UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

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

For the Fiscal Year Ended June 30, 2024

OR

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

Commission file number: 001-34628

QuinStreet, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**77-0512121**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

950 Tower Lane, 12th Floor
Foster City, California 94404
(Address of principal executive offices, including zip code)

(650) 587-7700
(Registrant's telephone number, including area code)

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

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, par value $0.001 per share	**QNST**	**The Nasdaq Stock Market LLC (Nasdaq Global Select Market)**

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

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes ☒ No ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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 December 31, 2023, the aggregate market value of the voting stock held by non-affiliates of the registrant, based on the closing sale price of the Company's common stock as reported by the Nasdaq Global Select Market on such date, was $675,599,058. For purposes of calculating the aggregate market value of shares held by non-affiliates, we have assumed that all outstanding shares are held by non-affiliates, except for shares owned by each of our executive officers, directors and 5% or greater stockholders. In the case of 5% or greater stockholders, we have not deemed such stockholders to be affiliates unless there are facts and circumstances indicating that such stockholders exercise any control over our company. The determination of executive officer or affiliate status is not a conclusive determination for other purposes.

Number of shares of common stock outstanding as of August 12, 2024: 55,976,094

Documents Incorporated by Reference:

Portions of the registrant's definitive proxy statement relating to its 2024 annual stockholders' meeting are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated. Such proxy statement will be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year to which this report relates.

QUINSTREET, INC.

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

TABLE OF CONTENTS

		Page
	PART I.	
Item 1.	Business	4
Item 1A.	Risk Factors	10
Item 1B.	Unresolved Staff Comments	34
Item 1C.	Cybersecurity	34
Item 2.	Properties	35
Item 3.	Legal Proceedings	35
Item 4.	Mine Safety Disclosures	35
	PART II.	
Item 5.	Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	36
Item 6.	[Reserved]	37
Item 7.	Management’s Discussion and Analysis of Financial Condition and Results of Operations	38
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	51
Item 8.	Financial Statements and Supplementary Data	52
Item 9.	Changes In and Disagreements with Accountants on Accounting and Financial Disclosure	81
Item 9A.	Controls and Procedures	81
Item 9B.	Other Information	82
Item 9C.	Disclosures Regarding Foreign Jurisdictions that Prevent Inspection	82
	PART III.	
Item 10.	Directors, Executive Officers and Corporate Governance	83
Item 11.	Executive Compensation	83
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	83
Item 13.	Certain Relationships and Related Transactions, and Director Independence	83
Item 14.	Principal Accounting Fees and Services	83
	PART IV.	
Item 15.	Exhibits, Financial Statement Schedules	84
Item 16.	Form 10-K Summary	87
	Signatures	88

PART I

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements. All statements other than statements of historical facts, including statements regarding our future financial condition, business strategy and plans and objectives of management for future operations, are forward-looking statements. Terminology such as "believe," "may," "might," "objective," "estimate," "continue," "anticipate," "intend," "should," "plan," "expect," "predict," "potential," or the negative of these terms or other similar expressions is intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements are subject to a number of known and unknown risks and uncertainties that could cause our actual results to differ materially from those expressed or implied in our forward-looking statements. Such risks and uncertainties include, among others, those listed in Part 1, Item 1A. "Risk Factors" of this Annual Report on Form 10-K and elsewhere in this report, such as but not limited to:

- our still developing industry and relatively new business model and products such as QuinStreet Rating Platform ("QRP") product for insurance agents;
- changes in the regulatory enforcement or legislative environment;
- our dependence on the availability and affordability of quality media from third-party publishers and strategic partners;
- our dependence on Internet search companies to attract Internet visitors;
- changes in the general economic conditions and market dynamics in the United States, or in the specific markets in which we currently do business;
- banking institution risks;
- the impact of broad-based pandemics or public health crises;
- our ability to accurately forecast our results of operations and appropriately plan our expenses;
- our ability to compete in our industry;
- our ability to manage cyber security risks and costs associated with maintaining a robust security infrastructure;
- our ability to continually optimize our websites to allow Internet visitors to access our websites through mobile devices;
- our ability to develop new services, enhancements and features to meet new demands from our clients;
- our ability to implement our enhanced products across our business and achieve client adoptions of such products;
- our ability to successfully complete acquisitions and other business development transactions including our ability to enter into, and manage the relationship and risks associated with, strategic partnerships; and
- the occurrence of, and our ability to successfully challenge, regulatory audits, investigations or allegations of noncompliance with laws.
- increased scrutiny and changing expectations from investors, customers, employees, and others regarding our environmental, social and governance practices;

Except as required by law, we undertake no obligation to update publicly any forward-looking statements for any reason to conform these statements to actual results or to changes in our expectations. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements, and we qualify all of our forward-looking statements by these cautionary statements.

Item 1. *Business*

Our Company

We are a leader in performance marketplaces and technologies for the financial services and home services industries. Our approach to proprietary performance marketing technologies allows clients to engage high-intent digital media or traffic from a wide range of device types (e.g., mobile, desktop, tablet), in multiple formats or types of media (e.g., search engines, large and small media properties or websites, email), and in a wide range of cost-per-action, or CPA, forms. These forms of contact are the primary "products" we sell to our clients, and include qualified clicks, leads, calls, applications and customers. We specialize in customer acquisition for clients in high value, information-intensive markets, or "verticals," including financial services and home services. Our clients include some of the world's largest companies and brands in those markets. The majority of our operations and revenue are in North America.

We generate revenue by delivering measurable online marketing results to our clients. The benefits to our clients include cost-effective and measurable customer acquisition costs, as well as management of highly targeted but also highly fragmented online media sources and access to our world-class proprietary technologies. We are predominantly paid on a negotiated or market-driven "per click," "per lead," or other "per action" basis that aligns with the customer acquisition cost targets of our clients. We bear the cost of paying Internet search companies, third-party media sources, strategic partners and other online media sources to generate qualified clicks, leads, calls, applications or customers for our clients.

Our competitive advantages include our media buying power, proprietary technologies, extensive data and experience in performance marketing, and significant online media market share in the markets or verticals we serve. Our advantage in online media buying is key to our business model and comes from our ability to effectively segment and match high-intent, unbranded media or traffic – one of the largest sources of traffic for customer acquisition – to as many as hundreds of clients or client offerings and, in most cases, to match those visitors to multiple clients, which also satisfies the visitor's desire to choose among alternatives and to shop multiple offerings. Together, the ability to match more visitors in any given flow of traffic or media to a client offering, and to do so multiple times, adds up to a significant media buying advantage compared to individual clients or other buyers for these types of media.

Our proprietary technologies have been developed over the past 25 years to allow us to best segment and match media or traffic, to deliver optimized results for our clients and to operate our high volume and highly complex channel cost-efficiently.

Our extensive data and experience in performance marketing reflect the execution, knowledge and learning from billions of dollars of media spend on these campaigns over time. This is a steep and expensive learning curve. These learnings address millions of permutations of media sources, mix and order of creative and content merchandising, and approaches to the matching and segmentation of Internet visitors to optimize their experience and the results for clients. Together, these learnings allow us to run thousands of campaigns simultaneously and cost-effectively for our clients at acceptable media costs and margins to us.

Because of our deep expertise and capabilities in running financially successful performance marketing programs, we are able to effectively compete for sources and partners of high-intent, unbranded media, and our market share in our client verticals of this media is significant. Our media sources include owned-and-operated organic or search engine optimization ("SEO") websites, targeted search engine marketing ("SEM") or pay-per-click ("PPC") campaigns, social media and mobile programs, internal email databases, call center operations, partnerships with large and small online media companies, and more. Our collective media presence results in engagement with a significant share of online visitors in those markets or verticals, which leads us to be included in client online media buys.

We were incorporated in California on April 16, 1999 and reincorporated in Delaware on December 31, 2009. We have been a pioneer in the development and application of measurable marketing on the Internet. Clients pay us for the actual opt-in actions by visitors or customers that result from our marketing activities on their behalf, versus traditional impression-based advertising and marketing models in which an advertiser pays for a broad audience's exposure to an advertisement.

Market Opportunity

Change in marketing strategy and approach

We believe that marketing approaches are changing as budgets shift from offline, analog advertising media to digital advertising media such as Internet marketing. These changing approaches require a shift to fundamentally new competencies, including:

From qualitative, impression-driven marketing to analytic, data-driven marketing

Growth in Internet marketing enables a more data-driven approach to advertising. The measurability of online marketing allows marketers to collect a significant amount of detailed data on the performance of their marketing campaigns, including the effectiveness of ad format and placement and user responses. This data can then be analyzed and used to improve marketing campaign performance and cost-effectiveness on substantially shorter cycle times than with traditional offline media.

From account management-based client relationships to results-based client relationships

Marketers are becoming increasingly focused on strategies that deliver specific, measurable results. For example, marketers are attempting to better understand how their marketing spending produces measurable objectives such as meeting their target marketing cost per new customer. As marketers adopt more results-based approaches, the basis of client relationships with their marketing services providers is shifting from being more account management-based to being more results-oriented.

From marketing messages pushed on audiences to marketing messages pulled by self-directed audiences

Traditional marketing messages such as television and radio advertisements are broadcast to a broad audience. The Internet enables more self-directed and targeted marketing. For example, when Internet visitors click on PPC search advertisements, they are expressing an interest in and proactively engaging with information about a product or service related to that advertisement. The growth of self-directed marketing, primarily through online channels, allows marketers to present more targeted and potentially more relevant marketing messages to potential customers who have taken the first step in the buying process, which can in turn increase the effectiveness of marketers' spending.

From marketing spending focused on large media buys to marketing spending optimized for fragmented media

We believe that media is becoming increasingly fragmented and that marketing strategies are changing to adapt to this trend. There are millions of Internet websites, tens of thousands of which have significant numbers of visitors. While this fragmentation can create challenges for marketers, it also allows for improved audience segmentation and the delivery of highly targeted marketing messages, but innovative technologies and approaches are necessary to effectively manage marketing given the increasing complexity resulting from more media fragmentation.

Increasing complexity of online marketing

Online marketing is a dynamic and increasingly complex advertising medium. There are numerous online channels for marketers to reach potential customers, including search engines, Internet portals, vertical content websites, affiliate networks, display and contextual ad networks, email, video advertising, and social media. We refer to these and other marketing channels as media. Each of these channels may involve multiple ad formats and different pricing models, amplifying the complexity of online marketing. We believe that this complexity increases the demand for our vertical marketing and media services due to our capabilities and to our experience managing and optimizing online marketing programs across multiple channels. Also, marketers and agencies often lack our ability to aggregate offerings from multiple clients in the same industry vertical, an approach that allows us to cover a wide selection of visitor segments and provide more potential matches to visitor needs. This approach can allow us to convert more Internet visitors into qualified clicks, leads, calls, applications, or customers from targeted media sources, giving us an advantage when buying or monetizing that media.

Our Business Model

We deliver measurable and cost-effective marketing results to our clients, typically in the form of qualified inquiries such as clicks, leads, calls, applications, or customers. Clicks, leads, calls, and applications can then convert into a customer or sale for clients at a rate that results in an acceptable marketing cost to them. We are typically paid by clients when we deliver qualified inquiries in the form of clicks, leads, calls, applications, or customers, as defined by our agreements with them. References to the delivery of customers means a sale or completed customer transaction (e.g., funded loans or customer appointments with clients). Because we bear the costs of media, our programs must result in attractive marketing costs to our clients at media costs and margins that provide sound financial outcomes for us. To deliver clicks, leads, calls, applications, and customers to our clients, generally we:

- own or access targeted media through business arrangements (e.g., revenue sharing arrangements with online publisher partners, large and small) or by purchasing media (e.g., clicks from major search engines);
- run advertisements or other forms of marketing messages and programs in that media that result in consumer or visitor responses, typically in the form of clicks (by a consumer to further qualification or matching steps, or to online client applications or offerings), leads (e.g., consumer contact information), calls (from a consumer or to a consumer by our owned and operated or contracted call centers or by that of our clients or their agents), applications (e.g., for enrollment or a financial product), or customers (e.g., funded personal loans);
- continuously seek to display clients and client offerings to visitors or consumers that result in the maximum number of consumers finding solutions that can meet their needs and to which they will take action to respond, resulting in media buying efficiency (e.g., by segmenting media or traffic so that the most appropriate clients or client offerings can be displayed or “matched” to each segment based on fit, response rates or conversion rates); and
- through technology and analytics, seek to optimize combination of objectives to satisfy the maximum number of shopping or researching visitors or consumers, deliver on client marketing objectives, effectively compete for online media, and generate a sound financial outcome for us.

Media cost, or the cost to attract targeted Internet visitors, is the largest cost input to producing the measurable marketing results we deliver to clients. Balancing our clients’ customer acquisition cost and conversion objectives — or the rate at which the clicks, leads, calls, or applications that we deliver to them convert into customers — with our media costs and yield objectives, represents the primary challenge in our business model. We have been able to effectively balance these competing demands by focusing on our media sources and creative capabilities, developing proprietary technologies and optimization capabilities, and working to constantly improve segmentation and matching of visitors to clients through the application of our extensive data and experience in performance marketing. We also seek to mitigate media cost risk by working with third-party publishers and media owners predominantly on a revenue-share basis, which makes these costs variable and provides for risk management. Media purchased on a revenue-share basis has represented the majority of our media costs and of the Internet visitors we convert into qualified clicks, leads, calls, applications, or customers for clients, contributing significantly to our ability to maintain profitability.

