Order"),

---

upon the Stipulation and Agreement of Settlement, Compromise, and Release, dated July 29, 2021, and the exhibits thereto (the "Stipulation"), filed in the above- captioned stockholder derivative action (the "Action"), which is incorporated herein by reference, it appearing that due notice of the hearing has been given in accordance with the Scheduling Order, the parties having appeared by their attorneys of record, the Court having heard and considered all documents, evidence, objections (if any), and arguments presented in support of or against the proposed Settlement, an opportunity to be heard having been given to all other persons and entities requesting to be heard in accordance with the Scheduling Order, the Court having determined that notice to Company Stockholders was adequate and sufficient, and the entire matter of the proposed Settlement having been considered by the Court,

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED, this __ day of__2021, that:

1. Unless otherwise stated herein, all capitalized terms herein shall have the same meaning and effect as stated in the Stipulation and the Scheduling Order.

2. Mary Beth Cresci, solely in her capacity as executor of Mr. Cresci's estate, is added as a Defendant in the Action solely for purposes of entering this Final Order and Judgment.

3. This Court has jurisdiction over the subject matter of the Action, and all matters relating to the Settlement of the Action, as well as personal jurisdiction over the Parties and each of the Company Stockholders in this Action and in any dispute arising out of or relating in any way to the Settlement. It is further determined that the Plaintiffs, the Defendants, (who include Mary Beth Cresci solely in her capacity as executor of Robert J. Cresci's estate), and all Company Stockholders, as well as their heirs, executors, successors, and assigns, are bound by this Final Order and Judgment. The Federal Plaintiffs have agreed to be bound by this Final Order and Judgment.

4. Notice has been given to Company Stockholders, pursuant to and in the manner directed by the Scheduling Order, proof of dissemination of the Notice was filed with the Court, and full opportunity to be heard has been offered to all Parties and to all other persons and entities in interest with respect to all matters relating to the Settlement. The form and manner of the Notice directed by the Scheduling Order is hereby determined to have been given in full compliance with the requirements of Chancery Court Rule 23.1 and due process.

5. Based on the record in the Action, each of the provisions of Court of Chancery Rule 23.1 has been satisfied, and the Action has been properly maintained according to the provisions of Court of Chancery Rule 23.1.

6. Pursuant to Court of Chancery Rule 23.1, the Court finds that:

(a) the Plaintiffs have continuously held stock in the Company since the time of the conduct complained of in the Action, and otherwise have standing to prosecute this Action derivatively on behalf of the Company; (b) this Action was properly instituted as a derivative action on behalf of the Company; and (c) at all times, the Plaintiffs and Plaintiffs' counsel have adequately represented the interests of the Company and its stockholders with respect to this Action, the claims asserted herein, and the Settlement.

7. The Settlement is found to be, in all respects, fair, reasonable, adequate, and in the best interests of the Company and the Company's stockholders and is hereby approved pursuant to Court of Chancery Rule 23.1. The Parties are hereby authorized and directed to comply with and to consummate the Settlement as set forth in the Stipulation, and the Register in Chancery is directed to enter and docket this Final Order and Judgment.

8. This Action is hereby dismissed with prejudice as to all Defendants and as to the Plaintiffs and all other Company Stockholders. Within two business days of this Order, the Federal Plaintiffs and Defendants shall file a stipulation and proposed order in the Federal Court dismissing with prejudice the Overlapping Claims. The Parties shall bear their own fees, costs, and expenses, except as otherwise provided in the Stipulation and the Scheduling Order.

9. Upon the Effective Date, the Plaintiff Releasors, claiming by, through, in the right of, derivatively, or on behalf of the Company, on behalf of themselves, and their respective heirs, trustees, executors, administrators, predecessors, successors, and assigns in their capacities as such only, shall be deemed to have, and by operation of the Final Order and Judgment shall have, fully, finally, and forever released, settled, and discharged, and shall forever be enjoined from prosecuting, any and all of Plaintiffs' Released Claims against the Defendant Released Parties.

10. Upon the Effective Date, Defendant Releasors, on behalf of themselves, and their respective heirs, executors, administrators, predecessors, successors, and assigns in their capacities as such only, shall be deemed to have, and by operation of the Final Order and Judgment shall have, fully, finally and forever released, settled, and discharged, and shall forever be enjoined from prosecuting, any and all of Defendants' Released Claims against the Plaintiff Released Parties.

