UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2023

OR

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

For the transition period from __________ to __________

Commission File Number: 001-40116

AdTheorent Holding Company, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**85-3978415**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
330 Hudson Street, 13th Floor	
New York, New York	**10013**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (800) 804-1359

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.0001 per share	**ADTH**	**The Nasdaq Stock Market**
Warrants to purchase common stock	**ADTHW**	**The Nasdaq Stock Market**

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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated filer	☐	Accelerated filer	☒
Non-Accelerated filer	☐	Smaller reporting company	☒
Emerging growth company	☒		

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

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

As of November 2, 2023, the registrant had 88,241,898 shares of common stock outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited).

ADTHEORENT HOLDING COMPANY, INC AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)
(unaudited)

	September 30, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 74,339	$ 72,579
Accounts receivable, net	48,693	56,027
Income tax recoverable	177	145
Prepaid expenses	2,673	1,466
Total current assets	125,882	130,217
Property and equipment, net	465	520
Operating lease right-of-use assets	4,987	5,732
Investment in SymetryML Holdings	636	789
Customer relationships, net	1,119	4,475
Other intangible assets, net	7,854	6,708
Goodwill	34,842	34,842
Deferred income taxes, net	12,067	6,962
Other assets	308	359
Total assets	$ 188,160	$ 190,604
LIABILITIES AND STOCKHOLDERS’ EQUITY		
Current liabilities		
Accounts payable	$ 10,294	$ 9,479
Accrued compensation	5,117	8,939
Accrued expenses	5,076	6,224
Operating lease liabilities, current	1,265	1,265
Total current liabilities	21,752	25,907
Warrants	862	2,298
Seller's Earn-Out	23	773
Operating lease liabilities, non-current	5,253	6,201
Total liabilities	27,890	35,179
Stockholders’ equity		
Preferred stock, $0.0001 per share, 20,000,000 shares authorized, no shares issued and outstanding as of September 30, 2023 and December 31, 2022	—	—
Common stock, $0.0001 par value, 350,000,000 shares authorized; 88,206,048 and 86,968,309 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	9	9
Additional paid-in capital	89,746	83,566
Retained earnings	70,515	71,850
Total stockholders' equity	160,270	155,425
Total liabilities and stockholders’ equity	$ 188,160	$ 190,604

See accompanying notes to condensed consolidated financial statements.

ADTHEORENT HOLDING COMPANY, INC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share amounts)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	**2022**	**2023**	**2022**
Revenue	$ 40,890	$ 37,584	$ 111,151	$ 114,301
Operating expenses:				
Platform operations	22,019	19,581	61,141	58,207
Sales and marketing	11,119	11,127	32,050	32,540
Technology and development	3,794	3,955	10,453	12,393
General and administrative	4,113	4,729	11,638	15,433
Total operating expenses	41,045	39,392	115,282	118,573
Loss from operations	(155)	(1,808)	(4,131)	(4,272)
Interest income (expense), net	707	97	1,750	(59)
Gain on change in fair value of Seller's Earn-Out	225	2,901	750	15,664
Gain on change in fair value of warrants	1,290	5,674	1,436	8,261
Gain on deconsolidation of SymetryML	—	—	—	1,939
Loss on change in fair value of SAFE Notes	—	—	—	(788)
Gain (loss) on fair value of investment in SymetryML Holdings	5	(39)	(153)	(49)
Other expense, net	(12)	(5)	(49)	(24)
Total other income, net	2,215	8,628	3,734	24,944
Net income (loss) before income taxes	2,060	6,820	(397)	20,672
(Provision) benefit for income taxes	(6,254)	(1,095)	(938)	540
Net (loss) income	$ (4,194)	$ 5,725	$ (1,335)	$ 21,212
Less: Net loss attributable to noncontrolling interest	—	—	—	550
Net (loss) income attributable to AdTheorent Holding Company, Inc.	$ (4,194)	$ 5,725	$ (1,335)	$ 21,762
(Loss) earnings per share:				
Basic	$ (0.05)	$ 0.07	$ (0.02)	$ 0.25
Diluted	$ (0.05)	$ 0.06	$ (0.02)	$ 0.23
Weighted-average common shares outstanding:				
Basic	88,175,813	86,492,025	87,869,345	86,003,514
Diluted	88,175,813	92,122,421	87,869,345	92,885,851

See accompanying notes to condensed consolidated financial statements.

ADTHEORENT HOLDING COMPANY, INC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(in thousands, except for number of shares)
(unaudited)

	Common Stock					
	Shares	Amount	Additional Paid-in Capital	Retained Earnings	Noncontrolling Interests	Total Stockholders' Equity
December 31, 2022	86,968,309	$ 9	$ 83,566	$ 71,850	$ —	155,425
Equity-based compensation	—	—	1,552	—	—	1,552
Exercises of options	80,520	—	57	—	—	57
Vesting of restricted stock, net of shares withheld for taxes	605,854	—	(399)	—	—	(399)
Shares issued under employee stock purchase plan	111,433	—	172	—	—	172
Net loss	—	—	—	(5,223)		(5,223)
March 31, 2023	87,766,116	$ 9	$ 84,948	$ 66,627	$ —	$ 151,584
Equity-based compensation	—	—	1,932	—	—	1,932
Exercises of options	152,947	—	93	—	—	93
Vesting of restricted stock, net of shares withheld for taxes	51,834	—	(38)	—	—	(38)
Net income	—	—	—	8,082	—	8,082
June 30, 2023	87,970,897	$ 9	$ 86,935	$ 74,709	$ —	$ 161,653
Equity-based compensation	—	—	2,697	—	—	2,697
Vesting of restricted stock, net of shares withheld for taxes	114,179	—	(29)	—	—	(29)
Shares issued under employee stock purchase plan	120,972	—	143	—	—	143
Net loss	—	—	—	(4,194)	—	(4,194)
September 30, 2023	88,206,048	$ 9	$ 89,746	$ 70,515	$ —	$ 160,270

See accompanying notes to condensed consolidated financial statements.

ADTHEORENT HOLDING COMPANY, INC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY (continued)
(in thousands, except for number of shares)
(unaudited)

	Common Stock										
	Shares		Amount		Additional Paid-in Capital		Retained Earnings		Noncontrolling Interests		Total Stockholders' Equity
December 31, 2021	85,743,994	$	9	$	70,778	$	42,512	$	(1,416)		111,883
Equity-based compensation	—		—		1,988		—		—		1,988
Seller's Earn-Out equity-based compensation	—		—		492		—		—		492
Conversion of SAFE Notes into SymetryML preferred stock	—		—		—		—		3,938		3,938
SymetryML preferred stock issuance	—		—		—		—		400		400
Deconsolidation of SymetryML Holdings	—		—		—		—		(2,372)		(2,372)
Net loss	—		—		—		(41,740)		(550)		(42,290)
March 31, 2022	85,743,994	$	9	$	73,258	$	772	$	—	$	74,039
Equity-based compensation	—		—		3,856		—		—		3,856
Seller's Earn-Out equity-based compensation	—		—		499		—		—		499
Exercises of options	355,629		—		183		—		—		183
Exercises of warrants	10		—		—		—		—		—
Transaction cost adjustment	—		—		55		—		—		55
Net income	—		—		—		57,777		—		57,777
June 30, 2022	86,099,633	$	9	$	77,851	$	58,549	$	—	$	136,409
Equity-based compensation	—		—		2,783		—		—		2,783
Seller's Earn-Out equity-based compensation	—		—		373		—		—		373
Exercises of options	244,922		—		163		—		—		163
Vesting of restricted stock, net of shares withheld for taxes	346,875		—		(231)		—		—		(231)
Net income	—		—		—		5,725		—		5,725
September 30, 2022	86,691,430	$	9	$	80,939	$	64,274	$	—	$	145,222

See accompanying notes to condensed consolidated financial statements.

ADTHEORENT HOLDING COMPANY, INC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Nine Months Ended September 30,	
	2023	**2022**
Cash flows from operating activities		
Net (loss) income	$ (1,335)	$ 21,212
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Provision for credit losses	10	240
Amortization expense	6,473	5,872
Depreciation expense	146	143
Amortization of debt issuance costs	42	42
Gain on change in fair value of Seller's Earn-Out	(750)	(15,664)
Gain on change in fair value of warrants	(1,436)	(8,261)
Gain on deconsolidation of SymetryML	—	(1,939)
Loss on change in fair value of SAFE Notes	—	788
Loss on fair value of investment in SymetryML Holdings	153	49
Deferred tax benefit	(5,105)	(5,455)
Equity-based compensation	5,924	8,627
Seller's Earn-Out equity-based compensation	—	1,364
Changes in operating assets and liabilities:		
Accounts receivable	7,324	13,103
Income taxes recoverable	(32)	(4)
Prepaid expenses and other assets	(453)	337
Accounts payable	775	(3,911)
Accrued compensation, accrued expenses, and other liabilities	(5,918)	(8,104)
Net cash provided by operating activities	5,818	8,439
Cash flows from investing activities		
Capitalized software development costs	(3,969)	(2,008)
Purchase of property and equipment	(88)	(311)
Decrease in cash from deconsolidation of SymetryML	—	(69)
Net cash used in investing activities	(4,057)	(2,388)
Cash flows from financing activities		
Cash received for exercised options	150	346
Payment of revolver borrowings	—	(39,017)
Proceeds from SAFE Notes	—	200
Proceeds from SymetryML preferred stock issuance	—	400
Taxes paid related to net settlement of restricted stock awards	(466)	(231)
Proceeds from employee stock purchase plan	315	—
Net cash used in financing activities	(1)	(38,302)
Net increase (decrease) in cash and cash equivalents	1,760	(32,251)
Cash and cash equivalents at beginning of period	72,579	100,093
Cash and cash equivalents at end of period	$ 74,339	$ 67,842
Supplemental disclosure of cash flow information		
Increase in lease liabilities from obtaining right-of-use assets - ASC 842 adoption	$ —	$ 8,376
Increase in lease liabilities from obtaining right-of-use assets	$ —	$ 214
Non-cash investing and financial activities		
Capitalized software and property and equipment, net included in accounts payable	$ 40	$ 56
Equity-based compensation included in capitalized software development costs	$ 257	$ —

See accompanying notes to condensed consolidated financial statements.

1. DESCRIPTION OF BUSINESS

AdTheorent Holding Company Inc. and its subsidiaries (the “Company”, “AdTheorent”), is a digital media platform which focuses on performance-first, privacy-forward methods to execute programmatic digital advertising campaigns, serving both advertising agency and brand customers. The Company uses machine learning and advanced data science to organize, analyze and operationalize non-sensitive data to deliver real-world value for customers. Central to its ad-targeting and campaign optimization methods, the Company builds custom machine learning models for each campaign using historic and real-time data to predict future consumer conversion actions for every digital ad impression. The Company’s machine learning models are customized for every campaign and the platform “learns” over the course of each campaign as it processes more data related to post media view conversion experience. AdTheorent is a Delaware corporation headquartered in New York, New York.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The accompanying Condensed Consolidated Financial Statements are prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and include the operations of the Company. All intercompany transactions have been eliminated in consolidation.