Media and Internet visitor mix

We are a client-driven organization. We seek to be one of the largest providers of measurable marketing results on the Internet in the client industry verticals we serve by meeting the needs of clients for results, reliability and volume. Meeting those client needs requires that we maintain a diversified and flexible mix of Internet visitor sources due to the dynamic nature of online media. Our media mix changes with changes in Internet visitor usage patterns. We adapt to those changes on an ongoing basis, and also proactively adjust our mix of vertical media sources to respond to client- or vertical-specific circumstances and to achieve our financial objectives. Generally, our Internet visitor sources include:

- websites owned and operated by us, with content and offerings that are relevant to our clients’ target customers;
- visitors acquired from PPC advertisements purchased on major search engines and sent to our websites;
- third-party media sources (including strategic partners) with whom we have a relationship and whose content or traffic is relevant to our clients’ target customers;
- email lists owned by us or by third-parties; and
- advertisements run through online advertising networks, directly with major websites or portals, social media networks, or mobile networks.

Our Strategy

Our goal is to continue to be one of the largest and most successful performance marketing companies on the Internet, and eventually in other digitized media forms. We believe that we are in the early stages of a very large and long-term market opportunity. Our strategy for pursuing this opportunity includes the following key components:

- focus on generating sustainable revenues by providing measurable value to our clients;
- build QuinStreet and our industry sustainably by behaving ethically in all we do and by providing quality content and website experiences to Internet visitors;
- remain vertically focused, choosing to grow through depth, expertise and coverage in our current client verticals; enter new client verticals selectively over time, organically and through acquisitions;
- build a world class organization, with best-in-class capabilities for delivering measurable marketing results to clients and high yields or returns on media costs;
- develop and evolve the best products, technologies and platform for managing successful performance marketing campaigns on the Internet; focus on technologies that enhance media yield, improve client results and achieve scale efficiencies;
- build and apply unique data advantages from running some of the largest campaigns over long periods of time in our client verticals, including the steep learning curves of what campaigns work best to optimize each media type and each client's results;
- build and partner with vertical content websites that attract high intent visitors in the client and media verticals we serve; and
- be a client-driven organization and develop a broad set of media sources and capabilities to reliably meet client needs.

Clients

In fiscal years 2024 and 2023, we had one client that accounted for 12% and 20% of net revenue. No other client accounted for 10% or more of net revenue in fiscal years 2024 and 2023. Our top 20 clients accounted for 46% and 52% of net revenue in fiscal years 2024 and 2023. Since our service was first offered in 2001, we have developed a broad client base with many multi-year relationships. We enter into Internet marketing contracts with our clients, most of which are cancelable with little or no prior notice. In addition, these contracts do not contain penalty provisions for cancellation before the end of the contract term.

Sales and Marketing

We have an internal sales team that consists of employees focused on signing new clients and account managers who maintain and seek to increase our business with existing clients. Our sales people and account managers are each focused on a particular client vertical so that they develop an expertise in the marketing needs of our clients in that particular vertical.

Technology and Infrastructure

We have developed a suite of technologies to manage, improve and measure the results of the marketing programs we offer our clients. We use a combination of proprietary and third-party software as well as hardware from established technology vendors. We use specialized software for client management, building and managing websites, acquiring and managing media, managing our third-party media sources, and using data and optimization tools to best match Internet visitors to our marketing clients. We have invested significantly in these technologies and plan to continue to do so to meet the demands of our clients and Internet visitors, to increase the scalability of our operations, and enhance management information systems and analytics in our operations. Our development teams work closely with our marketing and operating teams to develop applications and systems that can be used across our business. In fiscal years 2024 and 2023, we spent $30.0 million and $28.9 million on product development.

Our data centers are at third-party co-location centers in San Francisco, California and Las Vegas, Nevada. All of the critical components of the system are redundant. We have implemented these backup systems and redundancies to minimize the risk associated with earthquakes, fire, power loss, telecommunications failure, and other events beyond our control.

Intellectual Property

We rely on a combination of patent, trade secret, trademark and copyright laws in the United States and other jurisdictions together with confidentiality agreements and technical measures to protect the confidentiality of our proprietary rights. To protect our trade secrets, we control access to our proprietary systems and technology and enter into confidentiality and invention assignment agreements with our employees and consultants and confidentiality agreements with other third-parties. QuinStreet is a registered trademark in the United States and other jurisdictions. We also have registered and unregistered trademarks for the names of many of our websites, and we own the domain registrations for many of our website domains.

Our Competitors

Our primary competition falls into two categories: advertising and direct marketing services agencies, and online marketing and media companies. We compete for business on the basis of a number of factors including return on marketing expenditures, price, access to targeted media, ability to deliver large volumes or precise types of customer prospects, and reliability.

Advertising and direct marketing services agencies

Online and offline advertising and direct marketing services agencies control the majority of the large client marketing spending for which we primarily compete. So, while they are sometimes our competitors, agencies are also often our clients. We compete with agencies to attract marketing budget or spending from offline forms to the Internet or, once designated to be spent online, to be spent with us versus the agency or by the agency with others. When spending online, agencies spend with us and with portals, other websites and ad networks.

Online marketing and media companies

We compete with other Internet marketing and media companies, in many forms, for online marketing budgets. Most of these competitors compete with us in one client vertical. Examples include LendingTree and MediaAlpha in the financial services client vertical. Some of our competition also comes from agencies or clients spending directly with larger websites or portals, including Google, Yahoo!, Microsoft and Facebook.

Government Regulation

We provide services through a number of different online and offline channels. As a result, we are subject to many federal and state laws and regulations, including restrictions on the use of unsolicited commercial email, such as the CAN-SPAM Act and state email marketing laws, and restrictions on the use of marketing activities conducted by telephone, including the Telemarketing Sales Rule and the Telephone Consumer Protection Act (the “TCPA”). Our business is also subject to federal and state laws and regulations regarding unsolicited commercial email, telemarketing, user privacy, search engines, Internet tracking technologies, direct marketing, data security, data privacy, pricing, sweepstakes, promotions, intellectual property ownership and infringement, trade secrets, export of encryption technology, acceptable content and quality of goods, and taxation, among others.

In addition, we provide services to a number of our clients that operate in highly regulated industries. In our financial services client vertical, our websites and marketing services are subject to various federal, state and local laws, including state licensing laws, federal and state laws prohibiting unfair acts and practices, and federal and state advertising laws. In addition, we are a licensed insurance agent in all fifty states. The costs of compliance with these regulations and new laws may increase in the future and any failure on our part to comply with such laws may subject us to significant liabilities.

Human Capital Resources

Our business success depends on our people. We are committed to the development, attraction and retention of our employees. We are dedicated to our core principles and values which include: leading and taking ownership of results and growth, embracing new ideas and approaches as opportunities to improve our performance, striving to better understand and anticipate the needs of all stakeholders, and holding ourselves to high standards of performance and excellence. We strive to invest in professional learning and personal development opportunities that would develop talent and support personal, career and leadership growth. We hold ourselves accountable and we are committed to pay equity and parity. Our compensation philosophy is designed with both short- and long-term incentives. We prioritize the health, safety and wellness of our employees and strive to create an environment where our employees are productive and also physically and mentally healthy, safe and well. The health of our workforce remains our top priority while we work to ensure a safe work environment in our offices around the world.

As of June 30, 2024, we had 899 employees, which consisted of 506 in operations, 291 employees in product development, 58 in sales and marketing and 44 in general and administration. None of our employees are represented by a labor union.

Diversity

We are committed to fostering, cultivating and preserving a culture of diversity and inclusion. We not only embrace diversity but also seek to build a culture that attracts, retains, and develops a diverse set of employees. We have demonstrated this commitment by: (1) adding Diversity as one of our core values, (2) producing our annual gender and race demographic report, and (3) matching employee contributions to approved national associations and organizations ranging from legal advocacy to domestic support. We have also formed a Culture Committee to create inclusive and diverse events.

Employee Compensation

We provide comprehensive and competitive compensation packages to attract, reward and retain talented employees. Our employees' total compensation package includes market-competitive salary, bonuses or sales incentives, and equity awards, including restricted stock units and an employee stock purchase plan. We strive to be as transparent as possible about our compensation principles. We hold ourselves accountable and we are committed to pay equity and parity. Our compensation philosophy is designed with both short- and long-term incentives.

Development and Learning

We invest in the professional development and growth of all our employees and are strongly committed to our responsibility of providing development and growth opportunities to our employees through greater emphasis on internal mobility and fair and equitable talent practices.

Available Information

We file reports with the Securities and Exchange Commission ("SEC"), including annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and other filings required by the SEC. We make these reports and filings available free of charge on our website via the investor relations page on www.quinstreet.com as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. We also webcast our earnings calls and certain events we host with members of the investment community on our investor relations page at http://investor.quinstreet.com. The content of our website is not intended to be incorporated by reference into this report or in any other report or document we file, and any reference to this website and others included in this report is intended to be an inactive textual reference only.

The public may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site (http://www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

Item 1A. ***Risk Factors***

Investing in our common stock involves a high degree of risk. You should carefully consider the risks described below and the other information in this periodic report. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that adversely affect our business. If any of the following risks actually occur, our business, financial condition or results of operations could be adversely affected. In those cases, the trading price of our common stock could decline and you may lose all or part of your investment.

Summary of Risks Associated with Our Business

The following is a summary of the principal factors that make an investment in our common stock speculative or risky. These risks, and others, are described in further detail below this summary.

- We operate in an industry that is still developing and have a relatively new business model that is continually evolving, which makes it difficult to evaluate our business and prospects.
- A reduction in online marketing spend by our clients, a loss of clients or lower advertising yields may seriously harm our business, financial condition and results of operations. In addition, a substantial portion of our revenue is generated from a limited number of clients and if we lose a major client our revenue will decrease and our business and prospects may be harmed.
- We depend on third-party media sources, including strategic partners, for a significant portion of our visitors. Any decline in the supply of media available through these third-party publishers' websites (including via regulatory action specific to those websites or to third-party media sources generally), or increase in the price of this media, could cause our revenue to decline or our cost to reach visitors to increase.
- We are exposed to data privacy and security risks, particularly given that we gather, transmit, store and otherwise process personal information and implement artificial intelligence technology in certain products. If we fail to maintain adequate safeguards to protect the security, confidentiality and integrity of personal information, including any failure to develop, implement and support our technology infrastructure and assessment processes, we may be in breach of our commitments to our clients and consumers. Unauthorized or accidental access to, or disclosure or use of, confidential or proprietary data (including personal information) in our network systems, including via ransomware attacks, may cause us to incur significant expenses and may negatively affect our reputation and business.
- We depend upon Internet search companies to direct a significant portion of visitors to our owned and operated and our third-party publishers' websites. Changes in search engine algorithms have in the past harmed, and may in the future harm, the websites' placements in both paid and organic search result listings, which may reduce the number of visitors to our owned and operated and our third-party publishers' websites and as a result, cause our revenue to decline.
- Negative changes in the economic conditions and the regulatory environment have had in the past, and may in the future have, a material and adverse impact on our revenue, business and growth.
- Our cash and cash equivalents may be exposed to banking institution risk.
- If we fail to continually enhance and adapt our products and services to keep pace with rapidly changing technologies and industry standards, we may not remain competitive and could lose clients or advertising inventory.
- Our results of operations have fluctuated in the past and may do so in the future, which makes our results of operations difficult to predict and could cause our results of operations to fall short of analysts' and investors' expectations.
- As a result of changes in our business model, increased investments, increased expenditures for certain businesses, products, services and technologies, we anticipate fluctuations in our adjusted EBITDA margin.
- Interruption or failure of our information technology and communications systems could impair our ability to effectively deliver our services, which could cause us to lose clients and harm our results of operations.
- Limitations restricting our ability to market to users or collect and use data derived from user activities by technologies, service providers or otherwise could significantly diminish the value of our services and have an adverse effect on our ability to generate revenue.
- If we do not adequately protect our intellectual property rights, our competitive position and business may suffer.

- We are subject to risks with respect to counterparties, and failure of such counterparties to meet their obligations could cause us to suffer losses or negatively impact our results of operations and cash flows.

Risks Related to Our Business and Industry

We operate in an industry that is still developing and have a relatively new business model that is continually evolving, which makes it difficult to evaluate our business and prospects.

We derive all of our revenue from the sale of online marketing and media services, which is still a developing industry that has undergone rapid and dramatic changes in its relatively short history and which is characterized by rapidly-changing online media and advertising technology, evolving industry standards, regulatory uncertainty, and changing visitor and client demands. In addition, our business model and product offerings continue to evolve. We believe that our implementation of our enhanced products and media strategies across our business in a relatively early stage. As a result, we face risks and uncertainties such as but not limited to:

- our still developing industry and relatively new business model and products such as our QRP product for insurance agents;
- changes in the general economic conditions and market dynamics in the United States, or in the specific markets in which we currently do business, including as a result of pandemics and military conflicts;
- changes in the regulatory enforcement or legislative environment;
- our dependence on the availability and affordability of quality media from third-party publishers and strategic partners;
- our dependence on Internet search companies to attract visitors to our owned and operated and our third-party publishers' websites;
- our ability to accurately forecast our results of operations and appropriately plan our expenses;
- our ability to compete in our industry;
- our ability to manage cybersecurity risks and costs associated with maintaining a robust security infrastructure;
- our ability to continually optimize our websites for mobile devices;
- our ability to develop new services, enhancements and features to meet new demands from our clients;
- our ability to expand the capabilities of our platform including deployment of artificial intelligence features in our products;
- our ability to implement our enhanced products across our business and achieve client adoptions of such products;
- our ability to successfully complete acquisitions, divestitures and other business development transactions including our ability to enter into, and manage the relationship and risks associated with, strategic partnerships; and
- the occurrence of, and our ability to successfully challenge, regulatory audits, investigations or allegations of noncompliance with laws.