11. Plaintiffs' counsel are hereby awarded attorneys' fees in the amount of $__, inclusive of expenses, which amount the Court finds to be fair and reasonable and which shall be paid by the Company or its insurers as set forth in the Stipulation. Counsel for Plaintiffs shall allocate the attorneys' fees amongst

themselves and counsel for Federal Plaintiffs in a manner they believe in good faith to appropriately reflect counsel's contributions to the creation of the

benefit achieved by the Settlement. Federal Plaintiffs and their counsel shall not apply for, or accept, any award of fees or expenses related to the Overlapping Claims in the Federal Action or in any other court or proceeding.

12. Nothing herein shall in any way impair or restrict the rights of any Party to enforce the terms of the Stipulation.

13. The Parties are hereby authorized, without further approval from the Court, to agree to adopt such amendments, modifications, and expansions of the Stipulation or any exhibits attached thereto that are consistent with this Final Order and Judgment and the Stipulation, and that do not limit the rights of the Plaintiffs, the Federal Plaintiffs, the Defendants, or the Company Stockholders under the Stipulation. Without further order of the Court, the Parties may agree to reasonable extensions of time to carry out any of the provisions of the Stipulation.

14. Neither the Stipulation (including any exhibits attached thereto) nor the Settlement, nor any act performed or document executed pursuant to or in furtherance of the Stipulation or the Settlement: (a) is or may be deemed to be or may be offered, attempted to be offered, or used in any way by the Parties as a presumption, a concession, or an admission of, or evidence of, any fault, wrongdoing, or liability of the Parties or of the validity of any Released Claims; or

(b) is or may be deemed to be or may be used as a presumption, concession, admission, or evidence of any liability, fault, or omission of any of the Plaintiff

Released Parties or the Defendant Released Parties in any civil, criminal, or administrative proceeding in any court, administrative agency, or other tribunal. Neither the Stipulation nor the Settlement, nor any act performed or document executed pursuant to or in furtherance of the Stipulation, or the Settlement, shall be admissible in any proceeding for any purpose, except to enforce the terms of the Settlement, and except that the Plaintiff Released Parties and/or the Defendant Released Parties may file the Stipulation and/or this Judgment in any action that may be brought against them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, equitable estoppel, judicial estoppel, release, good-faith settlement, judgment bar or reduction, or any theory of claim preclusion or issue preclusion or similar defense or counterclaim.

15. If the Settlement is terminated pursuant to the terms of the Stipulation or the Settlement otherwise fails to become final for any reason, then the Settlement, the Stipulation, and this Final Order and Judgment shall be rendered null and void, and the Action shall proceed, completely without prejudice to any party as to any matter of law or fact, as if the Stipulation had not been made and had not been submitted to the Court, and neither the Stipulation, any provision contained in the Stipulation or exhibits thereto, any action undertaken pursuant thereto, nor the negotiation thereof by any Party shall be deemed an admission or

offered or received in evidence at any proceeding in the Action, the Federal Action, or in any other

action or proceeding. In the event the Stipulation is rendered null and void, the parties shall be deemed to have reverted to their respective status in the Action as of the date and time immediately before the execution of the Stipulation.

16. Without affecting the finality of this Judgment in any way, this Court hereby retains continuing jurisdiction over: (a) implementation of this Settlement; and (b) all Parties and the Parties' counsel hereto for the sole purpose of construing, enforcing, and administering the Stipulation and this Order.

DATED:__, 2021 __

Vice Chancellor Laster

This document constitutes a ruling of the court and should be treated as such.

Court: DE Court of Chancery Civil Action

Judge: J Travis Laster

File & Serve Transaction ID: 66806667

Current Date: Jan 20, 2022

Case Number: 2020-0819-JTL

Case Name: International Union of Operating Engineers of Eastern Pennsylvania and Delaware v. Richard Ressler

Court Authorizer: J Travis Laster

Court Authorizer Comments:

The award of fees and expenses in the amount of $1,950,000 million is approved.

/s/ Judge J Travis Laster

EXHIBIT 21.1

List of Subsidiaries of
Ziff Davis, Inc.