In the opinion of management, the accompanying unaudited Condensed Consolidated Financial Statements contain all adjustments, consisting of only normal recurring adjustments, necessary for a fair statement of the Company's financial position as of September 30, 2023 and for the three and nine months ended September 30, 2023 and 2022. The Condensed Consolidated Balance Sheet as of December 31, 2022, has been derived from the Company's audited consolidated financial statements as of that date. The Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, which include a complete set of footnote disclosures, including the Company's significant accounting policies. The results for interim periods are not necessarily indicative of the results that may be expected for a full fiscal year or for any other future period.

Summary of Significant Accounting Policies

There have been no material changes in the Company's significant accounting policies during the nine months ended September 30, 2023, as compared to the significant accounting policies described in Note 2 to the Consolidated Financial Statements for the year ended December 31, 2022, except as detailed below.

Accounts Receivable and Allowance for Credit Losses (formerly Allowance for Doubtful Accounts)

Accounts receivable are recorded at the invoiced amount, are unsecured, and do not bear interest. The allowance for credit losses is based on the best estimate of the amount of probable credit losses in existing accounts receivable. The Company reviews the allowance for credit losses on a quarterly basis. The allowance for credit losses is determined based on historical collection experience, the review in each period of the status of the then outstanding accounts receivable, while taking into consideration current customer information, and other macroeconomic and industry factors. Account balances are written off against the allowance when the Company believes it is probable the receivable will not be recovered.

Emerging Growth Company

From time to time, new accounting pronouncements, or Accounting Standard Updates (“ASU”) are issued by the Financial Accounting Standards Board (“FASB”), or other standard setting bodies and adopted by the Company as of the specified effective date. Unless otherwise discussed, the impact of recently issued standards that are not yet effective will not have a material impact on the Company’s financial position or results of operations upon adoption.

The Company is an emerging growth company ("EGC") as defined in the Jumpstart Our Business Startups Act of 2012 ("JOBS Act") and may take advantage of reduced reporting requirements that are otherwise applicable to public companies. Section 107 of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies are required to comply with those standards. This means that when a standard is issued or revised and it has different application dates for public and nonpublic companies, the Company has the option to adopt the new or revised standard at the time nonpublic companies adopt the new or revised standard and can do so until such time that the Company either (i) irrevocably elects to "opt out" of such extended transition period or (ii) no longer qualifies as an emerging growth company. The Company has elected to use the extended transition period for complying with new or revised accounting standards unless the Company otherwise early adopts select standards.

Recent Accounting Pronouncements

Recently Adopted Accounting Pronouncements

ASU No. 2019-12, *Income Taxes – Simplifying the Accounting for Income Taxes (Topic 740)*

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740)* ("ASU 2019-12"), which is part of the FASB's overall simplification initiative to reduce the costs and complexity of applying accounting standards while maintaining or improving the usefulness of the information provided to users of financial statements. ASU 2019-12 simplifies accounting guidance for intra-period allocations, deferred tax liabilities, year-to-date losses in interim periods, franchise taxes, step-up in tax basis of goodwill, separate entity financial statements, and interim recognition of tax laws or rate changes. ASU 2019-12 is effective for emerging growth companies following private company adoption dates in fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022, with early adoption permitted. The Company has determined the adoption did not have a material impact on the Condensed Consolidated Financial Statements.

ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326)*

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), which requires entities to estimate all expected credit losses for certain types of financial instruments, including trade receivables, held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The updated guidance also expands the disclosure requirements to enable users of financial statements to understand the entity's assumptions, models and methods for estimating expected credit losses over the entire contractual term of the instrument from the date of initial recognition of that instrument. ASU 2016-13, as subsequently amended for various technical issues, is effective for emerging growth companies following private company adoption dates for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2022, with early adoption permitted. The Company adopted this ASU effective January 1, 2023. The adoption of this ASU did not have a material impact on the Company's Condensed Consolidated Financial Statements.

3. REVENUE RECOGNITION

ASC 606, Revenue from Contracts with Customers

Under ASC 606, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. The Company measures revenue based on the consideration specified in the customer arrangement, and revenue is recognized when the performance obligations in the customer arrangement are satisfied. The transaction price of a contract is allocated to each distinct performance obligation and recognized as revenue when or as the customer receives the benefit of the performance obligation.

The Company's revenue streams include Managed Programmatic revenue and Direct Access revenue. The Direct Access offerings are new to the market and not yet material to the Company from a financial reporting perspective.

For its Managed Programmatic revenue, the Company negotiates insertion orders ("IOs") with the advertising agency or brand, which specifies the material terms of the campaign. IOs are subject to cancellation by the client, usually with no penalty, for the unfilled portion of the IO. The Company's performance obligation is to deliver digital advertisements in accordance with the terms of the IO. The Company has concluded that this constitutes a single performance obligation for financial reporting purposes and that such obligation is recognized over the time, using the output method, for which the Company is transferring value to the customer through delivered advertising units. The Company is responsible for fulfilling advertising delivery, including optimization and reporting, establishes the selling price for the delivery, and the Company performs billing and collections, including ultimately retaining credit risk. The Company has therefore determined that it serves as a principal and that gross presentation of revenue is appropriate.

Direct Access customers access the Company’s platform directly and manage all aspects of their advertising campaigns. The Company provides advertiser and marketer customers direct access to the platform so that they can execute and manage advertising campaigns and is not primarily responsible for the purchase of advertising inventory, third party data, and other related expenses. Revenue for customers working with the Company on this basis are recorded net of the amount incurred and payable to suppliers for the cost of advertising inventory, third party data and other add-on features, as the Company does not control the purchase nor have pricing discretion with regard to these items. The Company bills clients for their purchases through its platform and the associated platform fees. For the Company’s Direct Access Plus offering, which is used as a higher-touch on-boarding level of service for Direct Access customers who desire greater implementation support, the Company is primarily responsible for the purchase of advertising inventory, third party data, and other related expenses. The Company has therefore determined that the Company serves as a principal and that gross presentation of revenue is appropriate.

The Company has elected to expense the costs to obtain or fulfill a contract as incurred because the amortization period of the asset that the Company otherwise would have recognized is one year or less. Therefore, there were no contract cost assets recognized as of September 30, 2023 or December 31, 2022.

The Company has elected not to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period for performance obligations with a remaining performance obligation that is part of a contract that has an original expected duration of one year or less.

Contract assets and contract liabilities related to the Company’s revenue streams were not significant to the accompanying Condensed Consolidated Financial Statements.

4. ACCOUNTS RECEIVABLE, Net

Accounts receivable, net consisted of the following:

	September 30, 2023	December 31, 2022
Accounts receivable	$ 49,309	$ 56,243
Other receivables	40	483
	$ 49,349	$ 56,726
Less: allowance for credit losses	(656)	(699)
Accounts receivable, net	$ 48,693	$ 56,027

The provision for credit losses on accounts receivable was $10 and $68 for the three months ended September 30, 2023 and 2022, respectively, and $10 and $240 for the nine months ended September 30, 2023 and 2022, respectively.

The following table presents changes in the allowance for credit losses:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Beginning balance	$ 663	$ 537	$ 699	$ 365
Reserve for credit losses	10	68	10	246
Write-offs, net of recoveries	(17)	—	(53)	(6)
Ending balance	$ 656	$ 605	$ 656	$ 605

5. PREPAID EXPENSES

Prepaid expenses consisted of the following:

	September 30, 2023	December 31, 2022
Platform operations	$ 1,344	$ 876
Software	576	501
Insurance	499	—
Other	254	89
Total	$ 2,673	$ 1,466

6. PROPERTY AND EQUIPMENT, Net

Property and equipment, net consisted of the following:

	September 30, 2023	December 31, 2022
Computers and equipment	$ 908	$ 949
Less: accumulated depreciation	(443)	(429)
Total	$ 465	$ 520

Depreciation expense on Property and equipment was $48 and $51 for the three months ended September 30, 2023 and 2022, respectively, and $146 and $143 for the nine months ended September 30, 2023 and 2022, respectively.

7. INTANGIBLE ASSETS, Net

Intangible assets, net consisted of the following:

		September 30, 2023		
	Remaining Weighted Average Useful Life (in years)	Gross amount	Accumulated amortization	Net carrying amount
Software	—	$ 6,038	$ (6,038)	$ —
Capitalized software costs	1.3	14,435	(9,890)	4,545
Customer relationships	0.3	31,492	(30,373)	1,119
Trademarks/tradename	3.3	10,195	(6,886)	3,309
Total		$ 62,160	$ (53,187)	$ 8,973

		December 31, 2022		
	Remaining Weighted Average Useful Life (in years)	Gross amount	Accumulated amortization	Net carrying amount
Software	—	$ 6,038	$ (6,038)	$ —
Capitalized software costs	1.1	10,173	(7,535)	2,638
Customer relationships	1.0	31,492	(27,017)	4,475
Trademarks/tradename	4.0	10,195	(6,125)	4,070
Total		$ 57,898	$ (46,715)	$ 11,183

Amortization expense was included in the Company's Condensed Consolidated Statements of Operations as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Platform operations	$ 798	$ 549	$ 2,173	$ 1,615
Sales and marketing	1,371	1,370	4,111	4,110
Technology and development	98	—	181	140
General and administrative	2	3	8	7
Total	$ 2,269	$ 1,922	$ 6,473	$ 5,872

Total amortization expense for the three months ended September 30, 2023 and 2022 was $2,269 and $1,922, respectively, and $6,473 and $5,872 for the nine months ended September 30, 2023 and 2022, respectively. Amortization expense for capitalized software costs for the three months ended September 30, 2023 and 2022 was $896 and $549, respectively, and $2,354 and $1,614 for the nine months ended September 30, 2023 and 2022, respectively.

Estimated future amortization of intangible assets as of September 30, 2023 is as follows:

Remainder of 2023	$ 2,285
2024	3,881
2025	1,782
2026	1,016
2027	7
Thereafter	2
Total	$ 8,973

8. GOODWILL

The Company is a single reporting unit. The goodwill balance as of September 30, 2023 and December 31, 2022 was $34,842.

The Company did not identify a goodwill impairment indicator during the nine months ended September 30, 2023 to necessitate the performance of an interim impairment test. The Company will continue to monitor impairment indicators in future periods, inclusive of its stock price.

9. ACCRUED EXPENSES

Accrued expenses consisted of the following:

	September 30, 2023	December 31, 2022
Campaign costs	$ 2,128	$ 4,081
Income taxes	1,852	120
Deferred revenues	430	1,149
Platform operations	373	401
Other	293	473
Total	$ 5,076	$ 6,224

10. DEBT

On December 22, 2021, the Company entered into a senior secured credit facilities credit agreement (the "Senior Secured Agreement") with Silicon Valley Bank ("SVB"). The Senior Secured Agreement allows for the Company to borrow up to $40,000 in a revolving credit facility ("Revolving Credit Facility"), including a $10,000 sub-limit for letters of credit and a swing line sub-limit of $10,000. The Revolving Credit Facility commitment termination date is December 22, 2026.

On March 10, 2023, SVB was seized by regulators and placed under the receivership of the Federal Deposit Insurance Corporation ("FDIC"). Two days after the failure, the FDIC announced jointly with other agencies that all depositors would have full access to their funds the next morning. The FDIC reopened SVB on March 13, 2023 as a newly organized bridge bank, Silicon Valley Bridge Bank, N.A ("SVBB") and on March 27, 2023, First Citizens Bank acquired SVBB. The Company's Senior Secured Agreement remains available to the Company with no amendments to the original agreement with SVB, which is now a division of First Citizens Bank.