If we are unable to address these risks, our business, results of operations and prospects could suffer.

A reduction in online marketing spend by our clients, a loss of clients or lower advertising yields may seriously harm our business, financial condition and results of operations. In addition, a substantial portion of our revenue is generated from a limited number of clients and if we lose a major client our revenue will decrease and our business and prospects may be harmed.

We rely on clients' marketing spend on our owned and operated websites and on our network of third-party publisher and strategic partner websites. We have historically derived, and we expect to continue to derive, the majority of our revenue through the delivery of qualified inquiries such as clicks, leads, calls, applications and customers. One component of our platform that we use to generate client interest is our system of monetization tools, which is designed to match content with client offerings in a manner that optimizes revenue yield and end-user experience. Clients will reduce or stop spending their marketing funds on our owned and operated websites or our third-party publisher and strategic partner websites if their investments do not generate marketing results and ultimately users or if we do not deliver advertisements in an appropriate and effective manner. The failure of our yield-optimized monetization technology to effectively match advertisements or client offerings with our content in a manner that results in increased revenue for our clients could have an adverse impact on our ability to maintain or increase our revenue from client marketing spend.

Even if our content is effectively matched with advertisements or client offerings, our current clients may not continue to place marketing spend or advertisements on our websites or our third-party publisher or strategic partner websites. For example, macroeconomic conditions such as an economic downturn, a recession in the United States or other countries, a public health crises such as the COVID-19 pandemic and geopolitical conflicts such as the Russia-Ukraine military conflict and the Israel-Hamas war have impacted, and may continue to impact, our clients' marketing spend in the short-term and potentially in the long-term. If any of our clients decide not to continue to place marketing spend or advertisements on our owned and operated websites or on our third-party publisher or strategic partner websites, we could experience a rapid decline in our revenue over a relatively short period of time. Any factors that limit the amount our clients are willing to and do spend on marketing or advertising with us, or to purchase marketing results from us, could have a material adverse effect on our business, financial condition, operating results and cash flows.

Furthermore, a substantial portion of our revenue is generated from a limited number of clients, including one client that accounted for 12% of our net revenue for fiscal year 2024. Our clients can generally terminate their contracts with us at any time or pause marketing spending without contract termination, and they do not have minimum spend requirements. Clients may also fail to renew their contracts or reduce their level of business with us, leading to lower revenue.

In addition, reductions in business by one or more significant clients has in the past triggered, and may in the future trigger, price reductions for other clients whose prices for certain products are determined in whole or in part by client bidding or competition which may reduce our ability to monetize media, further decreasing revenue. Any such future price or volume reductions, or drop in media monetization, could result in lower revenue or margin which could have a material adverse effect on our business, financial condition, operating results and cash flows. We expect that a limited number of clients will continue to account for a significant percentage of our revenue, and the loss of any one of these clients, or a material reduction in their marketing spending with us, could decrease our revenue and harm our business.

We depend on third-party media sources, including strategic partners, for a significant portion of our visitors. Any decline in the supply of media available through these third-party publishers' websites (including via regulatory action specific to those websites or to third-party media sources generally), or increase in the price of this media, could cause our revenue to decline or our cost to reach visitors to increase.

A significant portion of our revenue is attributable to visitor traffic originating from third-party publishers (including strategic partners). In many instances, third-party publishers can change the media inventory they make available to us whether due to regulatory action affecting specific publishers or to third-party media generally at any time in ways that could impact our results of operations. In addition, third-party publishers may place significant restrictions on our offerings. These restrictions may prohibit advertisements from specific clients or specific industries, or restrict the use of certain creative content or formats. If a third-party publisher decides not to make its media channel or inventory available to us, decides to demand a higher revenue share or places significant restrictions on the use of such inventory, we may not be able to find media inventory from other websites that satisfies our requirements in a timely and cost-effective manner. Consolidation of Internet advertising networks and third-party publishers could eventually lead to a concentration of desirable inventory on websites or networks owned by a small number of individuals or entities, which could limit the supply or impact the pricing of inventory available to us. In the past, we have experienced declines in our financial services client vertical primarily due to volume declines caused by losses of available media from third-party publishers acquired by competitors, changes in search engine algorithms which reduced or eliminated traffic from some third-party publishers and increased competition for quality media. We cannot assure you that we will be able to acquire media inventory that meets our clients' performance, price and quality requirements, in which case our revenue could decline or our operating costs could increase. For more information on our risks related to third-party publishers and search engines, please see the risk factor below titled "*We depend upon Internet search companies to direct a significant portion of visitors to our owned and operated and our third-party publishers' websites. Changes in search engine algorithms have in the past harmed, and may in the future harm, the websites' placements in both paid and organic search result listings, which may reduce the number of visitors to our owned and operated and our third-party publishers' websites and as a result, cause our revenue to decline.*"

We are exposed to data privacy and security risks, particularly given that we gather, transmit, store and otherwise process personal information and implement artificial intelligence technology in certain products. If we fail to maintain adequate safeguards to protect the security, confidentiality and integrity of personal information, including any failure to develop, implement and support our technology infrastructure and assessment processes, we may be in breach of our commitments to our clients and consumers. Unauthorized or accidental access to, or disclosure or use of, confidential or proprietary data (including personal information) in our network systems, including via ransomware attacks, may cause us to incur significant expenses and may negatively affect our reputation and business.

Nearly all of our products and services are web-based, and online performance marketing is data-driven. As a result, the amount of data stored on our servers is substantial. We gather, transmit, store and otherwise process confidential and proprietary information about our users and marketing and media partners, including personal information. This information may include social security numbers, credit scores, credit card information, and financial and health information, some of which is held, managed or otherwise processed by our third-party vendors. As a result, we are subject to certain contractual terms, including third-party security reviews, as well as federal, state and foreign laws and regulations designed to protect personal information. Complying with these contractual terms and various laws and regulations is expensive and could cause us to incur substantial additional costs or require us to change our business practices in a manner adverse to our business. In addition, cybersecurity incidents, cyber-attacks and other breaches have been occurring globally at a more frequent and severe level, are evolving in nature and will likely continue to increase in frequency and severity in the future. Additionally, some actors are using artificial intelligence technology to launch more automated, targeted and coordinated attacks. Our existing security measures may not be successful in preventing security breaches, cyber-attacks or other similar incidents. As we grow our business, we expect to continue to invest in technology services, hardware and software, such as our QRP product. Creating the appropriate security support for our technology platforms is expensive and complex, and our execution could result in inefficiencies or operational failures and increased vulnerability to security breaches, cyber-attacks and other similar incidents. We may also make commitments to our clients regarding our security practices in connection with clients' due diligence. If we do not adequately implement and enforce these security policies to the satisfaction of our clients, we could be in violation of our commitments to our clients and this could result in a loss of client confidence, damage to our reputation and loss of business. Despite our implementation of security measures and controls, our information technology and infrastructure are susceptible to circumvention by an internal party or third-party, such as electronic or physical computer break-ins, security breaches, attacks, malware, ransomware, viruses, social engineering (including phishing attacks), denial of service or information, fraud, employee error and other disruptions or similar incidents, including those perpetrated by criminals or nation state actors, that could result in, among other things, third parties gaining unauthorized access to our systems and data (including confidential, proprietary and personal information). Moreover, retaliatory acts by Russia in response to economic sanctions or other measures taken by the international community against Russia arising from the Russia-Ukraine military conflict could include an increased number or severity of cyber-attacks from Russia or its allies. We may be unable to anticipate all our vulnerabilities and implement adequate preventative measures and, in some cases, we may not be able to immediately detect a security breach, cyber-attack or other similar incident. In the past, we have experienced security incidents involving access to our databases. Any future security incidents could result in the compromise of such data and subject us to liability or remediation expense or result in cancellation of client contracts. Any actual or alleged security breach, cyber-attack or other similar incident may result in a misappropriation of our confidential or proprietary information (including personal information) or that of our users, clients and third-party publishers, which could result in legal and financial liability, remediation expense, cancellation of client contracts, regulatory intervention, and harm to our reputation. Any compromise of our security could limit the adoption of our products and services and have an adverse effect on our business.

We also face risks associated with security breaches, cyber-attacks and other similar incidents affecting third parties conducting business online. Consumers generally are concerned with data privacy and security on the Internet, and any publicized data privacy or security problems could negatively affect consumers' willingness to provide private information on the Internet generally, including through our services. Some of our business is conducted through third parties, which may gather, transmit, store and otherwise process information (including confidential, proprietary and personal information) about our users and marketing and media partners, through our infrastructure or through other systems. While we perform data privacy and security assessments on such third parties, it is important to note that if any such third party fails to adopt or adhere to adequate security procedures, or if despite such procedures its networks or systems are breached, information relating to our users and marketing and media partners may be lost or improperly accessed, used or disclosed. A security breach, cyber-attack or other similar incident experienced by any such third party could be perceived by consumers as a security breach of our systems and in any event could result in negative publicity, damage our reputation, expose us to risk of loss or litigation and possible liability and subject us to regulatory penalties and sanctions. In addition, such third-parties may not comply with applicable disclosure or contractual requirements, which could expose us to liability.

Security concerns relating to our technological infrastructure, data privacy concerns relating to our data collection and processing practices and any perceived or public disclosure of any actual unauthorized or accidental access to or disclosure or use of personal information, whether through breach of our network or that of third parties with which we engage, by an unauthorized party or due to employee theft, misuse, or error, could harm our reputation, impair our ability to attract website visitors and to attract and retain our clients, result in a loss of confidence in the security of our products and services, or subject us to claims or litigation arising from damages suffered by consumers, and thereby harm our business and results of operations. In recent years, several major companies have experienced high-profile security breaches, cyber-attacks and other similar incidents that exposed their customers' personal information. In addition, we could incur significant costs for which our insurance policies may not adequately cover us and may be required to expend significant resources in protecting against cyber-attacks, security breaches and other similar incidents and to comply with the multitude of state, federal and foreign laws and regulations regarding data privacy, security and data breach notification obligations. We may need to increase our security-related expenditures to maintain or increase our systems' security or to address problems caused and liabilities incurred by security breaches, cyber-attacks and other similar incidents.

We depend upon Internet search companies to direct a significant portion of visitors to our owned and operated and our third-party publishers' websites. Changes in search engine algorithms have in the past harmed, and may in the future harm, the websites' placements in both paid and organic search result listings, which may reduce the number of visitors to our owned and operated and our third-party publishers' websites and as a result, cause our revenue to decline.

Our success depends on our ability to attract online visitors to our owned and operated and our third-party publishers' websites and convert them into customers for our clients in a cost-effective manner. We depend on Internet search companies to direct a substantial share of visitors to our owned and operated and our third-party publishers' websites. Search companies offer two types of search results: organic and paid listings. Organic listings are displayed based solely on formulas designed by the search companies. Paid listings are displayed based on a combination of the advertiser's bid price for particular keywords and the search engines' assessment of the website's relevance and quality. If one or more of the search engines or other online sources on which we rely for purchased listings modifies or terminates its relationship with us, our expenses could rise, we could lose consumers, and traffic to our websites could decrease. Changes in how search engines elect to operate, including with respect to the breadth of keyword matching, could also have an adverse impact on our campaigns. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

Our ability to maintain or grow the number of visitors to our owned and operated and our third-party publishers' websites from search companies is not entirely within our control. Search companies frequently revise their algorithms and changes in their algorithms have in the past caused, and could in the future cause, our owned and operated and our third-party publishers' websites to receive less favorable placements. We have experienced fluctuations in organic rankings for a number of our owned and operated and our third-party publishers' websites and some of our paid listing campaigns have also been harmed by search engine algorithmic changes. Search companies could determine that our or our third-party publishers' websites' content is either not relevant or is of poor quality. Additionally, search engines may incorporate artificial intelligence into their platforms in ways that we cannot predict. Such changes have adversely affected, and may continue to adversely affect, the placement of our search result page ranking, which could reduce traffic to our websites.

In addition, we may fail to optimally manage our paid listings, or our proprietary bid management technologies may fail. To attract and retain visitors, we use search engine optimization ("SEO") which involves developing content to optimize ranking in search engine results. Our ability to successfully manage SEO efforts across our owned and operated websites and our third-party publishers' websites depends on our timely and effective modification of SEO practices implemented in response to periodic changes in search engine algorithms and methodologies and changes in search query trends. If we fail to successfully manage our SEO strategy, our owned and operated and our third-party publishers' websites may receive less favorable placement in organic or paid listings, which would reduce the number of visitors to our sites, decrease conversion rates and repeat business and have a detrimental effect on our ability to generate revenue. If visits to our owned and operated and our third-party publishers' websites decrease, we may need to use more costly sources to replace lost visitors, and such increased expense could adversely affect our business and profitability. Even if we succeed in driving traffic to our owned and operated websites, our third-party publishers' websites and our clients' websites, we may not be able to effectively monetize this traffic or otherwise retain users. Our failure to do so could result in lower advertising revenue from our owned and operated websites as well as third-party publishers' websites, which would have an adverse effect on our business, financial condition and results of operations.