Ziff Davis, Inc.'s principal affiliates as of December 31, 2021, are listed below. All other affiliates, if considered in the aggregate as a single affiliate, would not constitute a significant subsidiary.

Name	State or Other Jurisdiction of Incorporation
J2 Global Australia Pty Ltd	Australia
j2 Global Canada, Inc.	Canada
Ekahau Oy	Finland
Ziff Davis Performance Marketing Private Limited	India
Electric Mail (Ireland) Limited	Ireland
j2 Global Holdings Limited	Ireland
j2 Global Ireland Limited	Ireland
Ziff Davis Ireland Limited	Ireland
Serinus42 B.V.	Netherlands
J2 Global UK Limited	United Kingdom
Livedrive Internet Limited	United Kingdom
Ziff Davis International Ltd.	United Kingdom
BabyCenter, LLC	Delaware, United States
DW Prime Holdings Inc.	Delaware, United States
Ekahau, Inc.	Delaware, United States
Everyday Health, Inc.	Delaware, United States
Everyday Health Media, LLC	Delaware, United States
Humble Bundle, Inc.	Delaware, United States
IGN Entertainment, Inc.	Delaware, United States
J2 Martech Corp.	Delaware, United States
J2 Global Ventures, LLC	Delaware, United States
J2 Web Services, Inc.	Delaware, United States
Mashable, Inc.	Delaware, United States
Offers.com, LLC	Delaware, United States
OnTargetJobs, Inc.	Delaware, United States
RetailMeNot, Inc.	Delaware, United States
SEOMoz, Inc	Delaware, United States
SpiceWorks, Inc.	Delaware, United States
ThreatTrack Security Holdings, Inc.	Delaware, United States
Ziff Davis, LLC	Delaware, United States
Ziff Davis Performance Marketing, Inc.	Delaware, United States
Mudhook Marketing, Inc.	Florida, United States
NetProtect, Inc.	Florida, United States
Prime Education, LLC	Florida, United States
ThreatTrack Security, Inc.	Florida, United States
MedPage Today, L.L.C.	New Jersey, United States
Excel Micro, LLC	Pennsylvania, United States
Ookla, LLC	Washington, United States
Root Wireless, Inc.	Washington, United States

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Ziff Davis, Inc.
New York, New York

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-149641, 333-64986, 333-135340, 333-55402, 333-31064 and 333-203913) of Ziff Davis, Inc. ("Company") of our reports dated March 14, 2022, relating to the consolidated financial statements and schedule, and the effectiveness of the Company's internal control over financial reporting, which appear in this Form 10-K. Our report on the effectiveness of internal control over financial reporting expresses an adverse opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2021.

/s/ BDO USA, LLP

Los Angeles, California
March 14, 2022

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Vivek Shah, certify that:

1. I have reviewed this Annual Report on Form 10-K of Ziff Davis, 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 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 controls 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.

/s/ VIVEK SHAH
Vivek Shah
Chief Executive Officer
(Principal Executive Officer)

Dated: March 14, 2022

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Bret Richter, certify that:

1. I have reviewed this Annual Report on Form 10-K of Ziff Davis, 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 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 controls 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.

/s/ BRET RICHTER
Bret Richter
Chief Financial Officer
(Principal Financial Officer)

Dated: March 14, 2022

EXHIBIT 32.1

CERTIFICATION 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

In connection with the Annual Report on Form 10-K of Ziff Davis, Inc. (the "Company") for the year ended December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Vivek Shah, as Chief Executive Officer (Principal Executive Officer) of the Company, and Bret Richter, as Chief Financial Officer (Principal 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, to the best of his knowledge, respectively, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

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

Dated: March 14, 2022

By: /s/ VIVEK SHAH
Vivek Shah
Chief Executive Officer
(Principal Executive Officer)

Dated: March 14, 2022

By: /s/ BRET RICHTER
Bret Richter
Chief Financial Officer
(Principal Financial Officer)

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to Ziff Davis, Inc. and will be retained by Ziff Davis, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 99.1