The Company is subject to customary representations, warranties, and covenants. The Senior Secured Agreement requires that the Company meet certain financial and non-financial covenants which include, but are not limited to, (i) delivering audited consolidated financial statements to the lender within 90 days after year-end commencing with the fiscal year ending December 31, 2022 financial statements, (ii) delivering unaudited quarterly consolidated financial statements within 45 days after each fiscal quarter, commencing with the quarterly period ending on March 31, 2022 and (iii) maintaining certain leverage ratios and liquidity coverage ratios. As of September 30, 2023 and December 31, 2022, the Company was in full compliance with the terms of the Senior Secured Agreement.

As of both September 30, 2023 and December 31, 2022, the Company had one letter of credit for $983. As of September 30, 2023 and December 31, 2022, there were no amounts drawn on the Revolving Credit Facility.

11. INCOME TAXES

For the three months ended September 30, 2023 and 2022, the Company recorded an income tax provision of $6,254 and $1,095, respectively, and for the nine months ended September 30, 2023 and 2022, the Company recorded an income tax (provision) benefit of ($938) and $540, respectively. The annual effective income tax rates before discrete items ("AETR") for the nine months ended September 30, 2023 and 2022 was 36.1% and 15.0%, respectively.

The AETR for the nine months ended September 30, 2023 was more than the statutory rate of 21% primarily due to state and local income taxes, meals and entertainment, and executive equity-based compensation not deductible for tax purposes. The Company did not include any fair value adjustments not reasonably estimable for the full-year in the calculation of its AETR as the full-year impact of these specific items cannot be reasonably projected. Refer to Note 14 – Seller's Earn-out and Note 15 – Warrants for further detail on fair value adjustments for the Seller's Earn-Out and warrant liabilities, respectively.

12. EQUITY-BASED COMPENSATION

2021 Long-Term Incentive Plan

The Board approved 2021 Long-Term Incentive Plan (the "2021 Plan") was adopted by the Company's stockholders on December 21, 2021, initially authorizing the Company to issue 10,131,638 shares of Common Stock. Annually, on each January 1 and through January 1, 2031, the 2021 Plan authorizes the Company to increase the shares available for issuance by an amount equal to the lesser of (a) 5% of the total number of shares outstanding on the last day of the preceding calendar year or (b) such smaller number of shares as determined by the Company's Board of Directors.

On January 1, 2023, the Company added 4,348,415 shares to the shares available for issuance under the 2021 Plan. As of September 30, 2023, 6,627,316 shares remained available for issuance pursuant to the 2021 Plan.

Stock Option Award Activity

For the three months ended September 30, 2023 and 2022, $0 and $62, respectively, of equity-based compensation expense was recognized related to equity options granted, and for the nine months ended September 30, 2023 and 2022, $3 and $187, respectively, of the equity-based compensation expense was recognized related to equity options granted. All equity options were fully vested as of July 1, 2023.

The following table summarizes stock option activity for the nine months ended September 30, 2023:

	Stock Options	Weighted-Average Exercise Price
Outstanding as of December 31, 2022	6,915,715	$ 0.61
Exercised	(233,467)	0.64
Forfeited	(18,563)	0.74
Outstanding as of September 30, 2023	6,663,685	$ 0.60
Exercisable as of September 30, 2023	6,663,685	$ 0.60

Restricted Stock Units

The fair value of Restricted Stock Units ("RSUs") equals the market value of the Company's common stock on the date of the grant. The RSUs are excluded from issued and outstanding shares until they are vested.

On May 24, 2023, the Company granted 5,564,806 RSUs at a fair value of $1.51 per share to employees and Board members, which consisted of a mix of both time-based and performance-based vesting conditions ("PSUs"). The vesting conditions for the PSUs are based on achievement of revenue targets.

Equity-based compensation expense was not recognized on the PSUs for the three and nine months ended September 30, 2023 and 2022, on the basis that achievement of the specified performance targets was not considered probable to be met in the periods. All PSUs granted in the year ended December 31, 2022 were cancelled as of December 31, 2022 due to not obtaining the defined targets of the related grants.

For the three months ended September 30, 2023 and 2022, $2,558, and $2,694 of equity-based compensation expense was recognized, and for the nine months ended September 30, 2023 and 2022, $5,823 and $8,413 of equity-based compensation expense was recognized, related to RSUs with time-based vesting conditions.

The following summarizes RSU activity for the nine months ended September 30, 2023:

	Restricted Stock Units	Weighted-Average Grant Date Fair Value
Outstanding as of December 31, 2022	2,764,681	$ 9.23
Granted	5,564,806	1.51
Vested	(1,055,472)	9.01
Forfeited	(169,943)	7.83
Outstanding as of September 30, 2023	7,104,072	$ 3.25

Employee Stock Purchase Plan

On December 21, 2021, the Company's stockholders approved the AdTheorent Holding Company, Inc. Employee Stock Purchase Plan (the "ESPP") and the ESPP became effective on such date with an authorized 2,026,328 shares of common stock (subject to certain adjustments to reflect changes in the Company's capitalization) are reserved and may be purchased by eligible employees who become participants in the ESPP. The purchase price per share of the common stock is the lesser of 85% of the fair market value of a share of common stock on the offering date or 85% of the fair market value of a share of common stock on the purchase date. The first offering period under the ESPP began August 15, 2022 and ended January 14, 2023. Beginning with the second offering period beginning January 14, 2023, each offering period will be six months. Pursuant to the ESPP, on January 1, 2023, the Company added 869,863 shares available for issuance. As of September 30, 2023, there were 2,552,353 shares of common stock available for issuance pursuant to the ESPP.

Total compensation expense related to the ESPP was $26 and $27 for the three months ended September 30, 2023 and 2022, respectively, and $98 and $27 for the nine months ended September 30, 2023 and 2022, respectively, classified within each applicable operating expense category on the accompanying Consolidated Statements of Operations and in the equity-based compensation table below.

The fair value of the purchase rights granted under the ESPP for the offering period beginning July 15, 2023 was $0.51. It was estimated by applying the Black-Scholes Option-Pricing model ("BSM") to the purchase period in the offering period using the following assumptions:

	July 15, 2023
Grant price	$ 1.50
Expected term	6 months
Expected volatility	65.19 %
Risk-free interest rate	5.52 %
Expected dividend yield	0.00 %

Grant price - Closing stock price on the first day of the offering period

Expected Term - The expected term is based on the end date of the purchase period of each offering period, which is three months from the commencement of each new offering period.

Expected volatility - The expected volatility is based on historical volatility of the Company's stock as well as the implied volatility from publicly traded options on the Company's stock.

Risk-free interest rate - The risk-free interest rate is based on a United States ("U.S.") Treasury rate in effect on the date of grant with a term equal to the expected term.

Equity-Based Compensation Expense

The following table summarizes the total equity-based compensation expense included in the Condensed Consolidated Statements of Operations:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Platform operations	$ 412	$ 485	$ 919	$ 1,365
Sales and marketing	1,031	920	2,373	2,773
Technology and development	251	424	640	1,448
General and administrative	890	954	1,992	3,041
Total equity-based compensation expense	$ 2,584	$ 2,783	$ 5,924	$ 8,627

Equity-based compensation included in capitalized software development costs was $113 and $0 for the three months ended September 30, 2023 and 2022, respectively and $257 and $0 for the nine months ended September 30, 2023 and 2022, respectively.

As of September 30, 2023, all stock options were vested and the related compensation cost was fully recognized.

As of September 30, 2023, there was $15,797 of total unrecognized compensation expense related to the RSUs, which is expected to be recognized over a weighted average period of 1.6 years.

13. EQUITY

The Company has authorized a total of 370,000,000 shares for issuance with 350,000,000 shares designated as common stock and 20,000,000 shares designated as preferred stock.

The Company's common stockholders are entitled to one vote per share for the election of the Company directors and all other matters submitted to a vote of stockholders of the company. Additionally, the Company's common stockholders will be entitled to receive dividends when, as and if declared by the Company Board, payable either in cash, in property or in shares of capital stock, after payment to any Company preferred stockholders having preference, if any. Out of the total authorized common stock, 88,206,048, and 86,968,309 were issued and outstanding as of September 30, 2023 and December 31, 2022, respectively.

The Company’s Board is authorized to issue shares of preferred stock, without stockholder approval, with such designations, voting and other rights and preferences as they may determine. As of September 30, 2023 and December 31, 2022, there were no shares of preferred stock issued and outstanding.

14. SELLER'S EARN-OUT

The estimated fair value of the Seller’s Earn-Out, as defined in Note 15 – Seller’s Earn-Out included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, was determined using a Monte Carlo simulation valuation model using the most reliable information available. Assumptions used in the valuation were as follows:

	September 30, 2023	December 31, 2022
Stock price	$ 1.29	$ 1.66
Dividend yield	0.00 %	0.00 %
Volatility	70.00 %	75.00 %
Risk-free rate	4.80 %	4.37 %
Forecast period (in years)	1.23	1.98

Dividend yield - The expected dividend assumption is based on the Company’s history and expectation of dividend payouts. The Company has not paid and does not intend to pay dividends.

Expected Volatility - The expected volatility assumption was determined by examining the Company’s historical volatility, the historical volatilities of a group of industry peers, and the implied volatility from the market price of the Public Warrants.

Risk-free rate - The risk-free rate assumption is based on the U.S. Treasury instruments, the terms of which were consistent with the expected term of the Seller’s Earn-Out.

Forecast period – The forecast period represents the time until expiration of the Seller’s Earn-Out.

Seller’s Earn-Out to equity holders and vested Exchanged Options as of Close:

The Seller’s Earn-Out is recorded on the Condensed Consolidated Balance Sheet as a non-current liability since the expected date of achievement based on the valuation model is over twelve months as of September 30, 2023. The following table presents activity for the Seller's Earn-Out measured using the Monte Carlo model, described above, as of September 30, 2023 and December 31, 2022:

	Seller's Earn-Out
Balance at December 31, 2022	$ 773
Change in fair value	(750)
Balance at September 30, 2023	$ 23

Seller’s Earn-Out to Exchanged Option and Exchanged Unit holders as of Close:

Equity-based compensation related to the Seller’s Earn-Out to Exchanged Option and Exchanged Unit holders was $0 and $373 for the three months ended September 30, 2023 and 2022, respectively, and $0 and $1,364 for the nine months ended September 30, 2023 and 2022, respectively. The compensation expense was fully recognized in the third quarter of 2022.

Equity-based compensation expense related to the Seller’s Earn-Out to Exchanged Option and Exchanged Unit holders was included in the Company’s Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2022 as follows:

	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2022
Platform operations	$ 44	$ 161
Sales and marketing	110	405
Technology and development	37	131
General and administrative	182	667
Total	$ 373	$ 1,364

15. WARRANTS

The following table summarizes the number of outstanding Public Warrants and Private Placement Warrants and the corresponding exercise price:

	September 30, 2023	December 31, 2022	Exercise Price	Expiration Date
Public Warrants	10,541,657	10,541,657	$ 11.50	December 21, 2026
Private Placement Warrants	5,432,237	5,432,237	$ 11.50	December 21, 2026

Of the 5,432,237 Private Placement Warrants, 551,096 warrants are held in escrow subject to earn-out targets (“Escrow Warrants”). The Escrow Warrants will be released if the volume-weighted average price of the Company’s common stock equals or exceeds $14.00 per share for any 20 trading days within any consecutive 30 trading day period on or before December 21, 2024.