In addition, changes in the usage and functioning of search engines or decreases in consumer use of search engines, for example, as a result of the continued development of artificial intelligence technology, could negatively impact our owned and operated and our third-party publishers' websites.

Negative changes in the economic conditions and the regulatory environment have had in the past, and may in the future have, a material and adverse impact on our revenue, business and growth.

Adverse macroeconomic conditions could cause decreases or delays in spending by our clients in response to consumer demand and could harm our ability to generate revenue and our results of operations. Changes in the macroeconomic or market conditions and changes in the regulatory environment have in the past affected, and may continue to negatively affect, our clients' businesses, marketing practices and budgets and, therefore, impact our business, financial condition, operating results and cash flows.

Worldwide economic conditions remain uncertain due to various global disruptions, including geopolitical events, such as war, the threat of war (including collateral damage from cyberwarfare and targeted security attacks), terrorist activity, natural disasters, climate change and extreme-weather related events, power shortages or outages, major public health issues, including pandemics, and significant local, national, or global events capturing the attention of a large part of the population, which could prevent or hinder our, our third-party publishers' or our clients' ability to do business, increase our costs, and negatively affect our stock price. Adverse consequences resulting from increasing economic or political conflicts between the United States and China, Russia's invasion of Ukraine and the subsequent economic sanctions imposed by the U.S., NATO and other countries, the Israel-Hamas war and the possible expansion of such conflict in the surrounding areas, and various other market issues may have broader implications on economies outside of their respective regions, including increased instability in the worldwide financial markets and economy, increases in inflation, recessionary economic cycles, and enhanced volatility in foreign currency exchange rates. These uncertainties have in the past and may in the future cause our clients or potential clients to delay or reduce spending, which could negatively impact our revenue and operating results and make it difficult for us to accurately plan future business activities.

We, our third-party publishers', and our clients' businesses operate in highly regulated industries, subject to many laws and regulatory requirements, including federal, state, and local laws and regulations regarding unsolicited commercial email, telemarketing, search engines, Internet tracking technologies, comparison shopping platforms, direct marketing, data privacy and security, advertising and consumer protection, pricing, sweepstakes, promotions, intellectual property ownership and infringement, trade secrets, use of artificial intelligence, export of encryption technology, acceptable content and quality of goods, and taxation, among others. Each of our financial services and other client verticals is also subject to various laws and regulations, and our marketing activities on behalf of our clients are regulated. Many of these laws and regulations are frequently changing and can be subject to vagaries of interpretation and emphasis, and the extent and evolution of future regulation is uncertain. Keeping our business in compliance with existing laws and regulations or bringing our business into compliance with new laws and regulations, therefore, may be costly, affect our revenue and harm our financial results.

For example, regulation in data privacy and security is rapidly evolving in the U.S. and internationally, including laws, rules and regulations applying to the solicitation, collection, retention, deletion, sharing, use and other processing of personal information. At the U.S. federal level, we are subject to the laws and regulations promulgated under the authority of the Federal Trade Commission, which regulates unfair or deceptive acts or practices (including with respect to data privacy and security). At the state level, we are subject to the California Consumer Privacy Act of 2018, as amended by the California Privacy Rights Act of 2020 (collectively, the "CCPA"). The CCPA requires covered businesses to, among other things, provide disclosures to California residents about their data collection, use, sharing and processing practices and, with limited business exceptions, the CCPA affords such individuals various rights with respect to their personal information, including to request deletion of personal information collected about them and to opt-out of certain personal information selling and sharing practices. A number of other states such as Oregon, Texas, Virginia, Colorado, Connecticut, and Utah have also enacted comprehensive privacy laws that impose certain obligations on covered businesses, including providing specific disclosures in privacy notices and affording residents with certain rights concerning their personal data. As applicable, such rights may include the right to access, correct, or delete certain personal data, and to opt-out of certain data processing activities, such as targeted advertising, profiling, and automated decision-making. The exercise of these rights may impact our business and ability to provide our products and services. Certain states also impose strict requirements for processing certain personal data, including sensitive information, such as conducting data privacy impact assessments, and allow for statutory fines for noncompliance. In addition, laws in all 50 U.S. states require businesses to provide notice under certain circumstances to consumers whose personal information has been disclosed as a result of a data breach.

Further, foreign laws and regulations such as the European Union General Data Protection Regulation (the "EU GDPR"), and the version thereof implemented into the laws of the United Kingdom (the "UK GDPR"), may apply to our business and marketing activities that are offered to European Union and United Kingdom users. The EU GDPR and UK GDPR include a range of compliance obligations and penalties for non-compliance are significant. Although the substantive requirements of the UK GDPR are largely aligned with those of the EU GDPR, exposing us to burdens and risks comparable to the EU GDPR, that may change over time. Preparing for and complying with existing and new data privacy and security laws and regulations requires significant time and resources to ensure we store, use, share and otherwise process personal information in accordance with applicable laws and regulations. We also are, and in the future may become, subject to various other obligations relating to data privacy and security, including industry standards, external and internal policies, contracts and other obligations. For example, numerous jurisdictions are considering laws and regulations that would impose additional data privacy and other compliance requirements on the use of Artificial Intelligence ("AI") and could require us to adjust or limit our product offerings in such jurisdictions. Violations or alleged violations of laws and regulations, or any such obligations, by us, our third-party publishers, our clients or our third-party service providers on which we rely to process personal information on our behalf, could result in enforcement actions, litigation, damages, fines, criminal prosecution, unfavorable publicity, and restrictions on our ability to operate, any of which could have a material adverse effect on our business, financial condition, and results of operations. In addition, new laws or regulations (including amendments thereof or changes in enforcement of existing laws or regulations applicable to us or our clients) could affect the activities or strategies of us, our clients or our third-party service providers and, therefore, lead to reductions in their level of business with us or otherwise impact our business or our business model.

Additionally, in connection with our owned and our third-party publishers' telemarketing campaigns to generate traffic for our clients, we are subject to various state and federal laws regulating telemarketing communications (including SMS or text messaging), including the federal TCPA, which requires prior express written consent for certain types of telemarketing calls and adherence to "do-not-call" registry requirements which, in part, mandate that callers maintain and regularly update lists of consumers who have chosen not to be called and restrict calls to consumers who are on the national do-not-call list. As currently construed, the TCPA does not distinguish between voice and data, and, as such, text and SMS/MMS messages are also "calls" for the purpose of TCPA obligations and restrictions. For violations of the TCPA, the law provides for a private right of action under which a plaintiff may recover monetary damages of $500 for each call or text made in violation of the prohibitions on certain calls made using an artificial or pre-recorded voice or an automatic telephone dialing system and certain calls made to numbers properly registered on the federal "do-not-call" list. The TCPA and other similar state laws are subject to interpretations that may change. We regularly evaluate how this may apply to our business. Our efforts to comply with the TCPA have not had a material impact on traffic conversion rates. However, depending on future traffic and product mix, it could potentially have a material effect on our revenue and profitability, including increasing our and our clients' exposure to enforcement actions, litigation and statutory damages. The TCPA regulations have resulted in an increase in individual and class action litigation against marketing companies for alleged TCPA violations. TCPA violations can result in significant financial penalties, including penalties or criminal fines imposed by the Federal Communications Commission (the "FCC") or fines of up to $1,500 per violation imposed through private litigation or by state authorities. Additionally, we generate inquiries from users that provide a phone number, and a significant amount of revenue comes from calls made by our internal call centers as well as, in some cases, by third-party publishers' call centers. We also purchase a portion of inquiry data from third-party publishers and cannot guarantee that these third-parties will comply with applicable laws and regulations. Any failure by us or the third-party publishers on which we rely for telemarketing, email marketing, and other performance marketing activities to adhere to or successfully implement appropriate processes and procedures in response to existing laws and regulations and changing regulatory requirements could result in legal and monetary liability, significant fines and penalties, or damage to our reputation in the marketplace, any of which could have a material adverse effect on our business, financial condition, and results of operations. Furthermore, our clients may make business decisions based on their own experiences with the TCPA regardless of our products and the changes we implemented to comply with the new regulations. These decisions may negatively affect our revenue or profitability.

Changes in regulations, or the regulatory environment, applicable to us or our media sources, third party publishers or clients could also have a material adverse effect on our business. For example, in December 2023, the FCC adopted new rules to further restrict the transmission of text messages. One of these rules has been appealed and is being subjected to judicial review, but generally these new rules are scheduled to take effect over the course of 2024 and early 2025 to further restrict the transmission of text messages. The rules, among other things, amend TCPA consent requirements to prohibit the practice of allowing a single consumer consent to be grounds for multiple entities to deliver automated marketing calls and text messages, thereby requiring consent for such calls and text messages to be secured and provided on a "one-to-one" basis and requiring the consent to be "logically and topically associated" with the interaction that prompted the consent. Further, the new rules allow the FCC to "red flag" certain numbers, requiring mobile carriers to block texts from those numbers. The rules also codify that the national Do-Not-Call list protections apply to text messaging, making it illegal for marketing texts to be sent to numbers on the national Do-Not-Call registry absent an applicable exception. The FCC order adopting the new rules also encourages providers to make email-to-text messages an opt-in service for end users. Except for the "one-to-one" and "logically and topically associated" consent rule and the "red flag" blocking requirements, the new rules took effect on March 26, 2024. The "one-to-one" and "logically and topically associated" consent rule, which has been appealed, is scheduled to take effect on January 27, 2025, absent judicial intervention. The "red flag" blocking requirements requiring mobile wireless providers to block texts from phone numbers on a "reasonable" do-not-originate list is effective on September 3, 2024 and a similar rule which requires mobile wireless providers to block texts from numbers identified by the FCC through its Enforcement Bureau is effective on July 24, 2024.

As another example, in February 2024, the FCC adopted new rules governing the ability of call and text message recipients to revoke consent previously given and thereby "opt-out" of receiving future calls and text messages from a sender. These new rules specify when a call or text message recipient's consent must be considered revoked and create certain presumptions about other forms of consent revocation that a sender of a call or text message can rebut pursuant to a totality of circumstances test administered by the FCC or a court. They also require valid consent revocations to be honored within a reasonable period not to exceed ten business days from receipt of such request. Additionally, when a recipient has consented to several categories of text messages from a sender and opt-out of a text message from that sender, the new rules permit a sender to seek to clarify the scope of the opt-out request through a one-time opt-out confirmation text message. This rule permitting a sender to seek such clarification through a one-time opt-out confirmation text message took effect on April 4, 2024. The effective date for the remaining consent revocation rules has not yet been set.

The FCC rules could have a material adverse impact on our media sources and our clients, especially smaller businesses, as they may not be able to continue to participate in, or may substantially reduce their participation in, the online advertising channel due to increased costs, technological compliance challenges and additional legal risks, including potential liabilities or claims relating to compliance. Decreased participation in online advertising by our media sources or clients as a result of the rules could have a material adverse impact on our business, results of operation and financial condition, as it may reduce the availability to us of qualified inquiries. Moreover, our business could be materially and adversely affected directly by the FCC's rules, as we also generate a substantial portion of our revenue from our own operation of websites to generate qualified inquiries. While some of the rules become effective in 2025, recommendations for best practices from associations such as the Cellular Telecommunications Industry Association ("CTIA") may encourage mobile wireless carriers to require senders of SMS or text messages to comply with the amended rules ahead of the applicable effective dates. In addition, wireline and mobile wireless carriers or their service providers could elect to impose additional requirements, including with respect to prerecorded calls and the use of short codes and ten-digit long codes to transmit or receive text messages, which could have the effect of hindering our ability to contact consumers, which could have a material adverse effect on our business. The scope and application of these rules and related industry practices may be subject to changes and uncertainties. The operation of or compliance with the rules and related industry practices may decrease our revenues or increase our costs. In addition, any failure by us or our media sources or clients to comply with such laws and practices may subject us to significant liabilities.

An increased focus by regulatory agencies on the enforcement of certain regulations regarding comparison-shopping could have a material adverse effect on our business. For example, on February 29, 2024, the Consumer Financial Protection Bureau ("CFPB") published Consumer Financial Protection Circular 2024-01, *Preferencing and steering practices by digital intermediaries for consumer financial products or services* (the "Circular"). The Circular advised that operators of comparison-shopping websites may violate the prohibition against "abusive" conduct in the Consumer Financial Protection Act ("CFPA") by steering consumers to certain products or services based on how the site operators are compensated. The Circular also discusses how operators of digital comparison-shopping tools can violate the prohibition on abusive practices by virtue of receiving compensation from financial service providers in exchange for preferential treatment on comparison-shopping sites. The Circular was intended to provide guidance to other law enforcement agencies with authority to enforce the CFPA's "abusiveness" provisions, most notably state attorneys general. Violations of the abusiveness provisions are subject to civil money penalties and possible conduct prohibitions. In connection with our owned and our third-party publishers' email campaigns to generate traffic for our clients, we are also subject to various state and federal laws regulating commercial email communications, including the federal CAN-SPAM Act. For example, in 2012, several of our clients were named defendants in a California Anti-Spam lawsuit relating to commercial emails which allegedly originated from us and our third-party publishers. While the matter was ultimately resolved in our clients' favor, we were nonetheless obligated to indemnify certain of our clients for the fees incurred in the defense of such matter. Further, foreign laws and regulations, such as the Canadian Anti-Spam Law, may also apply to our business activities to the extent we are doing business with or marketing to consumers in foreign jurisdictions. If we or any of our third-party publishers fail to comply with any provisions of these laws or regulations, we could be subject to regulatory investigation, enforcement actions and litigation, as well as indemnification obligations with respect to our clients. Any negative outcomes from such regulatory actions or litigation, including monetary penalties or damages, could have a material adverse effect on our financial condition, results of operation and reputation.