ZIFF DAVIS, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

On September 21, 2021, Ziff Davis, Inc. (formerly J2 Global, Inc., the "Company") announced that its Board of Directors approved its previously announced separation of the cloud fax business (the "Separation") into an independent publicly traded company, Consensus Cloud Solutions, Inc. ("Consensus"). On October 7, 2021 (the "Distribution Date"), the Separation was completed and the Company transferred J2 Cloud Services, LLC to Consensus who in turn transferred non-fax assets and liabilities back to the Company such that Consensus was left with the cloud fax business. Consensus paid the Company approximately $259.1 million of cash in a distribution that is anticipated to be tax-free provided certain requirements are met and transferred $500.0 million of senior notes due 2028 to the Company, which the Company then exchanged for extinguishment of indebtedness outstanding under its bridge loan facility. The Separation was achieved through the Company's distribution of 80.1% of the shares of Consensus common stock to holders of J2 Global, Inc. common stock as of the close of business on October 1, 2021, the record date for the distribution. The Company's stockholders of record received one share of Consensus common stock for every three shares of J2 Global's common stock. In connection with the Separation we changed our name to Ziff Davis, Inc. ("Ziff Davis") from J2 Global, Inc. and began trading under the stock symbol "ZD". On October 8, 2021, Consensus began trading on Nasdaq under the stock symbol "CCSI". The Company retained a 19.9% interest in Consensus following the Separation. After the distribution, the Company will no longer consolidate Consensus into its financial results.

The unaudited pro forma condensed consolidated financial information below was prepared in accordance with Article 11 of Regulation S-X as amended by the final rule, Release No. 33-10786 "*Amendments to Financial Disclosures about Acquired and Disposed Businesses*." This unaudited pro forma condensed consolidated financial information should be read together with the Company's historical consolidated financial statements and accompanying notes and Management's Discussion and Analysis of Financial Condition and Results of Operations included in its annual report on Form 10-K for the fiscal year ended December 31, 2020, and in its quarterly report on Form 10-Q for the nine months ended September 30, 2021.

The unaudited pro forma condensed consolidated financial statements have been derived from the Company's historical consolidated financial statements and give effect to the Separation and related transactions. The following unaudited pro forma condensed consolidated balance sheet as of September 30, 2021, reflects the Company's financial position as if the Separation had occurred on September 30, 2021. The following unaudited pro forma condensed consolidated statements of operations for the nine months ended September 30, 2021 and for each of the years ended December 31, 2020, 2019 and 2018 reflect the Company's results as if the Separation had occurred as of January 1, 2018, except with respect to the "Transaction Accounting Adjustments" column, which gives effect to related transactions as if they had occurred as of January 1, 2020. After the date of the Separation, the historical financial results of Consensus will be reflected in our consolidated financial statements as discontinued operations under U.S. generally accepted accounting principles ("GAAP") for all periods.

The information in the "Discontinued Operations" column in the unaudited pro forma condensed consolidated balance sheet was derived from the Company's consolidated financial statements and the related accounting records as of September 30, 2021, adjusted to include certain assets and liabilities that will be transferred to Consensus pursuant to the Separation and Distribution agreement, and exclude certain liabilities related to Consensus that will be retained by the Company in connection with the Separation. The information in the "Discontinued Operations" column in the unaudited pro forma condensed consolidated statements of operations was derived from the Company's consolidated financial statements and related accounting records for the nine months ended September 30, 2021, and the fiscal years ended December 31, 2020, 2019 and 2018, and reflects the operating results of, and costs to separate, Consensus. Discontinued Operations does not include any allocation of general corporate overhead expense or interest expense of the Company to Consensus. Discontinued Operations does not reflect what Consensus' results of operations would have been on a stand-alone basis and are not necessarily indicative of future results of operations. Beginning in the fourth quarter of fiscal 2021, Consensus' historical financial results for periods prior to the distribution will be reflected in the Company's consolidated financial statements as discontinued operations.

The Company elected not to show any "management adjustments" presenting potential cost savings in the unaudited pro forma condensed consolidated financial statements.

The unaudited pro forma condensed consolidated financial statements are presented based on information currently available, are intended for informational purposes, are not intended to represent what the Company's consolidated statements of operations and balance sheet actually would have been had the Separation occurred on the dates indicated above and do not reflect all actions that may be undertaken by the Company after the distribution and disposition of Consensus. In addition, the "Pro Forma Ziff Davis" column is not necessarily indicative of future results, nor does it reflect what the Company's financial position and results of operations would have been as an independent public company during the periods presented.