Measurement of Public Warrants

The Public Warrants are measured at fair value on a recurring basis. The measurement of the Public Warrants as of September 30, 2023 is classified as Level 1 due to the use of an observable market quote in an active market under the ticker ADTHW.

Measurement of Private Placement Warrants

The Private Placement Warrants are measured at fair value on a recurring basis. As of September 30, 2023, a BSM was used to determine fair value and as of December 31, 2022, a Monte Carlo simulation model is used to determine fair value. The measurement of the Private Placement Warrants is classified as Level 2.

The key inputs into the BSM and Monte Carlo simulation model as of September 30, 2023 and December 31, 2022, respectively, for the Private Placement Warrants were as follows:

	September 30, 2023	December 31, 2022
Risk-free interest rate	4.78 %	4.07 %
Dividend yield	0.00 %	0.00 %
Expected term (years)	3.23	3.98
Expected Volatility	70.00 %	69.50 %
Exercise Price	$ 11.50	$ 11.50
Stock Price	$ 1.29	$ 1.66

The volatility utilized in estimating the fair value of the Company’s Private Placement Warrant liability as of September 30, 2023, was based on a weighted average of the implied volatility, the guideline public company volatility, and the Company’s historical volatility. The implied volatility was calculated from the public warrants and using the Monte Carlo simulation approach. The guideline public company volatility was estimated based on historical lookback volatility of guideline public companies over a term commensurate with the expected term of the warrant, as well as consideration to implied volatilities sourced from Bloomberg, L.P. The Company’s historical volatility was estimated based on the historical lookback of AdTheorent’s volatility over the time since the Company was publicly traded.

The volatility utilized in estimating the fair value of the Company's Private Placement Warrant liability as of December 31, 2022, was based on a weighted average of the implied volatility and guideline public company volatility. The implied volatility was estimated by calibrating to the market price of the public warrants as of December 31, 2022, using a binomial lattice model. The guideline public company volatility was estimated based on historical lookback volatility of guideline public companies over a term commensurate with the expected term of the warrant, as well as consideration to implied volatilities sourced from Bloomberg, L.P.

Key assumptions are as follows:

Risk-free interest rate - The risk-free rate assumption is based on the U.S. Treasury instruments, the terms of which were consistent with the expected term of the Private Placement Warrants.

Dividend yield - The expected dividend assumption is based on the Company's history and expectation of dividend payouts. The Company has not paid and does not intend to pay dividends.

Expected term – The forecast period represents the time until expiration of the Private Placement Warrants.

Expected Volatility - The expected volatility assumption was determined by examining the Company's historical volatility, the historical volatilities of a group of industry peers, and the implied volatility from the market price of the Public Warrants.

Warrant liability

On September 30, 2023, the fair values of the Public Warrants and Private Placement Warrants outstanding were determined to be $0.04 and $0.08 per warrant, respectively. On December 31, 2022, the Public Warrants and Private Placement Warrants outstanding were determined to be $0.10 and $0.23 per warrant, respectively.

The following table presents the changes in the fair value of the Public and Private Placement Warrants:

	Public Warrants	**Private Placement Warrants**	**Total Warrant Liabilities**
Fair value as of December 31, 2022	$ 1,054	$ 1,244	$ 2,298
Change in valuation inputs or other assumptions	(632)	(804)	(1,436)
Fair value as of September 30, 2023	$ 422	$ 440	$ 862

16. SYMETRYML AND SYMETRYML HOLDINGS

SymetryML Holdings, LLC ("SymetryML Holdings") was a subsidiary of Legacy AdTheorent after a contribution of Legacy AdTheorent's SymetryML department in exchange for membership interest. Class B interests in SymetryML Holdings that vest over time, comprising 50% of the total equity interests of SymetryML Holdings, were offered to certain employees (a non-controlling interest) of SymetryML. Legacy AdTheorent retained the remaining 50% total equity interests, through the holding of all Class A equity interests in SymetryML Holdings.

SymetryML Holdings and SymetryML was ultimately deconsolidated as of March 31, 2022 through a series seed preferred financing transaction ("Deconsolidation"), resulting in a gain of $1,939, of which $541 related to the remeasurement of the retained noncontrolling investment to fair value. The gain of $1,939 was recorded within Other Income on the Company's Condensed Consolidated Statements of Operations for the nine months ended September 30, 2022.

The following table shows the amounts related to the accounting for the Deconsolidation:

	For the Nine Months Ended September 30, 2022
Fair value of consideration received	$ —
Fair value of retained noncontrolling interest	861
Carrying amount of deconsolidated noncontrolling interest	2,372
Less: Carrying amount of deconsolidated net assets	(1,294)
Gain on Deconsolidation	$ 1,939

The Deconsolidation resulted in the removal of the noncontrolling interest presentation and therefore there is no noncontrolling interest as of September 30, 2023 or December 31, 2022.

VIE Determination

Based on the Company's assessment, after the Deconsolidation, SymetryML is considered a variable interest entity ("VIE") because it does not have sufficient equity at risk to finance its activities without additional subordinated financial support. SymetryML Holdings is not the primary beneficiary as it no longer has the power to direct the activities that most significantly impact SymetryML's economic performance.

Based on the Company's assessment, SymetryML Holdings, after the Deconsolidation, is considered a VIE because the holders of the equity investment at risk, as a group, lack the power to direct the activities of SymetryML Holdings that most significantly impact its economic performance. This is due to the conclusion that Class B equity interests do not meet the definition of equity at risk because the Class B interests were issued by Legacy AdTheorent to SymetryML management as founders' equity to compensate for past and future services to SymetryML. The Company further concluded that the Company is not the primary beneficiary as it no longer has the power to direct the activities that most significantly impact SymetryML economic performance.

As a result of the Deconsolidation of SymetryML and SymetryML Holdings, the Company has retained a noncontrolling investment in SymetryML Holdings that provides the Company the ability to exercise significant influence over both VIEs. The entities continue to be considered related parties of the Company following the Deconsolidation.

Retained Fair Value Option Investments in SymetryML and SymetryML Holdings

For its retained noncontrolling investment in SymetryML Holdings, the Company has made an irrevocable election to account for its investment at fair value with changes in fair value reported in earnings. The Company elected to apply fair value accounting to the retained investment in SymetryML Holdings because the Company believes that fair value is the most relevant measurement attribute for these investments, as well as to reduce operational and accounting complexity. The Company's election to apply fair value accounting to these investments may cause fluctuations in the Company's earnings from period to period. The fair value of the Company's retained investment was $636 and $789 as of September 30, 2023 and December 31, 2022, respectively.

The fair value measurements involve significant unobservable inputs, which include total equity value of SymetryML, volatility, risk-free rate, equity holder required rate of return, and discount for lack of marketability ("DLOM"). The total equity value of SymetryML was calculated using the Backsolve Method under the Market Approach. The volatility was based on guideline public companies and adjusted for differences in size and leverage. The risk-free rate was based on U.S. Treasury securities with a term commensurate with the time to exit. The equity holder required rate of return was based on private equity and venture capital rate of return studies. The DLOM was estimated based on put option models and series volatility.

The Company's maximum exposure to loss as a result of its involvement with these VIEs is limited to the carrying amount of its investment which is recorded at fair value each reporting period as described above. There are not any explicit or implicit contracts, guarantees, or commitments that would require the Company to provide financial support to the investees or any other arrangements that could expose the Company to losses beyond the fair value of its current investment.

17. FAIR VALUE MEASUREMENTS

The following tables summarize the Company's assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy:

	September 30, 2023			
	Level 1	Level 2	Level 3	Total
Assets:				
Investment in SymetryML Holdings(2)	$ —	$ —	$ 636	$ 636
Total assets	$ —	$ —	$ 636	$ 636
Liabilities:				
Public warrants(1)	$ 422	$ —	$ —	$ 422
Private placement warrants(1)	—	440	—	440
Seller's Earn-Out(1)	—	—	23	23
Total liabilities	$ 422	$ 440	$ 23	$ 885

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets:				
Investment in SymetryML Holdings(2)	$ —	$ —	$ 789	$ 789
Total assets	$ —	$ —	$ 789	$ 789
Liabilities:				
Public warrants(1)	$ 1,054	$ —	$ —	$ 1,054
Private placement warrants(1)	—	1,244	—	1,244
Seller's Earn-Out(1)	—	—	773	773
Total liabilities	$ 1,054	$ 1,244	$ 773	$ 3,071

(1) Refer to Note 15 — Seller's Earn-Out and Note 16 — Warrants included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, for further information about the initial and subsequent measurement, including significant assumptions and valuation methodologies of these instruments.

(2) Refer to Note 16 — SymetryML and SymetryML Holdings below for further information about the initial measurement, including significant assumptions and valuation methodologies of this investment.

The following tables present a rollforward of the Company's assets and liabilities classified as Level 3 for nine months ended September 30, 2023 and 2022.

	Nine Months Ended September 30, 2023	
	Investment in SymetryML Holdings	Seller's Earn-Out Liability
Balance as December 31, 2022	$ 789	$ 773
Measurement adjustments	(153)	(750)
Balance as of September 30, 2023	$ 636	$ 23

	Nine Months Ended September 30, 2022	
	Investment in SymetryML Holdings	Seller's Earn-Out Liability
Balance as December 31, 2021	$ —	$ 18,081
Additions	861	—
Measurement adjustments	(49)	(15,664)
Balance as of September 30, 2022	$ 812	$ 2,417

18. (LOSS) EARNINGS PER SHARE

The computation of net (loss) income per share was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net (loss) income attributable to AdTheorent Holding Company, Inc.	$ (4,194)	$ 5,725	$ (1,335)	$ 21,762
Weighted-average common shares outstanding - basic	88,175,813	86,492,025	87,869,345	86,003,514
Effect of dilutive equity-based awards	—	5,630,396	—	6,882,337
Weighted-average common shares outstanding - diluted	88,175,813	92,122,421	87,869,345	92,885,851
(Loss) earnings per share:				
Basic	$ (0.05)	$ 0.07	$ (0.02)	$ 0.25
Diluted	$ (0.05)	$ 0.06	$ (0.02)	$ 0.23

The following outstanding potentially dilutive securities were excluded from the calculation of diluted net (loss) income per common stockholder because their impact would have been anti-dilutive for the period presented, or their contingency conditions were not met:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Stock options	6,663,685	1,541,098	6,663,685	565,303
Restricted stock units	6,066,092	2,840,126	6,066,092	2,563,980
Public warrants	10,541,657	10,541,657	10,541,657	10,541,657
Private placement warrants (1)	5,432,237	5,432,237	5,432,237	5,432,237
Seller's Earn-Out	6,785,714	6,785,714	6,785,714	6,785,714
Sponsor Earn-Out	598,875	598,875	598,875	598,875
Total	36,088,260	27,739,707	36,088,260	26,487,766

(1) Of the 5,432,237 Private Placement Warrants, 551,096 warrants are held in escrow subject to earn-out targets.

19. LEASES

The Company has operating lease agreements for office space in the U.S. With the exception of the New York headquarters office lease, the Company’s leases expire at various times through July 2025 and certain leases may be extended at the Company’s option. The New York headquarters office lease expires in 2028. The Company recognizes operating lease expense on a straight-line basis over the term of the lease.

Additionally, the Company has short-term leases with an initial term of twelve months or less that are not recorded on the Condensed Consolidated Balance Sheets.