From time to time, we are subject to audits, inquiries, investigations, claims of non-compliance and lawsuits by federal and state governmental agencies, regulatory agencies, attorneys general and other governmental or regulatory bodies, any of whom may allege violations of legal and regulatory requirements. For our dispositioned assets or businesses, we retain certain liabilities or obligations in connection with our pre-closing actions or omissions, contractual or otherwise. For example, in June 2012, we entered into an Assurance of Voluntary Compliance agreement following a civil investigation into certain of our marketing practices related to our education client vertical that was conducted by the attorneys general of a number of states; and, in the first quarter of fiscal year 2021, we dispositioned our education client vertical. Because our subsidiary CloudControlMedia, LLC ("CCM") provides performance marketing agency and technology services to clients in financial services, education and other markets, we may still be subject to investigations, audits, inquiries, claims or litigation related to education. If any audits, inquiries, investigations, claims of non-compliance and lawsuits by federal and state governmental agencies, regulatory agencies, attorneys general and other governmental or regulatory bodies are unfavorable to us, we may be required to pay monetary fines or penalties or have restrictions placed on our business, which could materially adversely affect our business, financial condition, results of operations and cash flows.

Our cash and cash equivalents may be exposed to banking institution risk.

While we seek to minimize our exposure to third-party losses of our cash and cash equivalents, we hold our balances in a number of large financial institutions. Notwithstanding, those institutions are subject to risks, which may include failure or other circumstances that limit our access to deposits or other banking services. For example, on March 10, 2023, Silicon Valley Bank ("SVB") was unable to continue their operations and the Federal Deposit Insurance Corporation ("FDIC") was appointed as receiver for SVB. However, if further failures in financial institutions occur where we hold deposits, we could experience additional risk. Any such loss or limitation on our cash and cash equivalents would adversely affect our business.

In addition, in such circumstances we might not be able to receive timely payment from clients. We and they may maintain cash balances that are not insured or are in excess of the FDIC's insurance limit. Any delay in ours or our clients' ability to access funds could have a material adverse effect on our operations. If any parties with which we conduct business are unable to access funds pursuant to such instruments or lending arrangements with such a financial institution, such parties' ability to continue to fund their business and perform their obligations to us could be adversely affected, which, in turn, could have a material adverse effect on our business, financial condition and results of operations.

If we fail to continually enhance and adapt our products and services to keep pace with rapidly changing technologies and industry standards, we may not remain competitive and could lose clients or advertising inventory.

The online media and marketing industry is characterized by rapidly changing standards, changing technologies, frequent new or enhanced product and service introductions and changing user and client demands. The introduction of new technologies and services embodying new technologies, including artificial intelligence and machine learning, and the emergence of new industry standards and practices could render our existing technologies and services obsolete and unmarketable or require unanticipated investments in technology. We continually make enhancements and other modifications to our proprietary technologies as well as our product and service offerings. This includes expansion into new categories (e.g., health insurance). Our product changes may contain design or performance defects that are not readily apparent. Expanded category offerings may experience issues as we launch new products and services. If our proprietary technologies or our new or enhanced products and services fail to achieve their intended purpose or are less effective than the technologies or products and services used by our competitors, our business could be harmed.

In particular, we have incorporated and may continue to incorporate artificial intelligence and machine learning, ("AIML"), solutions into our platform, offerings, services, and features, including those based on large language models, and these applications may become more important to our operations or to our future growth over time. We expect to utilize AIML solutions to help drive future growth in our business, but there can be no assurance that we will realize the desired or anticipated benefits from AIML or properly implement or market our AIML solutions. Our competitors and other third parties may incorporate AIML into their products more quickly or more successfully than us, which could impair our ability to compete effectively and adversely affect our results of operations. Additionally, our offerings based on AIML may expose us to additional lawsuits and regulatory investigations and subject us to legal liability as well as brand and reputational harm. For example, if the content, analyses, or recommendations that AIML applications assist in producing are or are alleged to be deficient, inaccurate, or biased, or infringe on third-party intellectual property rights, our business, financial condition, and results of operations may be adversely affected. Regulatory uncertainty, including the lack of comprehensive federal legislation, a patchwork of existing and proposed frameworks, and emerging regulatory initiatives, may expose us to compliance challenges and uncertainties. Our failure to adapt to these changes could result in legal and reputational consequences including being required to adjust or limit our use of AI in certain jurisdictions to comply with new and evolving AI laws and regulations. Additionally, the use of AIML applications has resulted in, and may in the future result in, cybersecurity incidents that implicate the personal data of end users of such applications. Any such cybersecurity incidents related to our use of AIML applications could adversely affect our reputation and results of operations. AIML also presents emerging ethical issues and if our use of AI becomes controversial, we may experience brand or reputational harm.

We are investing in AIML. Our investments include partnering with companies to bring AIML to our platform. Our competitors are pursuing similar opportunities. These competitors may, as a result of greater resources, branding, or otherwise, adopt and implement AIML faster or more successfully than we do, which could impair our ability to compete effectively and adversely affect our business, financial condition and results of operations. It is also possible that our investments in AIML do not result in the benefits we anticipate, or enable us to maintain our competitive advantage. For example, we may not accurately anticipate market demand or offer AIML that improves end user experience.

Our future success will also depend in part on our ability to successfully adapt to rapidly changing online media formats and other technologies. If we fail to adapt successfully, we could lose clients or advertising inventory and our business, financial condition, and results of operations could be harmed.

Our results of operations have fluctuated in the past and may do so in the future, which makes our results of operations difficult to predict and could cause our results of operations to fall short of analysts' and investors' expectations.

Historically, quarterly and annual results of operations have fluctuated due to changes in our business, our industry and the general economic and regulatory climate. We expect our future results of operations to vary significantly from quarter to quarter due to a variety of factors, many of which are beyond our control. For example, pandemics such as the COVID-19 pandemic and geopolitical conflicts such as the Russian-Ukraine military conflict and the Israel-Hamas war, have previously, and may over the longer term, make our results of operations difficult to predict, especially for our credit-driven businesses. Furthermore, changes in monetary or fiscal policy as the result of pandemics, military conflicts or otherwise may have consequences to our businesses, including our credit-driven businesses, which are unprecedented or otherwise difficult to predict. Our fluctuating results of operations could cause our performance and outlook to be below the expectations of securities analysts and investors, causing the price of our common stock to decline. Our business changes and evolves over time, and, as a result, our historical results of operations may not be useful to you in predicting our future results of operations. Factors that may increase the volatility of our results of operations include, but are not limited to, the following:

- changes in client volume;
- loss of or reduced demand by existing clients and agencies;

- the availability and price of quality media;
- consolidation of media sources;
- seasonality;
- development and implementation of our media strategies and client initiatives;
- changes in our revenue mix and shifts in margins related to changes in our media, client, or corporate development strategies;
- changes in interest rates or increasing inflation;
- an economic recession in the United States or other countries;
- changes in search engine algorithms that affect our owned and operated and our third-party publishers' websites' ability to attract and retain visitors; and
- regulatory and legislative changes, including economic sanctions imposed on governments or other third parties in regions in which we, our third-party publishers or our clients operate, or their interpretation or emphasis, in our and our clients' industries.

As a result of changes in our business model, increased investments, increased expenditures for certain businesses, products, services and technologies, we anticipate fluctuations in our adjusted EBITDA margin.

We have invested and expect to continue to invest in new businesses, products, markets, services and technologies, including more expensive forms of media. For example, we may expend significant resources in developing new products and technologies and made strategic outlays in, among other things, partnerships, which in the short term may have the effect of reducing our adjusted EBITDA margin. If we are unsuccessful in our monetization efforts with respect to new products and investments, we may fail to engage and retain users and clients. We may have insufficient revenue to fully offset liabilities and expenses in connection with these new products and investments and may experience inadequate or unpredictable return of capital on our investments. As a result of new products and investments, we may expect fluctuations in our adjusted EBITDA margin.

To maintain target levels of profitability, from time to time, we may restructure our operations or make other adjustments to our workforce. For example, in November 2016, we announced a corporate restructuring resulting in the reduction of approximately 25% of personnel costs.

Our visitor traffic and our clients' spend can be impacted by interest rate volatility.

Visitor traffic to our online platforms in our personal loan, home services and banking client verticals may change as interest rates change. A decrease in interest rates may lead to more consumers looking to lower their borrowing costs. These consumers may visit our websites, websites within or outside our publisher network, or our clients' websites. To the extent consumers visit websites outside of our network, our personal loan, home services and banking client verticals may be adversely impacted. A decrease in interest rates may also reduce consumer demand for banking products. Interest rate increases may decrease demand for personal loan and related products but may not increase demand for banking products. Federal Reserve Board actions, regulations restricting the amount of interest and fees that may be charged to consumers, increased borrower default levels, tightening or uncertainty with respect to underwriting standards, and general market conditions affecting access to credit could also cause significant fluctuations in consumer behavior, as well as volatility in client spending and demand for media, each of which could have a material and adverse effect on our business.

If we fail to compete effectively against other online marketing and media companies and other competitors, we could lose clients and our revenue may decline.

The market for online marketing is intensely competitive, and we expect this competition to continue to increase in the future both from existing competitors and, given the relatively low barriers to entry into the market, from new competitors. We compete both for clients and for high-quality media. We compete for clients on the basis of a number of factors, including return on investment of clients' marketing spending, price and client service.

We compete with Internet and traditional media companies for high quality media and for a share of clients' overall marketing budgets, including:

- online marketing or media services providers such as LendingTree and MediaAlpha in the financial services client vertical;
- offline and online advertising agencies;

- major Internet portals and search engine companies with advertising networks;
- other online marketing service providers, including online affiliate advertising networks and industry-specific portals or performance marketing services companies;
- digital advertising exchanges, real-time bidding and other programmatic buying channels;
- third-party publishers with their own sales forces that sell their online marketing services directly to clients;
- in-house marketing groups and activities at current or potential clients;
- offline direct marketing agencies;
- mobile and social media; and
- television, radio and print companies.

Finding, developing and retaining high quality media on a cost-effective basis is challenging because competition for web traffic among websites and search engines, as well as competition with traditional media companies, has resulted and may continue to result in significant increases in media pricing, declining margins, reductions in revenue and loss of market share. In addition, if we expand the scope of our services, we may compete with a greater number of websites, clients and traditional media companies across an increasing range of different services, including in vertical markets where competitors may have advantages in expertise, brand recognition and other areas. Internet search and social media companies with brand recognition have significant numbers of direct sales personnel and substantial proprietary advertising inventory and web traffic that provide a significant competitive advantage and have a significant impact on pricing for Internet advertising and web traffic. Some of these companies may offer or develop more vertically targeted products that match users with products and services and, thus, compete with us more directly. The trend toward consolidation in online marketing may also affect pricing and availability of media inventory and web traffic. Many of our current and potential competitors also have other competitive advantages over us, such as longer operating histories, greater brand recognition, larger client bases, greater access to advertising inventory on high-traffic websites and significantly greater financial, technical and marketing resources. As a result, we may not be able to compete successfully. Competition from other marketing service providers' online and offline offerings has affected and may continue to affect both volume and price, and, thus, revenue, profit margins and profitability. If we fail to deliver results that are superior to those that other online marketing service providers deliver to clients, we could lose clients and market share, and our revenue may decline.

Many people are using mobile devices to access the Internet. If we fail to optimize our websites for mobile access with respect to user interfaces, we may not remain competitive and could lose clients or visitors to our websites.

The number of people who access the Internet through mobile devices such as smart phones and tablets has continued to increase dramatically in the past several years. Our online marketing services and content were originally designed for desktop or laptop computers. The shift from desktop or laptop computers to mobile devices could potentially deteriorate the user experience for mobile visitors to our websites and may make it more difficult for mobile visitors to respond to our offerings. For example, a user's experience on a mobile device with respect to user interfaces such as an online marketing website and content originally designed for desktop or laptop computers will be suboptimal unless such website and content are designed to accommodate and improve mobile access to ensure a positive user experience. It also requires us to develop new product offerings specifically designed for mobile devices, such as social media advertising opportunities. If we fail to optimize our websites cost effectively and improve the monetization capabilities of our mobile marketing services, we may not remain competitive, which may negatively affect our business and results of operations.

Third-party publishers, strategic partners, vendors or their respective affiliates may engage in unauthorized or unlawful acts that could subject us to significant liability or cause us to lose clients and revenue.