ZIFF DAVIS, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
AS OF SEPTEMBER 30, 2021
(in thousands)

	Historical Ziff Davis (as reported)	Discontinued Operations (A)	Transaction Accounting Adjustments	Notes	Pro Forma Ziff Davis
ASSETS					
Cash and cash equivalents	$ 546,467	$ (31,210)	$ 290,708	(A)	$ 816,465
			10,500	(B)	
Short-term investments	—	—	439,665	(C)	256,196
			(290,708)	(A)	
			(500,000)	(D)	
			280,985	(E)	
			326,254	(F)	
Accounts receivable, net of allowances	268,349	(20,790)	8,722	(G)	256,281
Prepaid expenses and other current assets	73,457	(3,032)	—		70,425
Total current assets	888,273	(55,032)	566,126		1,399,367
Long-term investments	110,718	—	—		110,718
Property and equipment, net	183,179	(31,336)	—		151,843
Operating lease right-of-use assets	88,331	(24,039)	—		64,292
Trade names, net	178,322	(29,017)	—		149,305
Customer relationships, net	301,897	(10,561)	—		291,336
Goodwill	1,861,332	(340,390)	—		1,520,942
Other purchased intangibles, net	160,943	(750)	—		160,193
Deferred income taxes	37,761	(34,201)	—		3,560
Other assets	19,901	(775)	—		19,126
TOTAL ASSETS	$ 3,830,657	$ (526,101)	$ 566,126		$ 3,870,682
LIABILITIES AND STOCKHOLDERS' EQUITY					
Accounts payable and accrued expenses	$ 228,977	$ (28,168)	$ 28,503	(H)	$ 229,312
Income taxes payable, current	1,793	(1,611)	—		182
Deferred revenue, current	197,901	(23,793)	—		174,108
Operating lease liabilities, current	31,636	(2,617)	—		29,019
Current portion of long-term debt	568,054	—	(485,000)	(I)	83,054
Other current liabilities	36	—	—		36
Total current liabilities	1,028,397	(56,189)	(456,497)		515,711
Long-term debt	1,110,699	(10)	—		1,110,689
Deferred revenue, noncurrent	15,189	(192)	—		14,997
Operating lease liabilities, noncurrent	84,519	(24,360)	—		60,159
Income taxes payable, noncurrent	11,675	—	—		11,675
Liability for uncertain tax positions	54,178	(4,152)	—		50,026
Deferred income taxes	112,482	—	—		112,482
Other long-term liabilities	44,259	(1,533)	—		42,726
TOTAL LIABILITIES	2,461,398	(86,436)	(456,497)		1,918,465
Common stock	478	—	—		478
Additional paid-in capital	508,493	—	—		508,493
Retained earnings	931,477	(439,665)	439,665	(C)	1,495,470
			280,985	(E)	
			326,254	(F)	

			(24,281)	(J)	
			(18,965)	(K)	
Accumulated other comprehensive loss	(71,189)	—	18,965	(K)	(52,224)
TOTAL STOCKHOLDERS' EQUITY	1,369,259	(439,665)	1,022,623		1,952,217
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 3,830,657	$ (526,101)	$ 566,126		$ 3,870,682

ZIFF DAVIS, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
NINE MONTHS ENDED SEPTEMBER 30, 2021
(IN THOUSANDS EXCEPT SHARE AND PER SHARE DATA)

	Historical Ziff Davis (as reported)	Discontinued Operations (A)	Transaction Accounting Adjustments	Pro Forma Ziff Davis
Total revenues	$ 1,271,480	$ (263,386)	$ —	$ 1,008,094
Cost of revenues	185,462	(43,127)	—	142,335
Gross profit	1,086,018	(220,259)	—	865,759
Operating expenses:				
Sales and marketing	394,981	(40,031)	—	354,950
Research, development and engineering	62,634	(5,635)	—	56,999
General and administrative	359,498	(20,263)	—	339,235
Goodwill impairment on business	32,629	—	—	32,629
Total operating expenses	849,742	(65,929)	—	783,813
Income from operations	236,276	(154,330)	—	81,946
Interest (expense) income, net	(62,832)	(410)	—	(63,242)
Loss on sale of businesses	(21,798)	—	—	(21,798)
Loss on investments, net	(16,677)	—	—	(16,677)
Other income (loss), net	1,367	(1,833)	—	(466)
Income before income taxes and loss from equity method investment, net	136,336	(156,573)		(20,237)
Income tax expense (benefit)	16,723	(38,148)	—	(21,425)
Income from equity method investment, net	(16,596)	—	—	(16,596)
Net income	$ 136,209	$ (118,425)	$ —	$ 17,784
Net income per common share:				
Basic	$ 3.01			$ 0.39
Diluted	$ 2.86			$ 0.37
Weighted average shares outstanding:				
Basic	45,258,819			45,258,819
Diluted	47,565,062			47,565,062