Lease expense is allocated to operating expense categories (Platform operations, Sales and marketing, Technology and development, General and administrative) in the Condensed Consolidated Statements of Operations in proportion to headcount in each of these categories. The components of lease expense for the three and nine months ended September 30, 2023 and 2022 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Operating lease cost	$ 246	$ 257	$ 745	$ 729
Short term lease cost	$ 140	$ 49	$ 404	$ 98
Variable lease cost	$ —	$ —	$ —	$ —

Supplemental cash flow information related to the Company's operating leases for the nine months ended September 30, 2023 and 2022 were as follows:

	Nine Months Ended September 30,	
	2023	2022
Operating cash flows used for operating leases	$ 1,116	$ 998
Right-of-use assets obtained in exchange for new operating lease obligations	$ —	$ 214

Supplemental balance sheet information related to the Company's operating leases as of September 30, 2023 and December 31, 2022 were as follows:

	September 30, 2023	December 31, 2022
Weighted average remaining lease term (years)	4.88	5.59
Weighted average discount rate (%)	3.25 %	3.25 %

Approximate future minimum lease payments for the Company's operating leases are as follows as of September 30, 2023:

	September 30, 2023
Remainder of 2023	$ 368
2024	1,441
2025	1,433
2026	1,415
2027	1,364
Thereafter	1,023
Total operating lease payments	7,044
Less: Imputed interest	(526)
Total operating lease liabilities	$ 6,518

In connection with one lease agreement, the Company maintains a letter of credit in the total amount of $983 as of both September 30, 2023 and December 31, 2022.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements generally relate to future events or our future financial or operating performance and may include statements concerning, among other things, our business strategy (including anticipated trends and developments in, and management plans for, our business and the markets in which we operate), financial results, operations, and the markets and communities in which we, our clients, and partners operate, results of operations, revenues, operating expenses, and capital expenditures, sales and marketing initiatives and competition. In some cases, you can identify forward-looking statements because they contain words such as "may," "might," "will," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "suggests," "potential" or "continue" or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions. These statements are not guarantees of future performance; they reflect our current views with respect to future events and are based on assumptions and are subject to known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from expectations or results projected or implied by forward-looking statements.

We discuss many of these risks in our Annual Report on Form 10-K for the year ended December 31, 2022 in greater detail under the heading "Item 1A. Risk Factors" and in other filings we make from time to time with the Securities and Exchange Commission ("SEC"). Also, these forward-looking statements represent our estimates and assumptions only as of the date of this Quarterly Report on Form 10-Q, which are inherently subject to change and involve risks and uncertainties. Unless required by federal securities laws, we assume no obligation to update any of these forward-looking statements, or to update the reasons actual results could differ materially from those anticipated, to reflect circumstances or events that occur after the statements are made. Given these uncertainties, investors should not place undue reliance on these forward-looking statements.

Investors should read this Quarterly Report on Form 10-Q and the documents that we reference in this report and have filed with the SEC, including our Annual Report on Form 10-K for the year ended December 31, 2022, completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

References to "Notes" are notes included in our unaudited Condensed Consolidated Financial Statements appearing elsewhere in this Quarterly Report on Form 10-Q.

Unless otherwise indicated, the terms "AdTheorent," "Company," "we," "us," or "our" refer to AdTheorent Holding Company, Inc., together with its consolidated subsidiaries.

Business Overview

Founded in 2012, we are a digital media platform which focuses on performance-first, privacy-forward methods to execute programmatic digital advertising campaigns, serving both advertising agency and brand customers. Without relying on individualized profiles or sensitive personal data for targeting, we utilize machine learning and advanced data analytics to make programmatic digital advertising more effective and efficient at scale, delivering measurable real-world value for advertisers. Our differentiated advertising capabilities and superior campaign performance, measured by customer-defined business metrics or key performance indicators, have helped fuel our customer adoption and year-after-year growth.

We use machine learning and advanced data science to organize, analyze and operationalize non-sensitive data to deliver real-world value for customers. Central to our ad-targeting and campaign optimization methods, we build custom machine learning models for each campaign using historic and real-time data to predict future consumer conversion actions for every digital ad impression. We have integrations with Digital Ad Exchanges, or Supply Side Platforms ("SSPs"), from which we are sent ad impression opportunities for evaluation and purchase. We predictively score all ad impression opportunities for the purpose of deciding which ad impressions will likely drive valuable conversions or engagement activity for our customers. Our predictive platform scores up to one million digital ad impressions per second and 75 billion to 85 billion digital ad impressions per day, assigning a "predictive score" to each. Each predictive score is determined by correlating non-individualized data attributes associated with the particular impression with data corresponding to previously purchased impressions that yielded consumer conversion or engagement activity. Such non-individualized attributes include variables such as publisher, content and URL keywords, device make, device operating system and other device attributes, ad position, geographic data, weather, demographic signals, creative type and size, etc. The "predictive scores" generated by our platform allow us and our advertising clients to determine which ad impressions are more likely or less likely to result in client-desired key performance indicators. Our machine learning models are customized for every campaign and our platform “learns” over the course of each campaign as it processes more data related to post media view conversion experience. Based on these statistical probabilities or “predictive scores,” our platform automatically determines bidding optimizations to drive conversions and advertiser return on investment (“ROI”) or return on advertising spend (“ROAS”), delivering on less than 0.001 of the evaluated advertising requests. Our use of machine learning and data science helps us to maximize efficiency and performance, enabling our customers to avoid wasted ad spend related to suboptimal impressions such as impressions that are predicted to be at a greater risk for fraud/invalid traffic or impressions with a higher likelihood of being unviewable, unmeasurable, or not brand safe, among other factors.

Our capabilities extend across the digital ecosystem to identify and engage digital impressions with the highest likelihood of completing customer-desired actions, including online sales, other online actions, and real-world actions such as physical location visitation, in-store sales or vertical specific KPI's such as prescription fills/lift, or submitted credit card applications. Our custom and highly impactful campaign executions encompass popular digital screens — mobile, desktop, tablet, connected TV (“CTV”), Digital Out of Home (“DOOH”) — and all digital ad formats, including display, rich media, video, native and streaming audio. We actively manage our digital supply to provide advertisers with scale and reach, while minimizing redundant inventory, waste and other inefficiencies. Our CTV capability delivers scale and reach supplemented by innovative and industry recognized machine-learning optimizations towards real-world actions and value-added measurement services.

Our platform and machine learning-based targeting provide privacy advantages that are lacking from alternatives which rely on individual user profiles or cookies employing a “one-to-one” approach to digital ad targeting. Our core targeting approach is statistical, not individualized, and as a result we do not need to compile or maintain user profiles, and we do not rely on cookies or user profiles for targeting. Our solution-set is especially valuable to regulated customers, such as financial institutions and pharmaceutical or health companies, and other privacy-forward advertisers who desire efficient and effective digital ad-targeting without individualized or personal targeting data. We adhere to data usage protocols and model governance processes which help to ensure that each customer’s data is safeguarded and used only for that customer’s benefit, and we take a consultative and collaborative approach to data use best practices with all of our customers.

Supplementing our core machine learning-powered platform capabilities, we offer customized vertical solutions to address the needs of advertisers in specialized industries. These specialized solutions feature vertical-specific capabilities related to targeting, measurement and audience validation. Our broader health offering, which encompasses engagements with customers in the verticals and sub-verticals of healthcare, pharmaceutical, pharmacy, over-the-counter brands, and health-related government (collectively, “AdTheorent Health”), harnesses the power of machine learning to drive superior performance on campaigns targeting both healthcare providers and patients, leveraging Health Insurance Portability and Accountability Act (“HIPAA”) compliant methods and targeting practices that comply with Network Advertising Initiative (“NAI”) Code of Conduct and other self-regulatory standards. In the third quarter of 2022, we launched our Health Audience Builder (“HABi”) and Health Audiences, a new-to-market solution which allows programmatic advertisers to use aggregated health data to research and target “audiences” in a more precise, data-driven and less opaque manner than what is currently available across the industry. This solution leverages primary-sourced health data and machine learning to create statistical representations of audiences, but notably is not ID-based and does not include Personal Health Information. These features allow platform users to leverage HABi to build Health Audiences with the goal of achieving health advertisers' key performance indicators, while being privacy forward and HIPAA-compliant by design. In addition, as part of our strategy to establish a scalable foundation for the deployment of innovative verticalized solutions, we launched AdTheorent’s Predictive Audience Builder (“ABi”), a platform tool that allows advertisers to build customizable, machine learning-based predictive audiences for other key verticals. We have also created offerings tailored to address the unique challenges and opportunities in a growing range of other verticals.

Factors Affecting Our Performance

Growth of the Programmatic Advertising Market

Our operating results and prospects will be impacted by the overall continued adoption of programmatic advertising by inventory owners and content providers, as well as advertisers and the agencies that represent them. Programmatic advertising has grown rapidly in recent years; however, recent negative macro-economic sentiment has impacted advertiser spending. Any acceleration, or slowing, of programmatic advertising growth, due to macro-economic factors or otherwise, would affect our operating and financial performance. In addition, even if the programmatic advertising market continues to grow at its current rate, our ability to successfully position ourselves within the market will impact the future growth of the business.

Investment in Platform and Solutions to Provide Continued Differentiation in Evolving Market

We believe that the capabilities and differentiation of our platform and solutions has been critical to our historical growth. Continued innovation in an evolving programmatic marketplace will be an important driver of our future growth. We anticipate that operating expenses will increase in the foreseeable future as we invest in platform operations and technology, data science and machine learning capabilities, and data infrastructure and tools to enhance our custom solutions and value-added offerings. We believe that these investments will contribute to our long-term growth, although they may have a negative impact on profitability in the near-term.

Growth in and Retention of Customer Spend

We plan to make incremental investments in sales and marketing to acquire new customers and increase existing customers' usage of our platform and solutions. We believe that there is significant room for growth within our existing customers, which include many large global brands and advertising agencies. Future revenue and profitability growth depends upon our ability to cost effectively on-board new customers and our on-going ability to retain and scale existing customers.

Our growth has and may continue to be impacted by macroeconomic factors beyond our control such as inflation, rising interest rates, pandemic related factors, global geopolitical uncertainties, among other things, as well as possible year-over-year declines in our acquisition of new customers.

Ability to Continue to Access High Performing Media Inventory in Existing and Emerging Channels

Our ability to deliver upon clients' targeted key performance indicators is reliant upon our ability to access high quality media inventory across multiple advertising channels at scale. Our future growth will depend on our ability to maintain and grow spend on existing and emerging channels, including advertising on display, rich media, native, video and audio ad formats across mobile, desktop, and CTV formats.

Development of International Markets

Although almost all of our historic revenue is attributable to campaigns and operations in the United States and Canada, we plan to continue to explore opportunities to serve new international markets, including serving the global needs of existing customers. We believe that the global opportunity for programmatic advertising is significant and should continue to expand as publishers and advertisers outside the United States and Canada increasingly seek to adopt the benefits that programmatic advertising provides. We believe that our privacy-forward approach to ad targeting and data usage will provide desired differentiation and value in highly and increasingly regulated markets such as the European Union, which is subject to the General Data Protection Regulation. Our ability to efficiently expand into new markets will affect our operating results.

Managing Seasonality

The global advertising industry experiences seasonal trends that affect the vast majority of participants in the digital advertising ecosystem. Most notably, advertisers have historically spent relatively more in the fourth quarter of the calendar year to coincide with the holiday shopping season, and relatively less in the first quarter. In addition to the impact on revenue, increased fourth quarter demand for advertising inventory applies additional upward pressure on fourth quarter media costs, which adversely impacts profitability. We expect seasonality trends to continue, and our ability to manage resources in anticipation of these trends could affect operating results.