We generate a significant portion of our web visitors from online media that we source directly from our third-party publishers' and strategic partners' owned and operated websites, as well as indirectly from the affiliates of our third-party publishers and strategic partners. We also rely on third-party call centers and email marketers. Some of these third-parties, strategic partners, vendors and their respective affiliates are authorized to use our clients' brands including to gather, transmit, store or otherwise process our clients' data in certain instances. Any activity by third-party publishers, strategic partners, vendors or their respective affiliates which violates the marketing guidelines of our clients or that clients view as potentially damaging to their brands (e.g., search engine bidding on client trademarks), whether or not permitted by our contracts with our clients, could harm our relationship with the client and cause the client to terminate its relationship with us, resulting in a loss of revenue. Moreover, because we do not have a direct contractual relationship with the affiliates of our third-party publishers and strategic partners, we may not be able to monitor the compliance activity of such affiliates. If we are unable to cause our third-party publishers and strategic partners to monitor and enforce our clients' contractual restrictions on such affiliates, our clients may terminate their relationships with us or decrease their marketing budgets with us. In addition, we may also face liability for any failure of our third-party publishers, strategic partners, vendors or their respective affiliates to comply with regulatory requirements, as further described in the risk factor beginning, "*Negative changes in the economic conditions and the regulatory environment have had in the past, and may in the future have, a material and adverse impact on our revenue, business and growth.*"

The law is unsettled on the extent of liability that an advertiser in our position has for the activities of third-party publishers, strategic partners or vendors. In addition, certain of our contracts impose liability on us, including indemnification obligations, for the acts of our third-party publishers, strategic partners or vendors. We could be subject to costly litigation and, if we are unsuccessful in defending ourselves, we could incur damages for the unauthorized or unlawful acts of third-party publishers, strategic partners or vendors.

If we are unable to collect our receivables from our clients, our results of operations and cash flows could be adversely affected.

We expect to obtain payment from our clients for work performed and maintain an allowance against receivables for potential losses on client accounts. Actual losses on client receivables could differ from those that we currently anticipate and, as a result, we might need to adjust our allowances. We may not accurately assess the creditworthiness of our clients. Macroeconomic conditions, such as any evolving industry standards, economic downturns, changing regulatory conditions and changing visitor and client demands, could also result in financial difficulties for our clients, including insolvency or bankruptcy. As a result, this could cause clients to delay payments to us, request modifications to their payment arrangements that could extend the timing of cash receipts or default on their payment obligations to us. For example, in the third quarter of fiscal year 2019, we recorded a one-time charge of $8.7 million for bad debt expense related to a large former education client, which arose in part due to the U.S. Department of Education restricting one of its for-profit schools from participating in Title IV programs. If we experience an increase in the time to bill and collect for our services, our results of operations and cash flows could be adversely affected.

We rely on certain advertising agencies for the purchase of various advertising and marketing services on behalf of their clients. Such agencies may have or develop high-risk credit profiles, which may result in credit risk to us.

A portion of our client business is sourced through advertising agencies and, in many cases, we contract with these agencies and not directly with the underlying client. Contracting with these agencies subjects us to greater credit risk than when we contract with clients directly. In many cases, agencies are not required to pay us unless and until they are paid by the underlying client. In addition, many agencies are thinly capitalized and have or may develop high-risk credit profiles. This credit risk may vary depending on the nature of an agency's aggregated client base. If an agency were to become insolvent, or if an underlying client did not pay the agency, we may be required to write off account receivables as bad debt. Any such write-offs could have a materially negative effect on our results of operations for the periods in which the write-offs occur.

If we do not effectively manage any future growth or if we are not able to scale our products or upgrade our technology or network hosting infrastructure quickly enough to meet our clients' needs, our operating performance will suffer and we may lose clients.

We have experienced growth in our operations and operating locations during certain periods of our history. This growth has placed, and any future growth may continue to place, significant demands on our management and our operational and financial infrastructure. Growth, if any, may make it more difficult for us to accomplish the following:

- successfully scaling our technology to accommodate a larger business and integrate acquisitions;
- maintaining our standing with key vendors, including third-party publishers and Internet search and social media companies;

- maintaining our client service standards; and
- developing and improving our operational, financial and management controls and maintaining adequate reporting systems and procedures.

Our future success depends in part on the efficient performance of our software and technology infrastructure. As the numbers of websites, mobile applications and Internet users increase, our technology infrastructure may not be able to meet the increased demand. Unexpected constraints on our technology infrastructure could lead to slower website response times or system failures and adversely affect the availability of websites and the level of user responses received, which could result in the loss of clients or revenue or harm to our business and results of operations.

In addition, our personnel, systems, procedures and controls may be inadequate to support our future operations. The improvements required to manage growth may require us to make significant expenditures, expand, train and manage our employee base, and reallocate valuable management resources. We may spend substantial amounts to purchase or lease data centers and equipment, upgrade our technology and network infrastructure to handle increased traffic on our owned and operated websites and roll out new products and services. Any such expansion could be expensive and complex and could result in inefficiencies or operational failures. If we do not implement such expansions successfully, or if we experience inefficiencies and operational failures during their implementation, the quality of our products and services and our users' experience could decline. This could damage our reputation and cause us to lose current and potential users and clients. The costs associated with these adjustments to our architecture could harm our operating results. Accordingly, if we fail to effectively manage any future growth, our operating performance will suffer, and we may lose clients, key vendors and key personnel.

Interruption or failure of our information technology and communications systems could impair our ability to effectively deliver our services, which could cause us to lose clients and harm our results of operations.

Our delivery of marketing and media services depends on the continuing operation of our technology infrastructure and systems. Any damage to or failure of our systems could result in interruptions in our ability to deliver offerings quickly and accurately or process visitors' responses emanating from our various web presences. Interruptions in our service could reduce our revenue and profits, and our reputation could be damaged if users or clients perceive our systems to be unreliable. Our systems and operations are vulnerable to damage or interruption from earthquakes, floods, fires, or other natural disasters, climate change and extreme-weather related events, power loss, terrorist attacks, war, break-ins, hardware or software failures, telecommunications and electrical failures, security breaches, cyber-attacks and other similar security incidents, computer viruses or other attempts to harm our systems, and similar events. If the third-party data centers that we utilize were to experience a major power outage, we would have to rely on their back-up generators. These back-up generators may not operate properly through a major power outage and their fuel supply could also be inadequate during a major power outage or disruptive event. Furthermore, we do not currently have backup generators at our Foster City, California headquarters. Information systems such as ours may be disrupted by even brief power outages, or by the fluctuations in power resulting from switches to and from back-up generators. This could give rise to obligations to certain of our clients which could have an adverse effect on our results of operations for the period of time in which any disruption of utility services to us occurs.

We use two third-party colocation data centers; one in San Francisco, California and the other in Las Vegas, Nevada. We have implemented this infrastructure to minimize the risk associated with earthquakes, fire, power loss, telecommunications failure, and other events beyond our control at any single location; however, these services may fail or may not be adequate to prevent losses.

Any unscheduled interruption in our service would result in an immediate loss of revenue. If we experience frequent or persistent system failures, the attractiveness of our technologies and services to clients and third-party publishers could be permanently harmed. The steps we have taken to increase the reliability and redundancy of our systems are expensive, reduce our operating margin and may not be successful in reducing the frequency or duration of unscheduled interruptions.

Acquisitions, investments and divestitures could complicate operations, or could result in dilution and other harmful consequences that may adversely impact our business and results of operations.

Acquisitions have historically been, and continue to be, an important element of our overall corporate strategy and use of capital. In addition, we regularly review and assess strategic alternatives in the ordinary course of business, including potential acquisitions, investments or divestitures. These potential strategic alternatives may result in a wide array of potential strategic transactions that could be material to our financial condition and results of operations. For example, we acquired Aqua Vida, LLC ("AquaVida") in fiscal year 2024, Modernize, Inc. ("Modernize"), Mayo Labs, LLC ("Mayo Labs") and FC Ecosystem, LLC ("FCE") in fiscal year 2021, and AmOne Corp. ("AmOne"), CCM and MyBankTracker.com, LLC ("MBT") in fiscal year 2019. Furthermore, we divested our education client vertical in fiscal year 2021, and we divested our B2B client vertical, our businesses in Brazil consisting of QuinStreet Brasil Online Marketing e Midia Ltda ("QSB") and VEMM, LLC ("VEMM") along with its interests in EDB, and our mortgage client vertical in the second half of fiscal year 2020.

Acquisitions, investments or divestitures, and the process of evaluating strategic alternatives, involves a number of risks and uncertainties. For example, the process of integrating an acquired company, business or technology has in the past created, and may create in the future, unforeseen operating challenges, risks and expenditures, including with respect to: (i) integrating an acquired company's accounting, financial reporting, management information and information security, human resource, and other administrative systems to permit effective management, and the lack of control if such integration is delayed or not implemented; (ii) integrating the controls, procedures and policies at companies we acquire that are appropriate for a public company; and (iii) transitioning the acquired company's operations, users and customers onto our existing platforms. The success of our acquisitions and other investments will depend in part on our ability to successfully integrate and leverage them to enhance our existing products and services or develop compelling new ones. It may take longer than expected to realize the full benefits from these acquisitions or investments, such as increased revenue, enhanced efficiencies, or increased market share, or the benefits may ultimately be smaller than we expected. Our failure to address these risks or other problems encountered in connection with our acquisitions and investments could cause us to fail to realize the anticipated benefits of such acquisitions or investments, incur unanticipated liabilities and harm our business generally.

In addition, evaluating, negotiating and completing strategic transactions, including acquisitions, investments or divestitures, may distract management from our other businesses and result in significant expenses. Moreover, we may invest significant resources towards evaluating and negotiating strategic alternatives that do not ultimately result in a strategic transaction.

Our acquisitions or investments could also result in dilutive issuances of our equity securities, the incurrence of debt or deferred purchase price obligations, contingent liabilities, amortization expense, impairment of goodwill or restructuring charges, any of which could harm our financial condition or results. For example, under our acquisition agreement with AquaVida, the purchase consideration included $4.0 million in post-closing payments and an estimated fair value of contingent consideration of $2.1 million. Under our acquisition agreement with CCM, the purchase consideration included $7.5 million in post-closing payments and an estimated fair value of contingent consideration of $3.6 million. Under our acquisition agreement with Modernize, the purchase consideration included $27.5 million in post-closing payments. Also, the anticipated benefit of many of our strategic transactions, including anticipated synergies, may not materialize. Employee retention may be adversely impacted as the result of acquisitions, and our ability to manage across multiple remote locations and business cultures could adversely affect the realization of anticipated benefits. In connection with a disposition of assets or a business, we may also agree to provide indemnification for certain potential liabilities or retain certain liabilities or obligations, which may adversely impact our financial condition or results.

We rely on call centers, Internet and data center providers, and other third-parties for key aspects of the process of providing services to our clients, and any failure or interruption in the services and products provided by these third-parties could harm our business.

We rely on internal and third-party call centers as well as third-party vendors, data centers and Internet providers. Notwithstanding disaster recovery and business continuity plans and precautions instituted to protect our clients and us from events that could interrupt delivery of services, there is no guarantee that such interruptions would not result in a prolonged interruption in our ability to provide services to our clients. Any temporary or permanent interruption in the services provided by our call centers or third-party providers could significantly harm our business.

In addition, any financial or other difficulties our third-party providers face may have negative effects on our business, the nature and extent of which we cannot predict. Other than our data privacy and security assessment processes, we exercise little control over our third-party vendors, which increases our vulnerability to problems with the services they provide. We license technology and related databases from third-parties to facilitate analysis and storage of data and delivery of offerings. We have experienced interruptions and delays in service and availability for data centers, bandwidth and other technologies in the past, and may experience more in the future. Any errors, failures, interruptions or delays experienced in connection with these third-party technologies and services could adversely affect our business and could expose us to liabilities to third-parties.

Our quarterly revenue and results of operations may fluctuate significantly from quarter to quarter due to fluctuations in advertising spending, including seasonal and cyclical effects.

In addition to other factors that cause our results of operations to fluctuate, results are also subject to significant seasonal fluctuation. In particular, our quarters ending December 31 (our second fiscal quarter) are typically characterized by seasonal weakness. During that quarter, there is generally lower availability of media during the holiday period on a cost-effective basis and some of our clients have lower budgets. In our quarters ending March 31 (our third fiscal quarter), this trend generally reverses with better media availability and often new budgets at the beginning of the year for our clients with fiscal years ending December 31. Moreover, our personal loans, home services and banking clients' businesses are subject to seasonality. For example, our clients that offer home services products are historically subject to seasonal trends. Other factors affecting our clients' businesses include macro factors such as credit availability, the strength of the economy and employment. Any of the foregoing seasonal or cyclical trends, or the combination of them, may negatively impact our quarterly revenue and results of operations.

Furthermore, advertising spend on the Internet, similar to traditional media, tends to be cyclical and discretionary as a result of factors beyond our control, including budgetary constraints and buying patterns of clients, as well as economic conditions affecting the Internet and media industry. For example, weather and other events have in the past led to short-term increases in insurance industry client loss ratios and damage or interruption in our clients' operations, either of which can lead to decreased client spend on online performance marketing. In addition, inherent industry specific risks (e.g., insurance industry loss ratios and cutbacks) and poor macroeconomic conditions such as high interest rates, inflationary environments as well as other short-term events could decrease our clients' advertising spending and thereby have a material adverse effect on our business, financial condition, operating results and cash flows.

If the market for online marketing services fails to continue to develop, our success may be limited, and our revenue may decrease.

The online marketing services market is relatively new and rapidly evolving, and it uses different measurements from traditional media to gauge its effectiveness. Some of our current or potential clients have little or no experience using the Internet for advertising and marketing purposes and have allocated only limited portions of their advertising and marketing budgets to the Internet. The adoption of online marketing, particularly by those companies that have historically relied upon traditional media for advertising, requires the acceptance of a new way of conducting business, exchanging information and evaluating new advertising and marketing technologies and services.