ZIFF DAVIS, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2020
(IN THOUSANDS EXCEPT SHARE AND PER SHARE DATA)

	Historical Ziff Davis (as reported)	Discontinued Operations (A)	Transaction Accounting Adjustments	Notes	Pro Forma Ziff Davis
Total revenues	$ 1,489,593	$ (330,764)	$ —		$ 1,158,829
Cost of revenues	231,782	(53,379)	—		178,403
Gross profit	1,257,811	(277,385)	—		980,426
Operating expenses:					
Sales and marketing	413,474	(47,115)	—		366,359
Research, development and engineering	64,295	(7,147)	—		57,148
General and administrative	445,431	(26,852)	10,150	(J)	428,729
Total operating expenses	923,200	(81,114)	10,150		852,236
Income from operations	334,611	(196,271)	(10,150)		128,190
Interest expense, net	(131,975)	75,787	(14,131)	(J)	(70,319)
Gain on sale of businesses	17,122	—	—		17,122
Loss on investments, net	(20,991)	—	—		(20,991)
Unrealized gain on short-term investment	—	—	326,254	(F)	326,254
Other income, net	31,632	(31,567)	—		65
Income before income taxes and loss from equity method investment, net	230,399	(152,051)	301,973		380,321
Income tax expense	68,393	(30,043)	—		38,350
Loss from equity method investment, net	11,338	—	—		11,338
Net income	$ 150,668	$ (122,008)	$ 301,973		$ 330,633
Net income per common share:					
Basic	$ 3.24				$ 7.11
Diluted	$ 3.18				$ 6.99
Weighted average shares outstanding:					
Basic	46,308,825				46,308,825
Diluted	47,122,511				47,122,511

ZIFF DAVIS, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2019
(IN THOUSANDS EXCEPT SHARE AND PER SHARE DATA)

	Historical Ziff Davis (as reported)	Discontinued Operations (A)	Pro Forma Ziff Davis
Total revenues	$ 1,372,054	$ (321,590)	$ 1,050,464
Cost of revenues	237,323	(49,991)	187,332
Gross profit	1,134,731	(271,599)	863,132
Operating expenses:			
Sales and marketing	379,183	(51,522)	327,661
Research, development and engineering	54,396	(9,745)	44,651
General and administrative	424,072	(21,475)	402,597
Total operating expenses	857,651	(82,742)	774,909
Income from operations	277,080	(188,857)	88,223
Interest expense, net	(69,546)	42,660	(26,886)
Loss on investments, net	(4,211)	—	(4,211)
Other expense, net	(3,725)	1,420	(2,305)
Income before income taxes and loss from equity method investment, net	199,598	(144,777)	54,821
Income tax (benefit) expense	(19,376)	33,136	13,760
Loss from equity method investment, net	168	—	168
Net income	$ 218,806	$ (177,913)	$ 40,893
Net income per common share:			
Basic	$ 4.52		$ 0.85
Diluted	$ 4.39		$ 0.83
Weighted average shares outstanding:			
Basic	47,647,397		47,647,397
Diluted	49,025,684		49,025,684

ZIFF DAVIS, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS EXCEPT SHARE AND PER SHARE DATA)