Key Business Metric

To analyze our business performance, determine financial forecasts and help develop long-term strategic plans, we review the following key business metric:

Active Customers

We track active customers, which are defined as our customers who spent over $5,000 during the previous twelve months. We monitor active customers to help understand our revenue performance. Additionally, monitoring active customers helps us understand the nature and extent to which the active customer base is growing, which assists management in establishing operational goals.

The number of active customers as of September 30, 2023 was 342 and as of September 30, 2022 was 339, increasing by 3 customers, or 1%, respectively, year over year. The number of active customers as of December 31, 2022 was 347.

Results of Operations

The period-to-period comparisons of our results of operations have been prepared using the historical periods included in our Condensed Consolidated Financial Statements. The following discussion should be read in conjunction with the Condensed Consolidated Financial Statements and related notes included elsewhere in this document as well as the Consolidated Financial Statements within our Annual Report on Form 10-K for the year ended December 31, 2022, as filed with the SEC, for additional information regarding the components of our results of operations and our accounting policies.

Three and Nine Months Ended September 30, 2023 Compared to Three and Nine Months Ended September 30, 2022

The following table summarizes our historical results of operation for the periods presented:

	Three Months Ended				Nine Months Ended			
	September 30, 2023		September 30, 2022		September 30, 2023		September 30, 2022	
	(in thousands)	(% of Revenue)	(in thousands)	(% of Revenue)	(in thousands)	(% of Revenue)	(in thousands)	(% of Revenue)
Revenue	$ 40,890	100.0 %	$ 37,584	100.0 %	$ 111,151	100.0 %	$ 114,301	100.0 %
Operating expenses:								
Platform operations	22,019	53.8 %	19,581	52.1 %	61,141	55.0 %	58,207	50.9 %
Sales and marketing	11,119	27.2 %	11,127	29.6 %	32,050	28.8 %	32,540	28.5 %
Technology and development	3,794	9.3 %	3,955	10.5 %	10,453	9.4 %	12,393	10.8 %
General and administrative	4,113	10.1 %	4,729	12.6 %	11,638	10.5 %	15,433	13.5 %
Total operating expenses	41,045	100.4 %	39,392	104.8 %	115,282	103.7 %	118,573	103.7 %
Loss from operations	(155)	-0.4 %	(1,808)	-4.8 %	(4,131)	-3.7 %	(4,272)	-3.7 %
Interest income (expense), net	707	1.7 %	97	0.3 %	1,750	1.6 %	(59)	-0.1 %
Gain on change in fair value of Seller's Earn-Out	225	0.6 %	2,901	7.7 %	750	0.7 %	15,664	13.7 %
Gain on change in fair value of warrants	1,290	3.2 %	5,674	15.1 %	1,436	1.3 %	8,261	7.2 %
Gain on deconsolidation of SymetryML	—	0.0 %	—	0.0 %	—	0.0 %	1,939	1.7 %
Loss on change in fair value of SAFE Notes	—	0.0 %	—	0.0 %	—	0.0 %	(788)	-0.7 %
Gain (loss) on fair value of investment in SymetryML Holdings	5	0.0 %	(39)	-0.1 %	(153)	-0.1 %	(49)	0.0 %
Other expense, net	(12)	0.0 %	(5)	0.0 %	(49)	0.0 %	(24)	0.0 %
Total other income, net	2,215	5.4 %	8,628	23.0 %	3,734	3.4 %	24,944	21.8 %
Net income (loss) before income taxes	2,060	5.0 %	6,820	18.1 %	(397)	-0.4 %	20,672	18.1 %
(Provision) benefit for income taxes	(6,254)	-15.3 %	(1,095)	-2.9 %	(938)	-0.8 %	540	0.5 %
Net (loss) income	$ (4,194)	-10.3 %	$ 5,725	15.2 %	$ (1,335)	-1.2 %	$ 21,212	18.6 %

Revenue

($ in thousands)	2023	2022	Change $	Change %
Three Months Ended September 30,	$ 40,890	$ 37,584	$ 3,306	8.8 %
Nine Months Ended September 30,	$ 111,151	$ 114,301	$ (3,150)	(2.8)%

Total revenue increased $3.3 million, or 8.8%, for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022. The largest drivers of the increase were in the healthcare/pharmaceutical, government/education/nonprofit, and consumer packaged goods (“CPG”), which collectively increased by $5.4 million, or 30.6%. The increase is primarily due to increased adoption of our AdTheorent Health offering, as well as our Health Audience solution launched in the third quarter of 2022. Offsetting these increases were decreases in the banking, financial services and insurance (“BSFI”), home improvement, and services verticals which collectively decreased approximately $2.2 million, or 27.8% impacted by negative macroeconomic conditions driven by higher interest rates.

Total revenue decreased $3.2 million or 2.8%, for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022. The largest drivers of the decrease were in the BFSI, retail, software/websites, and home improvement verticals, which collectively decreased by $11.3 million, or 27.0%. The BFSI and home improvement verticals were impacted by negative macroeconomic conditions driven by higher interest rates. Offsetting these decreases were increases in the healthcare/pharmaceutical, travel, CPG, and alcohol/tobacco verticals, which collectively increased approximately $8.0 million, or 17.3%. The increase is primarily due to increased adoption of our AdTheorent Health offering, as well as our Health Audience solution launched in the third quarter of 2022.

Operating expenses

($ in thousands)	2023	2022	Change $	Change %
Three Months Ended September 30,	$ 41,045	$ 39,392	$ 1,653	4.2 %
Nine Months Ended September 30,	$ 115,282	$ 118,573	$ (3,291)	(2.8)%

Operating expenses increased $1.7 million, or 4.2%, for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022 and decreased $3.3 million, or 2.8%, for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022. Refer to the discussion below for further details of these variances.

Platform operations

($ in thousands)	2023	2022	Change $	Change %
Three Months Ended September 30,	$ 22,019	$ 19,581	$ 2,438	12.5 %
Nine Months Ended September 30,	$ 61,141	$ 58,207	$ 2,934	5.0 %

Platform operations expenses increased by $2.4 million, or 12.5%, for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022 mainly due to an increase in traffic acquisition costs of $1.7 million associated with increased media purchased through our platform, and a $0.6 million increase in hosting expenses primarily due to increased infrastructure to support the development of our investment in our healthcare offerings and a new multi-year hosting deal that will yield future incentives in this area.

Platform operations expenses increased by $2.9 million, or 5.0%, for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022 mainly due to increases in traffic acquisition costs, data infrastructure expense, and hosting expense. Traffic acquisition costs increased $1.6 million, associated with increased media purchased through our platform. Data infrastructure costs, or costs for data used in our platform which is not related to a specific campaign, increased $0.9 million primarily due to our increased investment in our healthcare offerings. Hosting expenses increased $0.8 million primarily due to increased infrastructure to support the development of our investment in healthcare and a new multi-year hosting deal that will yield future incentives in this area. The increases were offset by a decrease of $0.4 million in equity-based compensation.

Sales and marketing

($ in thousands)	2023	2022	Change $	Change %
Three Months Ended September 30,	$ 11,119	$ 11,127	$ (8)	(0.1)%
Nine Months Ended September 30,	$ 32,050	$ 32,540	$ (490)	(1.5)%

Sales and marketing expenses remained relatively flat for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022 mainly due to a decrease of $0.4 million in employee costs primarily related to lower headcount in our sales and customer support teams, and offsetting increases of $0.2 million related to increases in marketing-related events, $0.1 million in travel-related expenses as employee travel continues to increase.

Sales and marketing expenses decreased by $0.5 million, or 1.5%, for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022 mainly due to a decrease of $0.8 million in employee costs primarily related to lower headcount in our sales and customer support teams, $0.4 million decrease in Seller’s Earnout equity-based compensation as the expense was fully recognized as of September 2022, and a $0.4 million decrease in equity-based compensation. Offsetting the decreases were increases of $0.8 million related to the increase in employee travel in 2023 and $0.3 million for increases in marketing-related events.

Technology and development

($ in thousands)	2023	2022	Change $	Change %
Three Months Ended September 30,	$ 3,794	$ 3,955	$ (161)	(4.1)%
Nine Months Ended September 30,	$ 10,453	$ 12,393	$ (1,940)	(15.7)%

Technology and development expenses decreased $0.2 million, or 4.1%, for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022 mainly due to a $0.7 million related to the increase in hours worked on capitalizable projects, and a decrease in equity-based compensation of $0.2 million. Offsetting the decrease is an increase of $0.4 million for additional compensation and other employee related costs and $0.1 million of contract development expenses.

Technology and development expenses decreased by $1.9 million, or 15.7%, for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022 mainly due to a $1.8 million related to the increase in hours worked on capitalizable projects, a decrease of $0.8 million in equity-based compensation, and a $0.4 million decrease related to the deconsolidation of SymetryML Holdings on March 31, 2022. Offsetting the decrease is an increase of $0.9 million in certain employee related expenses for additional compensation and other employee related costs and $0.3 million of increased contract development expenses.

For further information on the deconsolidation of SymetryML Holdings, refer to Note 16 — SymetryML and SymetryML Holdings of our Condensed Consolidated Financial Statements, included elsewhere in this Form 10-Q.

General and administrative

($ in thousands)	2023	2022	Change $	Change %
Three Months Ended September 30,	$ 4,113	$ 4,729	$ (616)	(13.0)%
Nine Months Ended September 30,	$ 11,638	$ 15,433	$ (3,795)	(24.6)%

General and administrative expenses decreased $0.6 million, or 13.0%, for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022 primarily due to a decrease of $0.3 million in insurance expense, mainly driven by a decrease in directors and officers insurance, $0.2 million in Seller’s Earnout equity-based compensation, and $0.1 million in equity-based compensation.

General and administrative expenses decreased by $3.8 million, or 24.6%, for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022 primarily due to a $1.3 million decrease in professional fees such as audit, legal, and professional consulting fees related to initial costs as a publicly traded company, and decreases of $1.0 million in equity-based compensation, $0.9 million of insurance expense, mainly driven by a decrease in directors and officers insurance, and $0.7 million decrease in Seller’s Earnout equity-based compensation.

Interest income (expense)

($ in thousands)	2023	2022	Change $	Change %
Three Months Ended September 30,	$ 707	$ 97	$ 610	628.9 %
Nine Months Ended September 30,	$ 1,750	$ (59)	$ 1,809	*

* Not Meaningful

Interest income, net was $0.7 million for the three months ended September 30, 2023 resulting in an increase of $0.6 million when compared to the three months ended September 30, 2022 primarily due to an increase in interest income earned of $0.5 million related to more favorable interest rates on money market investments.

Interest income, net was $1.8 million for the nine months ended September 30, 2023 compared to interest expense, net of $0.1 million for the nine months ended September 30, 2022. The net change was primarily due to an increase in interest income earned of $1.6 million related to more favorable interest rates on money market investments.