In particular, we are dependent on our clients' adoption of new metrics to measure the success of online marketing campaigns with which they may not have prior experience. Certain of our metrics are subject to inherent challenges in measurement, and real or perceived inaccuracies in such metrics may harm our reputation and negatively affect our business. We present key metrics such as cost-per-click, cost-per-lead and cost-per-acquisition, some of which are calculated using internal data. We periodically review and refine some of our methodologies for monitoring, gathering and calculating these metrics. While our metrics are based on what we believe to be reasonable measurements and methodologies, there are inherent challenges in deriving our metrics. In addition, our user metrics may differ from estimates published by third-parties or from similar metrics of our competitors due to differences in methodology. If clients or publishers do not perceive our metrics to be accurate, or if we discover material inaccuracies in our metrics, it could negatively affect our business model and current or potential clients' willingness to adopt our metrics.

We may also experience resistance from traditional advertising agencies who may be advising our clients. We cannot assure you that the market for online marketing services will continue to grow. If the market for online marketing services fails to continue to develop or develops more slowly than we anticipate, the success of our business may be limited, and our revenue may decrease.

We could lose clients if we fail to detect click-through or other fraud on advertisements in a manner that is acceptable to our clients.

We are exposed to the risk of fraudulent clicks or actions on our websites or our third-party publishers' websites, which could lead our clients to become dissatisfied with our campaigns, and in turn, lead to loss of clients and related revenue. Click-through fraud occurs when an individual clicks on an ad displayed on a website or mobile application, or an automated system is used to create such clicks, with the intent of generating the revenue-share payment to the publisher rather than viewing the underlying content. Action fraud occurs when online lead forms are completed with false or fictitious information in an effort to increase a publisher's compensable actions. From time to time, we have experienced fraudulent clicks or actions. We do not charge our clients for fraudulent clicks or actions when they are detected, and such fraudulent activities could negatively affect our profitability or harm our reputation. If fraudulent clicks or actions are not detected, the affected clients may experience a reduced return on their investment in our marketing programs, which could lead the clients to become dissatisfied with our campaigns, and in turn, lead to loss of clients and related revenue. Additionally, from time to time, we have had to, and in the future may have to, terminate relationships with publishers whom we believed to have engaged in fraud. Termination of such relationships entails a loss of revenue associated with the legitimate actions or clicks generated by such publishers.

Limitations restricting our ability to market to users or collect and use data derived from user activities by technologies, service providers or otherwise could significantly diminish the value of our services and have an adverse effect on our ability to generate revenue.

When a user visits our websites, we use technologies, including "cookies," to collect information such as the user's IP address. We also have relationships with data partners that collect and provide us with user data. We access and analyze this information in order to determine the effectiveness of a marketing campaign and to determine how to modify the campaign for optimization. The use of cookies is the subject of litigation, regulatory scrutiny and industry self-regulatory activities, including the discussion of "do-not-track" technologies, guidelines and substitutes to cookies. With respect to industry self-regulatory activities, the leading web browsing companies have started or announced their intent to block or phase out third-party cookies from their web browsers. Additionally, users are able to block or delete cookies from their browser. Periodically, certain of our clients and publishers seek to prohibit or limit our collection or use of data derived from the use of cookies.

Furthermore, actions by service providers could restrict our ability to deliver Internet-based advertising. For example, if email service providers ("ESPs") categorize our emails as "promotional," then these emails may be directed to an alternate and less readily accessible section of a consumer's inbox. In the event ESPs materially limit or halt the delivery of our emails, or if we fail to deliver emails to consumers in a manner compatible with ESPs' email handling or authentication technologies, our ability to contact consumers through email could be significantly restricted. In addition, if we are placed on "spam" lists or lists of entities that have been involved in sending unwanted, unsolicited emails, or if internet service providers prioritize or provide superior access to our competitors' content, our business and results of operations may be adversely affected.

Interruptions, failures or defects in our data collection systems, as well as data privacy and security concerns and regulatory changes or enforcement actions affecting our or our data partners' ability to collect user data, could also limit our ability to analyze data from, and thereby optimize, our clients' marketing campaigns. If our access to data is limited in the future, we may be unable to provide effective technologies and services to clients and we may lose clients and revenue.

Actions by operating system platform providers or application stores such as Apple or Google may affect our offerings or services or how we collect, use, and share data from end-user devices in connection with our ad campaigns. For example, Apple implemented a requirement for applications using its mobile operating system, iOS, to affirmatively (on an opt-in basis) obtain an end user's permission to track user activity across apps or websites or access users' device advertising identifiers for advertising and advertising measurement purposes, as well as other restrictions. In addition, Google has announced that it will cease support for advertising cookies that permit the tracking of users across sites and applications and instead will introduce new advertising targeting solutions from its Privacy Sandbox. The long-term impact of these and other privacy and regulatory changes remains uncertain and may harm our growth, business, and profitability.

Increased scrutiny and changing expectations from investors, customers, employees, and others regarding our environmental, social and governance practices and reporting could cause us to incur additional costs, devote additional resources and expose us to additional risks, which could adversely impact our reputation, customer acquisition and retention, access to capital and employee retention.

Companies across all industries are facing increasing scrutiny related to their environmental, social and governance ("ESG"), practices and reporting. Investors, customers, employees and other stakeholders have focused increasingly on ESG practices and placed increasing importance on the implications and social cost of their investments, purchases and other interactions with companies. For example, many investment funds focus on positive ESG business practices and sustainability scores when making investments and may consider a company's ESG or sustainability scores as a reputational or other factor in making an investment decision. In addition, investors, particularly institutional investors, use these scores to benchmark companies against their peers and if a company is perceived as lagging, these investors may engage with such company to improve ESG disclosure or performance and may also make voting decisions on this basis. With this increased focus and demand, public reporting regarding ESG practices is becoming more broadly expected. If our ESG practices and reporting do not meet investor, customer, or employee expectations, which continue to evolve, our brand and reputation may be negatively impacted. Any disclosure we make may include our policies and practices on a variety of ESG matters, including corporate governance, environmental compliance, employee health and safety practices, human capital management, and workforce inclusion and diversity. It is possible stakeholders may not be satisfied with our ESG reporting, ESG practices or speed of adoption. We could also incur additional costs and devote additional resources to monitor, report and implement various ESG practices, including resources required to comply with any final SEC rulemaking related to climate disclosures, the proposed rule for which was published by the SEC on March 21, 2022. If we fail, or are perceived to be failing, to meet the standards included in any sustainability disclosure or the expectations of our various stakeholders, it could negatively impact our reputation, access to capital and employee retention.

Risks Related to Our Intellectual Property

If we do not adequately protect our intellectual property rights, our competitive position and business may suffer.

Our ability to compete effectively depends upon our proprietary systems and technology. We rely on patent, trade secret, trademark and copyright law, confidentiality agreements and technical measures to protect our proprietary rights. We enter into confidentiality agreements with our employees, consultants, independent contractors, advisors, client vendors and publishers. These agreements may not effectively prevent unauthorized disclosure of confidential information or unauthorized parties from copying aspects of our services or obtaining and using our proprietary information. For example, past or current employees, contractors or agents may reveal confidential or proprietary information. Further, these agreements may not provide an adequate remedy in the event of unauthorized disclosures or uses, and we cannot assure you that our rights under such agreements will be enforceable. Effective patent, trade secret, copyright and trademark protection may not be available in all countries where we currently operate or in which we may operate in the future. Some of our systems and technologies are not covered by any copyright, patent or patent application. We cannot guarantee that: (i) our intellectual property rights will provide competitive advantages to us; (ii) our ability to assert our intellectual property rights against potential competitors or to settle current or future disputes will be effective; (iii) our intellectual property rights will be enforced in jurisdictions where competition may be intense or where legal protection may be weak; (iv) any of the patent, trademark, copyright, trade secret or other intellectual property rights that we presently employ in our business will not lapse or be invalidated, circumvented, challenged, or abandoned; (v) competitors will not design around our protected systems and technology; or (vi) that we will not lose the ability to assert our intellectual property rights against others.

We have from time to time become aware of third-parties who we believe may have infringed our intellectual property rights. Such infringement or infringement of which we are not yet aware could reduce our competitive advantages and cause us to lose clients, third-party publishers or could otherwise harm our business. Policing unauthorized use of our proprietary rights can be difficult and costly. Litigation, while it may be necessary to enforce or protect our intellectual property rights, could result in substantial costs and diversion of resources and management attention and could adversely affect our business, even if we are successful defending such litigation on the merits. In addition, others may independently discover trade secrets and proprietary information, and in such cases we could not assert any trade secret rights against such parties.

Third-parties may sue us for intellectual property infringement, which, even if unsuccessful, could require us to expend significant costs to defend or settle.

We cannot be certain that our internally developed or acquired systems and technologies do not and will not infringe the intellectual property rights of others. In addition, we license content, software and other intellectual property rights from third-parties and may be subject to claims of infringement if such parties do not possess the necessary intellectual property rights to the products they license to us.

In addition, we have in the past, and may in the future, be subject to legal proceedings and claims that we have infringed the patents or other intellectual property rights of third-parties. These claims sometimes involve patent holding companies or other adverse patent owners who have no relevant product revenue and against whom our own intellectual property rights, if any, may therefore provide little or no deterrence. For example, in December 2012, Internet Patents Corporation (“IPC”) filed a patent infringement lawsuit against us in the Northern District of California alleging that some of our websites infringe a patent held by IPC. IPC is a non-practicing entity that relies on asserting its patents as its primary source of revenue. In addition, third-parties have asserted and may in the future assert intellectual property infringement claims against our clients, and we have agreed in certain circumstances to indemnify and defend against such claims. Any intellectual property-related infringement claims, whether or not meritorious and regardless of the outcome of the litigation, could result in costly litigation, could divert management resources and attention and could cause us to change our business practices. Should we be found liable for infringement, we may be required to enter into licensing agreements, if available on acceptable terms or at all, pay substantial damages, or limit or curtail our systems and technologies. Moreover, we may need to redesign some of our systems and technologies to avoid future infringement liability. Any of the foregoing could prevent us from competing effectively and increase our costs.

Additionally, the laws relating to use of trademarks on the Internet are unsettled, particularly as they apply to search engine functionality. For example, other Internet marketing and search companies have been sued for trademark infringement and other intellectual property-related claims for displaying ads or search results in response to user queries that include trademarked terms. The outcomes of these lawsuits have differed from jurisdiction to jurisdiction. We may be subject to trademark infringement, unfair competition, misappropriation or other intellectual property-related claims which could be costly to defend and result in substantial damages or otherwise limit or curtail our activities, and therefore adversely affect our business or prospects.

As a creator and a distributor of content, we face potential liability and expenses for legal claims based on the nature and content of the materials that we create or distribute, including materials provided by our clients. If we are required to pay damages or expenses in connection with these legal claims, our results of operations and business may be harmed.

We display original content and third-party content on our websites and in our marketing messages. In addition, our clients provide us with advertising creative and financial information (e.g., insurance premium or credit card interest rates) that we display on our owned and operated websites and our third-party publishers’ websites. As a result, we face potential liability based on a variety of claims, including defamation, negligence, deceptive advertising, copyright or trademark infringement. We are also exposed to risk that content provided by third-parties or clients is inaccurate or misleading, and for material posted to our websites by users and other third-parties. These claims, whether brought in the United States or abroad, could divert our management’s time and attention away from our business and result in significant costs to investigate, defend, and respond to investigative demands, regardless of the merit of these claims. In addition, if we become subject to these types of claims and are not successful in our defense, we may be forced to pay substantial damages.

Risks Related to the Ownership of Our Common Stock

Our stock price has been volatile and may continue to fluctuate significantly in the future, which may lead to you not being able to resell shares of our common stock at or above the price you paid, delisting, securities litigation or hostile or otherwise unfavorable takeover offers.

The trading price of our common stock has been volatile since our initial public offering and may continue to be subject to wide fluctuations in response to various factors, some of which are beyond our control. These factors include those discussed in this “Risk Factors” section of this report and other factors such as:

- our ability to grow our revenues and adjusted EBITDA margin and to manage any such growth effectively;
- changes in earnings estimates or recommendations by securities analysts;
- announcements about our revenue, earnings or other financial results, including outlook, that are not in line with analyst expectations;
- negative publicity about us, our industry, our clients or our clients’ industries;
- an economic recession in the United States or other countries;
- domestic and international economic conditions, geopolitical conflicts such as the Russia-Ukraine military conflict and the resulting economic sanctions and the Israel-Hamas war and the possible expansion of such conflict in the surrounding areas, and public health crises;
- our ability to find, develop or retain high quality targeted media on a cost-effective basis;

- relatively low trading volume in our stock, which creates inherent volatility regardless of factors related to our business performance or prospects;
- the sale of, or indication of the intent to sell, substantial amounts of our common stock by our directors, officers or substantial shareholders;
- stock repurchase programs;
- announcements by us or our competitors of new services, significant contracts, commercial relationships, acquisitions or capital commitments;
- fluctuations in the stock price and operating results of our competitors or perceived competitors that operate in our industries; and
- our commencement of, involvement in, or a perceived threat of litigation or regulatory enforcement action.