	Historical Ziff Davis (as reported)	Discontinued Operations (A)	Pro Forma Ziff Davis
Total revenues	$ 1,207,295	$ (326,318)	$ 880,977
Cost of revenues	201,074	(44,947)	156,127
Gross profit	1,006,221	(281,371)	724,850
Operating expenses:			
Sales and marketing	338,304	(50,231)	288,073
Research, development and engineering	48,370	(14,245)	34,125
General and administrative	375,267	(31,620)	343,647
Total operating expenses	761,941	(96,096)	665,845
Income from operations	244,280	(185,275)	59,005
Interest expense, net	(61,987)	36,223	(25,764)
Loss on investments, net	(73)	—	(73)
Other expense, net	(4,633)	1,119	(3,514)
Income before income taxes and loss from equity method investment, net	177,587	(147,933)	29,654
Income tax expense	44,760	(28,605)	16,155
Loss from equity method investment, net	4,140	—	4,140
Net income	$ 128,687	$ (119,328)	$ 9,359
Net income per common share:			
Basic	$ 2.64		$ 0.20
Diluted	$ 2.59		$ 0.19
Weighted average shares outstanding:			
Basic	47,950,746		47,950,746
Diluted	48,927,791		48,927,791

ZIFF DAVIS, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Company's unaudited pro forma condensed consolidated balance sheet as of September 30, 2021 and the unaudited pro forma condensed consolidated statements of operations for the nine months ended September 30, 2021 and for each of the years ended December 31, 2020, 2019, and 2018, include the following pro forma adjustments:

Discontinued Operations:

(A) Reflects the discontinued operations of Consensus, including the associated assets, liabilities, equity and results of operations and the non-recurring costs, primarily consisting of professional fees, that are directly related to the Separation. Certain liabilities related to Consensus and certain general corporate overhead expenses that were not specifically related to Consensus were excluded, as they did not meet the discontinued operations criteria. Intercompany transactions between the Company and Consensus that were eliminated in consolidation are excluded from discontinued operations.

Transaction Accounting Adjustments:

(A) Reflects i) the cash distribution of approximately $259.1 million from Consensus to the Company in connection with the Separation and ii) an approximate $31.6 million excess cash transfer from Consensus. These cash disbursements from Consensus were consideration for the cloud fax business and reduced the Company's initial investment in Consensus prior to the Separation.

(B) Reflects a $10.5 million transaction fee reimbursement paid by Consensus at the time of the Separation.

(C) Reflects the reclassification of the net carrying value of the cloud fax business of $439.7 million from equity to the Company's initial investment in Consensus immediately prior to the Separation.

(D) Reflects the transfer of the $500.0 million senior notes due 2028 to the Company, which were subsequently part of a debt exchange transaction to extinguish the Company's bridge loan facility as further discussed below. The 2028 notes were consideration for the cloud fax business and reduced the Company's initial investment in Consensus prior to the Separation.

(E) Reflects the distribution of 80.1% of the shares of Consensus common stock to holders of J2 Global, Inc. common stock as of the close of business on October 1, 2021, the record date for the distribution.

(F) Reflects the $326.3 million unrealized gain recognized in connection with the Separation to reflect the value of the Company's 19.9% retained ownership of Consensus at fair value. The fair value of the Company's 19.9% investment in the common stock of Consensus, or 3,960,607 shares, was valued using the closing stock price of Consensus common stock on October 8, 2021 (the first full day of trading) of $64.88 per share, resulting in a fair value of $257.0 million. The gain was determined using the fair value less the net carrying value of Consensus as of the date of the Separation of $(69.3) million. There was no tax affect associated with this adjustment because this income is not subject to tax since the Company has the ability to dispose of the investment in a tax-free manner based on guidance and requirements set out by the Internal Revenue Service. A change of ten percent in the stock price used in this calculation would change the fair value by approximately $25.7 million.

(G) Reflects a receivable of approximately $8.7 million related to transaction fees that were or are expected to be subsequently reimbursed by Consensus after the Separation.

(H) Reflects the accrual of approximately $28.5 million of transaction costs primarily related to professional fees associated with preparation of regulatory filings and transaction execution and separation activities within finance, tax and legal functions.

(I) Reflects the $485.0 million extinguishment of the Company's bridge loan facility that was required to be repaid at the Separation.

(J) Total transaction costs expensed, net of reimbursement from Consensus, were $24.3 million, including (i) an $8.8 million loss on extinguishment and $5.3 million of interest expense related to the bridge loan discussed in note (I) above, and (ii) $10.2 million of other transaction costs related to the Separation. These transaction costs were recorded within discontinued operations upon the Separation in accordance with ASC 205, *Presentation of Financial Statements* subsequent to the Separation.

(K) Reflects the reclassification of accumulated other comprehensive income (AOCI) attributable to the cloud fax business at the time of Separation.