Gain on change in fair value of Seller's Earn-Out

($ in thousands)	2023	2022	Change $	Change %
Three Months Ended September 30,	$ 225	$ 2,901	$ (2,676)	(92.2)%
Nine Months Ended September 30,	$ 750	$ 15,664	$ (14,914)	(95.2)%

For the three months ended September 30, 2023, the Seller's Earn-Out liability decreased $0.2 million in fair value, resulting in a gain for that amount for the period, while in the three months ended September 30, 2022, the Seller’s Earn-out liability decreased in fair value by $2.9 million, resulting in a gain for that amount. These changes in fair value were primarily driven by updates to certain variables such as stock price, stock volatility, risk-free rate, and remaining life.

For the nine months ended September 30, 2023, the Seller's Earn-Out liability decreased $0.8 million in fair value, resulting in a gain for that amount for the period, while in the nine months ended September 30, 2022, the Seller’s Earn-out liability decreased in fair value by $15.7 million, resulting in a gain for that amount. These changes in fair value were primarily driven by updates to certain variables such as stock price, stock volatility, risk-free rate, and remaining life.

The Seller's Earn-Out was a result of the Business Combination on December 22, 2021, as detailed in Note 3 – Business Combination included in our Annual Report on Form 10-K for the year ended December 31, 2022, (“Business Combination”).

Gain on change in fair value of warrants

($ in thousands)	2023	2022	Change $	Change %
Three Months Ended September 30,	$ 1,290	$ 5,674	$ (4,384)	(77.3)%
Nine Months Ended September 30,	$ 1,436	$ 8,261	$ (6,825)	(82.6)%

For the three months ended September 30, 2023, the fair value of the warrants liability decreased by $1.3 million resulting in a gain for the period, while in the three months ended September 30, 2022, the fair value of the warrants liability decreased $5.7 million, resulting in a gain for that amount. These changes in fair value were primarily driven by updates to certain variables such as stock price, stock volatility, risk-free rate, and remaining life.

For the nine months ended September 30, 2023, the fair value of the warrants liability increased by $1.4 million resulting in a gain for the period, while in the nine months ended September 30, 2022, the fair value of the warrants liability increased $8.3 million, resulting in a gain for that amount. These changes in fair value were primarily driven by updates to certain variables such as stock price, stock volatility, risk-free rate, and remaining life.

The warrants were assumed by the Company in connection with the Business Combination.

(Provision) benefit for income taxes

($ in thousands)	2023	2022	Change $	Change %
Three Months Ended September 30,	$ (6,254)	$ (1,095)	$ (5,159)	471.1 %
Nine Months Ended September 30,	$ (938)	$ 540	$ (1,478)	*

* Not Meaningful

Provision for income taxes increased $5.2 million for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022.

Provision for income taxes was $0.9 million for the nine months ended September 30, 2023, compared to a benefit of income taxes of $0.5 million for the nine months ended September 30, 2022.

The AETR for the nine months ended September 30, 2023 was more than the statutory rate of 21% primarily state and local income taxes, meals and entertainment, and executive equity-based compensation not deductible for tax purposes. Additionally, we did not include any fair value adjustments not reasonably estimable for the full-year in the calculation of our AETR, such as the Seller's Earn-out and warrant liabilities as we cannot project the full-year impact of these specific items.

Non-GAAP Financial Information

We calculate and monitor certain non-GAAP financial measures to help set budgets, establish operational goals, analyze financial results and performance, and make strategic decisions. We also believe that the presentation of these non-GAAP financial measures provides an additional tool for investors to use in comparing our results of operations over multiple periods. However, the non-GAAP financial measures may not be comparable to similarly titled measures reported by other companies due to differences in the way that these measures are calculated. The non-GAAP financial measures presented should not be considered as the sole measure of our performance, and should not be considered in isolation from, or a substitute for, comparable financial measures calculated in accordance with GAAP.

The information in the table below sets forth the non-GAAP financial measures that we monitor. Because of the limitations associated with these non-GAAP financial measures, “Adjusted Gross Profit,” “EBITDA,” “Adjusted EBITDA,” “Adjusted Gross Profit as a percentage of Revenue” and “Adjusted EBITDA as a percentage of Adjusted Gross Profit” should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP. We compensate for these limitations by relying primarily on our GAAP results and using non-GAAP measures on a supplemental basis. You should review the reconciliation of the non-GAAP financial measures below and not rely on any single financial measure to evaluate our business.

Adjusted Gross Profit

Adjusted Gross Profit is a non-GAAP profitability measure. Adjusted Gross Profit is a non-GAAP financial measure of campaign profitability, monitored by management and the Board, used to evaluate our operating performance and trends, develop short- and long-term operational plans, and make strategic decisions regarding the allocation of capital. We believe this measure provides a useful period to period comparison of campaign profitability and is useful information to investors and the market in understanding and evaluating our operating results in the same manner as our management and Board. Gross profit is the most comparable GAAP measurement, which is calculated as revenue less platform operations costs. In calculating Adjusted Gross Profit, we add back other platform operations costs, which consist of amortization expense related to capitalized software, depreciation expense, allocated costs of personnel which set up and monitor campaign performance, and platform hosting, license, and maintenance costs, to gross profit.

The following table presents the calculation of gross profit and reconciliation of gross profit to Adjusted Gross Profit for the three and nine months ended September 30, 2023 and 2022.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in thousands)			
Revenue	$ 40,890	$ 37,584	$ 111,151	$ 114,301
Less: Platform operations	22,019	19,581	61,141	58,207
Gross Profit	18,871	18,003	50,010	56,094
Add back: Other platform operations	7,519	6,739	21,319	19,979
Adjusted Gross Profit (1)	$ 26,390	$ 24,742	$ 71,329	$ 76,073

EBITDA and Adjusted EBITDA

EBITDA is a non-GAAP financial measure defined by us as net (loss) income, before interest (income) expense, net; depreciation, amortization; and income tax provision (benefit). Adjusted EBITDA is defined as EBITDA before equity-based compensation expense, transaction costs related to the Business Combination, non-core operations, and other non-recurring items.

Collectively these non-GAAP financial measures are key profitability measures used by our management and Board to understand and evaluate our operating performance and trends, develop short-and long-term operational plans, measure performance goals in employee equity incentive awards, and make strategic decisions regarding the allocation of capital. We believe that these measures can provide useful period-to-period comparisons of campaign profitability. Accordingly, we believe that these measures provide useful information to investors and the market in understanding and evaluating our operating results in the same manner as our management and the Board.

The following table sets forth a reconciliation of net (loss) income to Adjusted EBITDA for the three and nine months ended September 30, 2023 and 2022.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in thousands)			
Net (loss) income	$ (4,194)	$ 5,725	$ (1,335)	$ 21,212
Interest (income) expense, net	(707)	(97)	(1,750)	59
Tax provision (benefit)	6,254	1,095	938	(540)
Depreciation and amortization	2,317	1,973	6,619	6,015
EBITDA (1)	$ 3,670	$ 8,696	$ 4,472	$ 26,746
Equity-based compensation	2,584	2,783	5,924	8,627
Seller's Earn-Out equity-based compensation	—	373	—	1,364
Transaction costs (2)	—	—	166	(131)
Gain on change in fair value of Seller's Earn-Out (3)	(225)	(2,901)	(750)	(15,664)
Gain on change in fair value of warrants (4)	(1,290)	(5,674)	(1,436)	(8,261)
Gain on deconsolidation of SymetryML (5)	—	—	—	(1,939)
Loss on change in fair value of SAFE Notes (6)	—	—	—	788
(Gain) loss on fair value of investment in SymetryML Holdings	(5)	39	153	49
Separation expense related to headcount reductions	—	270	—	270
Non-core operations (7)	—	—	—	351
Adjusted EBITDA (1)	$ 4,734	$ 3,586	$ 8,529	$ 12,200

Adjusted EBITDA as a Percentage of Adjusted Gross Profit and Adjusted Gross Profit as a Percentage of Revenue

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in thousands, except percentages)			
Gross Profit	$ 18,871	$ 18,003	$ 50,010	$ 56,094
Net (loss) income	$ (4,194)	$ 5,725	$ (1,335)	$ 21,212
Net (loss) income as a percentage of Gross Profit	-22.2 %	31.8 %	-2.7 %	37.8 %
Adjusted Gross Profit (1)	$ 26,390	$ 24,742	$ 71,329	$ 76,073
Adjusted EBITDA (1)	$ 4,734	$ 3,586	$ 8,529	$ 12,200
Adjusted EBITDA as a percentage of Adjusted Gross Profit (1)	17.9 %	14.5 %	12.0 %	16.0 %
Gross Profit	$ 18,871	$ 18,003	$ 50,010	$ 56,094
Revenue	$ 40,890	$ 37,584	$ 111,151	$ 114,301
Gross Profit as a percentage of Revenue	46.2 %	47.9 %	45.0 %	49.1 %
Revenue	$ 40,890	$ 37,584	$ 111,151	$ 114,301
Adjusted Gross Profit (1)	$ 26,390	$ 24,742	$ 71,329	$ 76,073
Adjusted Gross Profit as a percentage of Revenue (1)	64.5 %	65.8 %	64.2 %	66.6 %

(1) We use non-GAAP financial measures to help set budgets, establish operational goals, analyze financial results and performance, and make strategic decisions.

(2) Includes professional fees directly related to the December 22, 2021 Business Combination.

(3) In connection with the Business Combination, a Seller's Earn-Out liability was recorded. The gain represents the decrease in fair value of the Seller's Earn-Out in the three and nine months ended September 30, 2023 and 2022.

(4) In connection with the Business Combination, a liability for warrants was recorded. The gain represents the decrease in fair value of the warrants in the three and nine months ended September 30, 2023 and 2022.

(5) On March 31, 2022, we deconsolidated SymetryML which resulted in a gain. Refer to Note 16 — SymetryML and SymetryML Holdings of our Condensed Consolidated Financial Statements, included elsewhere in this Form 10-Q, for more information.

(6) On March 31, 2022, in connection with the deconsolidation of SymetryML, we performed a valuation of the SAFE notes (defined below) on that date which resulted in a loss. Refer to Note 16 — SymetryML and SymetryML Holdings of our Condensed Consolidated Financial Statements, included elsewhere in this Form 10-Q, for more information.

(7) Prior to March 31, 2022, we had effectuated a contribution of our SymetryML department into a new subsidiary, SymetryML, Inc. We periodically raised capital to fund SymetryML operations by entering into Simple Agreement for Future Equity Notes (“SAFE Notes”) with several parties. We viewed SymetryML operations as non-core, and did not fund future operational expenses incurred in excess of SAFE Notes funding secured. Beginning March 31, 2022, we no longer consolidate SymetryML. Refer to Note 16 — SymetryML and SymetryML Holdings of our Condensed Consolidated Financial Statements, included elsewhere in this Form 10-Q, for more information.

Liquidity and Capital Resources

Our business requires substantial amounts of cash for operating activities, including salaries and wages paid to our employees, development expenses, general and administrative expenses, and others. As of September 30, 2023, we had $74.3 million in cash and cash equivalents.

As of September 30, 2023, our working capital was $104.1 million. All amounts previously drawn on our Revolving Credit Facility, as defined below, were re-paid in January 2022 and we do not anticipate a need to borrow on this facility in the immediate future. We believe we have sufficient sources of liquidity, including cash generated from operations as well as the capacity on the Revolving Credit Facility, to support our operating needs, capital requirements, and debt service requirements for the next twelve months.

The accompanying Condensed Consolidated Financial Statements have been prepared assuming we will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business.

Our purchase commitments per our standard terms and conditions with our suppliers and vendors are cancellable in whole or in part with or without cause prior to delivery. If we terminate an order, we will have no liability beyond payment of any balances owing for goods or services delivered previously.

Silicon Valley Bank Revolver

On December 22, 2021, we entered into a Senior Secured Agreement with SVB which allows us to borrow up to $40.0 million in a Revolving Credit Facility, including a $10.0 million sub-limit for letters of credit and a swing line sub-limit of $10.0 million. The Revolving Credit Facility commitment termination date is December 22, 2026. We accounted for the Senior Secured Agreement as a debt modification.

In accordance with the Senior Secured Agreement there are two types of revolving loan, either a Secured Overnight Financing Rate Loan (“SOFR Loan”) loan or an ABR Alternate Base Rate Loan (“ABR Loan”). The revolving loans may from time to time be SOFR Loans or ABR Loans, as determined by the Company. Interest shall be payable quarterly based on the type of loan.

a) Each SOFR Loan bears interest for each day at a rate per annum equal to Adjusted Term SOFR, as defined in the Senior Secured Agreement, plus the Applicable Margin, as defined in the Senior Secured Agreement. The Applicable Margin can vary between 2.00% and 2.50% based on the leverage ratio of the Company.

b) Each ABR Loan (including any swingline loan) bears interest at a rate per annum equal to the highest of the Prime Rate in effect on such day, the Federal Funds Effective Rate in effect on such day plus 0.50%, and the Adjusted Term SOFR, as defined in the Senior Secured Agreement, for a one-month tenor in effect on such day plus 1.00% (“ABR”); plus the Applicable Margin, as defined in the Senior Secured Agreement. The Applicable Margin can vary between 1.00% and 1.50% based on the leverage ratio of the Company.

In addition, the Senior Secured Agreement has a commitment fee in relation to the non-use of available funds ranging from 0.25% to 0.35% per annum based on the leverage ratio of the Company.

All obligations under the Senior Secured Agreement are secured by a first priority lien on substantially all assets of the Company.

We are subject to customary representations, warranties, and covenants. The Senior Secured Agreement requires that we meet certain financial and non-financial covenants which include, but are not limited to, (i) delivering audited consolidated financial statements to the lender within 90 days after year-end commencing with the fiscal year ending December 31, 2022 financial statements, (ii) delivering unaudited quarterly consolidated financial statements within 45 days after each fiscal quarter, commencing with the quarterly period ending on March 31, 2022 and (iii) maintaining certain leverage ratios and liquidity coverage ratios. As of September 30, 2023, we were in full compliance with the terms of the Senior Secured Agreement.

As of September 30, 2023, we had one letter of credit for approximately $1.0 million and no amounts were drawn on the Revolving Credit Facility.

Cash Flows

The timing of cash receipts from customers and payments to suppliers can significantly impact our cash flows from operating activities. Our collection and payment cycles can vary from period to period.

We are generally contractually required to pay suppliers of advertising inventory and data within a negotiated period of time, regardless of whether our customers pay on time, or at all. While we attempt to negotiate long payment periods with our suppliers and shorter periods from our customers, it is not always successful. As a result, our accounts payable are often due on shorter cycles than our accounts receivables, requiring us to remit payments from our own funds, and accept the risk of bad debt. Our standard payment terms range from 30 to 60 days.

Accounts receivable are recorded at the invoiced amount, are unsecured, and do not bear interest and we record an allowance for credit losses is based on the best estimate of the amount of probable credit losses in existing accounts receivable. Our standard payment terms for our customers range from 30 to 60 days. For the periods presented, the timing of our collections have exceeded the standard payment terms of customers, because like many companies in our industry, we often experience slow payment by advertising agencies, such that advertising agencies typically collect payment from their customers before remitting payment to us. We evaluate the creditworthiness of customers on a regular basis.

We expect to continue generating strong positive cash flows as we scale our operations.

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

	Nine Months Ended September 30,	
	2023	2022
	(in thousands)	
Net cash provided by operating activities	$ 5,818	$ 8,439
Net cash used in investing activities	$ (4,057)	$ (2,388)
Net cash used in financing activities	$ (1)	$ (38,302)

Operating Activities

Net cash provided by operating activities decreased $2.6 million for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022. The decrease was primarily due to the following:

- Cash collected for revenue decreased $6.1 million.
- Increase in cash paid for client refunds of $1.3 million.
- Increase in cash paid for hosting costs related to increased infrastructure to support the development of our increased investment in healthcare and a new multi-year hosting deal of $0.6 million.
- Increase in cash paid for taxes of $0.5 million.
- Increase in cash paid for rent of $0.5 million.
- Increase in cash paid for contract development expenses of $0.4 million.
- Timing differences of certain payments and collections.

Offsetting increases in operating cash included the following:

- Decrease in cash paid for professional service fees of $2.0 million, including audit, legal, and consulting, related to being a newly public company in the prior year period.
- Increase in net cash received for interest of $1.7 million.
- Decrease in cash paid for employee expenses of $1.5 million primarily due to the decrease in headcount.
- Decrease in cash paid for insurance of $1.1 million.
- Decrease in cash paid for sales and marketing expenses of $0.6 million.

Investing Activities

Net cash used in investing activities, primarily consisting of capitalized software costs, increased $1.7 million for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022. Cash used for development of software increased $2.0 million due to the increase in capitalizable projects in 2023.

Financing Activities

Net cash used in financing activities during the nine months ended September 30, 2023 consisted of cash paid for restricted stock withheld for taxes of $0.5 million with offsetting financing cash inflow from proceeds related to cash received from issuance of shares under the ESPP of $0.3 million, and cash received from stock option exercises of $0.2 million.

Net cash used in financing activities during the nine months ended September 30, 2022 was $38.3 million, consisting primarily of the re-payment of revolver borrowings of $39.0 million. We also paid cash for restricted stock withheld for taxes of $0.2 million. Offsetting these payments were proceeds related to the SymetryML issuance of preferred stock of $0.4 million, cash received from stock option exercises of $0.3 million, and proceeds from the SAFE Notes of $0.2 million.

Critical Accounting Estimates

Our Condensed Consolidated Financial Statements have been prepared in accordance with GAAP. Preparation of the financial statements requires our management to make judgments, estimates and assumptions that impact the reported amount of revenue and expenses, assets and liabilities and the disclosure of contingent assets and liabilities. We consider an accounting judgment, estimate or assumption to be critical when (1) the estimate or assumption is complex in nature or requires a high degree of judgment and (2) the use of different judgments, estimates and assumptions could have a material impact on our Condensed Consolidated Financial Statements.

We have not identified any critical accounting estimates other than estimates and assumptions related to the input values in the valuation models used in the valuation of our Private Placement Warrants, classified as a Level 2 liability and the Seller’s Earn-out liability, classified as a Level 3 liability. Critical accounting estimates are specifically related to expected stock-price volatility, expected term, dividend yield, and risk-free interest rate.

For the Private Placement Warrants, a BSM was used to determine the fair value, respectively. The expected volatility assumption was determined using a weighted average of the Company’s historical volatility, the historical volatilities of a group of industry peers, and the implied volatility from the market price of the Public Warrants. The risk-free rate assumption is based on the U.S. Treasury instruments, the terms of which were consistent with the expected term of the Private Placement Warrants. The expected term represents the time until expiration of the Private Placement Warrants. The dividend yield is based on the Company’s history, which we anticipate to remain at zero.

For the Seller’s Earn-out, a Monte Carlo simulation valuation model is used to determine the fair value. The expected volatility assumption was determined using a weighted average of the Company’s historical volatility, the historical volatilities of a group of industry peers, and the implied volatility from the market price of the Public Warrants. The risk-free rate is based on the U.S. Treasury instruments, the terms of which were consistent with the expected term of the Seller’s Earn-Out. The forecasted period represents the time until expiration of the Seller’s Earn-Out. The dividend yield is based on the Company’s history, which we anticipate to remain at zero.

We evaluate such estimates and assumptions each reporting period and reflect changes in the valuation methodologies that we use.

For further discussion on these items and their impact included in our financial statements refer to Note 14 — Seller's Earn-Out and Note 15 — Warrants, included elsewhere in this Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures: We maintain disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") that are designed to ensure that the information required to be disclosed by us in the reports filed or submitted by us under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and such information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable assurances of achieving the desired controls.

As of September 30, 2023, we carried out an evaluation, under the supervision and with the participation of our management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures defined above. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of September 30, 2023, our disclosure controls and procedures were effective at the reasonable assurance level.

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

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we are made aware of legal allegations arising in the ordinary course of our business. We are not currently a party to any actions, claims, suits or other legal proceedings the outcome of which, if determined adversely to AdTheorent, would individually or taken together have a material adverse effect on our business, operating results, cash flows or financial condition.

Item 1A. Risk Factors

As of the date of this Quarterly Report, other than the below, there have not been any material changes to the information related to the ITEM 1A. "Risk Factors" disclosure in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022. Our business involves significant risks. You should carefully consider the risks and uncertainties described in our Annual Report, together with all of the other information in this Quarterly Report on Form 10-Q, as well as our audited consolidated financial statements and related notes as disclosed in our Annual Report. The risks and uncertainties described in our Annual Report are not the only ones we face.

Additional risk and uncertainties that we are unaware of or that we deem immaterial may also become important factors that adversely affect our business. The realization of any of these risks and uncertainties could have a material adverse effect on our reputation, business, financial condition, results of operations, growth and future prospects as well as our ability to accomplish our strategic objectives. In that event, the market price of our common stock could decline and you could lose part or all of your investment.

The recent attack by Hamas on Israel from the Gaza Strip could have an unpredictable effect on the global economy and on international and local securities markets, and adversely affect our business and results of operations.

On October 7, 2023, Hamas militants and members of other terrorist organizations infiltrated Israel's southern border from the Gaza Strip and conducted a series of terror attacks on civilian and military targets. Thereafter, these terrorists launched extensive rocket attacks on Israeli population and industrial centers located along the Israeli border with the Gaza Strip. Shortly following the attack, Israel's security cabinet declared war against Hamas. The intensity and duration of Israel's current war against Hamas is difficult to predict.

A downturn in the worldwide economy resulting the recent attack by Hamas on Israel from the Gaza Strip and other conflicts with a global impact that may arise from time to time could have a material adverse effect on our business, results of operations, and/or financial condition.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Exhibit	Description
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

SIGNATURES

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

ADTHEORENT HOLDING COMPANY, INC.

	By:	/s/ James Lawson
		James Lawson
		Chief Executive Officer and Director
		(principal executive officer)
Date: November 7, 2023		
	By:	/s/ Patrick Elliott
		Patrick Elliott
		Chief Financial Officer
		(principal financial and accounting officer)
Date: November 7, 2023		

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James Lawson, certify that:

1. I have reviewed this Form 10-Q of AdTheorent Holding Company, 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(s) 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(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2023

By: /s/ James Lawson
James Lawson
Chief Executive Officer and Director

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Patrick Elliott, certify that:

1. I have reviewed this Form 10-Q of AdTheorent Holding Company, 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(s) 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(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2023

By: /s/ Patrick Elliott
Patrick Elliott
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of AdTheorent Holding Company, Inc. (the “Company”) on Form 10-Q for the period ending September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 7, 2023

By: /s/ James Lawson
James Lawson
Chief Executive Officer and Director

Exhibit 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of AdTheorent Holding Company, Inc. (the "Company") on Form 10-Q for the period ending September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 7, 2023

By: /s/ Patrick Elliott
Patrick Elliott
Chief Financial Officer