In recent years, the stock market in general, and the market for technology and Internet-based companies in particular, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. Broad market and industry factors may seriously affect the market price of our common stock, regardless of our actual operating performance. As a result of this volatility, you may not be able to sell your common stock at or above the price paid for the shares. In addition, in the past, following periods of volatility in the overall market and the market price of a particular company's securities, securities class action litigation has often been instituted against these companies. Such litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

Moreover, a low or declining stock price may make us attractive to hedge funds and other short-term investors which could result in substantial stock price volatility and cause fluctuations in trading volumes for our stock. A relatively low stock price may also cause us to become subject to an unsolicited or hostile acquisition bid which could result in substantial costs and a diversion of management attention and resources. In the event that such a bid is publicly disclosed, it may result in increased speculation and volatility in our stock price even if our board of directors decides not to pursue a transaction.

If securities or industry analysts do not publish research or reports about our business, or if they issue an adverse opinion regarding our stock, our stock price and trading volume could decline.

The trading market for our common stock is influenced by the research and reports that industry or securities analysts publish about us, our business or the industries or businesses of our clients. If any of the analysts issue an adverse opinion regarding our stock or if our actual results or forward outlook do not meet analyst estimates, our stock price would likely decline. If one or more of these analysts ceases coverage of our company or fails to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

We cannot guarantee that our stock repurchase program will be fully consummated or that our stock repurchase program will enhance long-term stockholder value, and stock repurchases could increase the volatility of the price of our stock and could diminish our cash reserves.

Our board of directors canceled the prior stock repurchase program that commenced in July 2017 and in April 2022 authorized a new stock repurchase program allowing the repurchase of up to $40.0 million worth of common stock. As of June 30, 2024, approximately $16.8 million remained available for stock repurchases pursuant to the board authorization. The timing and actual number of shares repurchased will depend on a variety of factors including the price, cash availability and other market conditions. The stock repurchase program, authorized by our board of directors, does not obligate us to repurchase any specific dollar amount or to acquire any specific number of shares. The stock repurchase program could affect the price of our stock and increase volatility and may be suspended or terminated at any time, which may result in a decrease in the trading price of our stock. The existence of our stock repurchase program could also cause the price of our common stock to be higher than it would be in the absence of such a program and could potentially reduce the market liquidity for our common stock. Additionally, repurchases under our stock repurchase program will diminish our cash reserves. There can be no assurance that any stock repurchases will enhance stockholder value because the market price of our common stock may decline below the levels at which we repurchased such shares. Any failure to repurchase shares after we have announced our intention to do so may negatively impact our reputation and investor confidence in us and may negatively impact our stock price. Although our stock repurchase program is intended to enhance long-term stockholder value, short-term stock price fluctuations could reduce the program's effectiveness.

We may be subject to short selling strategies that may drive down the market price of our common stock.

Short sellers may attempt to drive down the market price of our common stock. Short selling is the practice of selling securities that the seller does not own but may have borrowed with the intention of buying identical securities back at a later date. The short seller hopes to profit from a decline in the value of the securities between the time the securities are borrowed and the time they are replaced. As it is in the short seller's best interests for the price of the stock to decline, many short sellers (sometimes known as "disclosed shorts") publish, or arrange for the publication of, negative opinions regarding the relevant issuer and its business prospects to create negative market momentum. Although traditionally these disclosed shorts were limited in their ability to access mainstream business media or to otherwise create negative market rumors, the rise of the Internet and technological advancements regarding document creation, videotaping and publication by weblog ("blogging") have allowed many disclosed shorts to publicly attack a company's credibility, strategy and veracity by means of so-called "research reports" that mimic the type of investment analysis performed by large Wall Street firms and independent research analysts. These short attacks have, in the past, led to selling of shares in the market. Further, these short seller publications are not regulated by any governmental, self-regulatory organization or other official authority in the U.S. and they are not subject to certification requirements imposed by the Securities and Exchange Commission. Accordingly, the opinions they express may be based on distortions, omissions or fabrications. Companies that are subject to unfavorable allegations, even if untrue, may have to expend a significant amount of resources to investigate such allegations and/or defend themselves, including shareholder suits against the company that may be prompted by such allegations. We have in the past, and may in the future, be the subject of shareholder suits that we believe were prompted by allegations made by short sellers.

Substantial future sales of shares by our stockholders could negatively affect our stock price.

Sales of a substantial number of shares of our common stock in the public market, or the perception that these sales might occur, could depress the market price of our common stock and could impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the effect that sales, particularly sales by our directors, executive officers, and significant stockholders, may have on the prevailing market price of our common stock. Additionally, the shares of common stock subject to outstanding options under our equity incentive plans and the shares reserved for future issuance under our equity incentive plans, as well as shares issuable upon vesting of restricted stock awards, will become eligible for sale in the public market in the future, subject to certain legal and contractual limitations.

If we fail to maintain proper and effective internal controls, our ability to produce accurate financial statements on a timely basis or effectively prevent fraud could be impaired, which would adversely affect our ability to operate our business.

In order to comply with the Sarbanes-Oxley Act of 2002 ("SOX Act"), our management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States. We may in the future discover areas of our internal financial and accounting controls and procedures that need improvement. Our internal control over financial reporting will not prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. All control systems have inherent limitations, and, accordingly, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud will be detected. If we are unable to maintain proper and effective internal controls, we may not be able to produce accurate financial statements on a timely basis, which could adversely affect our ability to operate our business and could result in regulatory action. If our estimates or judgements relating to our critical accounting policies prove to be incorrect, our results of operations could be adversely affected.

If we identify material weaknesses in our internal control over financial reporting or otherwise fail to maintain an effective system of internal control over financial reporting, the accuracy and timeliness of our financial reporting may be adversely affected.

We must maintain effective internal control over financial reporting in order to accurately and timely report our results of operations and financial condition. In addition, the SOX Act requires, among other things, that we assess the effectiveness of our internal control over financial reporting as of the end of our fiscal year, and the effectiveness of our disclosure controls and procedures quarterly. If we are not able to comply with the requirements of the SOX Act in a timely manner, the market price of our stock could decline and we could be subject to sanctions or investigations by Nasdaq, the SEC or other regulatory authorities, which would diminish investor confidence in our financial reporting and require additional financial and management resources, each of which may adversely affect our business and operating results.

In fiscal years 2017 and 2016, we identified material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. While no material weaknesses were identified in our internal control over financial reporting as of June 30, 2024, we cannot assure you that we will not in the future identify material weaknesses. In addition, the standards required for a Section 404 assessment under the SOX Act may in the future require us to implement additional corporate governance practices and adhere to additional reporting requirements. Our management may not be able to effectively and timely implement controls and procedures that adequately respond to the increased regulatory compliance and reporting requirements that are or will be applicable to us as a public company. If we fail to discover material weaknesses in our internal controls or maintain effective internal controls over financial reporting, our business and reputation may be harmed and our stock price may decline.

We may be required to record a significant charge to earnings if our goodwill or intangible assets become impaired.

We have a substantial amount of goodwill and purchased intangible assets on our consolidated balance sheet as a result of acquisitions. The carrying value of goodwill represents the fair value of an acquired business in excess of identifiable assets and liabilities as of the acquisition date. The carrying value of intangible assets with identifiable useful lives represents the fair value of relationships, content, domain names and acquired technology, among others, as of the acquisition date, and are amortized based on their economic lives. We are required to evaluate our intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill that is expected to contribute indefinitely to our cash flows is not amortized, but must be evaluated for impairment at least annually. If necessary, a quantitative test is performed to compare the carrying value of the asset to its estimated fair value, as determined based on a discounted cash flow approach, or when available and appropriate, to comparable market values. If the carrying value of the asset exceeds its current fair value, the asset is considered impaired and its carrying value is reduced to fair value through a non-cash charge to earnings. Events and conditions that could result in impairment of our goodwill and intangible assets include adverse changes in the regulatory environment, a reduced market capitalization or other factors leading to reduction in expected long-term growth or profitability.

Goodwill impairment analysis and measurement is a process that requires significant judgment. Our stock price and any estimated control premium are factors affecting the assessment of the fair value of our underlying reporting units for purposes of performing any goodwill impairment assessment. For example, our public market capitalization sustained a decline after December 31, 2012 and June 30, 2014 to a value below the net book carrying value of our equity, triggering the need for a goodwill impairment analysis. As a result of our goodwill impairment analysis, we recorded a goodwill impairment charge in those periods. Additionally, in the third quarter of fiscal year 2016, our stock price experienced volatility and our public market capitalization decreased to a value below the net book carrying value of our equity, triggering the need for an interim impairment test. While no impairment was recorded as a result of the interim impairment test, it is possible that in the future another event occurs that does require a material impairment charge. We will continue to conduct impairment analyses of our goodwill on an annual basis, unless indicators of possible impairment arise that would cause a triggering event, and we would be required to take additional impairment charges in the future if any recoverability assessments reflect estimated fair values that are less than our recorded values. Further impairment charges with respect to our goodwill or intangible assets could have a material adverse effect on our financial condition and results of operations.

Provisions in our charter documents under Delaware law and in contractual obligations could discourage a takeover that stockholders may consider favorable and may lead to entrenchment of management.

Our amended and restated certificate of incorporation and bylaws contain provisions that could have the effect of delaying or preventing changes in control or changes in our management without the consent of our board of directors. These provisions include:

- a classified board of directors with three-year staggered terms, which may delay the ability of stockholders to change the membership of a majority of our board of directors;
- no cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;
- the exclusive right of our board of directors to elect a director to fill a vacancy created by the expansion of the board of directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors;
- the ability of our board of directors to issue shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;
- a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders;

- the requirement that a special meeting of stockholders may be called only by the chairman of the board of directors, the chief executive officer or the board of directors, which may delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors; and
- advance notice procedures that stockholders must comply with in order to nominate candidates to our board of directors or to propose matters to be acted upon at a stockholders' meeting, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of us.

We are also subject to certain anti-takeover provisions under Delaware law. Under Delaware law, a corporation may not, in general, engage in a business combination with any holder of 15% or more of its capital stock unless the holder has held the stock for three years or, among other things, the board of directors has approved the transaction.

We do not currently intend to pay dividends on our common stock and, consequently, your ability to achieve a return on your investment will depend on appreciation in the price of our common stock.

We have not declared or paid dividends on our common stock and we do not intend to do so in the near term. We currently intend to invest our future earnings, if any, to fund our growth. Therefore, you are not likely to receive any dividends on your common stock in the near term, and capital appreciation, if any, of our common stock will be your sole source of gain for the foreseeable future.

General Risk Factors

We are subject to risks with respect to counterparties, and failure of such counterparties to meet their obligations could cause us to suffer losses or negatively impact our results of operations and cash flows.

We have entered into, and expect to enter into in the future, various contracts, including contracts with clients, third-party publishers and strategic partners, that subject us to counterparty risks. The ability and willingness of our counterparties to perform their obligations under any contract will depend on a number of factors that are beyond our control and may include, among other things, general economic conditions including any economic downturn, public health crises, specific industry vertical conditions and the overall financial condition of the counterparty. As a result, clients, third-party publishers or strategic partners may seek to renegotiate the terms of their existing agreements with us, terminate their agreements with us for convenience (where permitted) or avoid performing their obligations under those agreements. Should a counterparty fail to honor its contractual obligations with us or terminate its agreements with us for convenience (where permitted), we could sustain significant losses or write-offs, or we could be involved in costly litigation to defend, enforce and protect our contractual rights, both of which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We rely on our management team and other key employees, and the loss of one or more key employees could harm our business.

Our success and future growth depend upon the continued services of our management team, including Douglas Valenti, Chief Executive Officer, and other key employees in all areas of our organization. From time to time, there may be changes in our key employees resulting from the hiring or departure of executives and employees, which could disrupt our business. We have, in the past, experienced declines in our business and a depressed stock price, making our equity and cash incentive compensation programs less attractive to current and potential key employees. If we lose the services of key employees or if we are unable to attract and retain additional qualified employees, our business and growth could suffer.

Damage to our reputation could harm our business, financial condition and results of operations.

Our business is dependent on attracting a large number of visitors to our owned and operated and our third-party publishers' websites and providing inquiries in the form of clicks, leads, calls, applications and customers to our clients, which depend in part on our reputation within the industry and with our clients. Certain other companies within our industry have in the past engaged in activities that others may view as unlawful or inappropriate. These activities by third-parties, such as spyware or deceptive promotions, may be seen as characteristic of participants in our industry and may therefore harm the reputation of all participants in our industry, including us.

Our ability to attract visitors and, thereby, potential customers to our clients, also depends in part on our clients providing competitive levels of customer service, responsiveness and prices to such visitors. If our clients do not provide competitive levels of service to visitors, our reputation and therefore our ability to attract additional clients and visitors could be harmed.

In addition, from time to time, we may be subject to investigations, inquiries or litigation by various regulators, which may harm our reputation regardless of the outcome of any such action. For example, in 2012 we responded to a civil investigation conducted by the attorneys general of a number of states into certain of our former education client vertical marketing and business practices resulting in us entering into an Assurance of Voluntary Compliance agreement. Negative perceptions of our business may result in additional regulation, enforcement actions by the government and increased litigation, or harm to our ability to attract or retain clients, third-party publishers or strategic partners, any of which may affect our business and result in lower revenue.

Any damage to our reputation, including from publicity from legal proceedings against us or companies that work within our industry, governmental proceedings, users impersonating or scraping our websites, unfavorable media coverage, consumer class action litigation, or the disclosure of security breaches, cyber-attacks or other similar incidents, could adversely affect our business, financial condition and results of operations.

We may need additional capital in the future to meet our financial obligations and to pursue our business objectives. Additional capital may not be available or may not be available on favorable terms and our business and financial condition could therefore be adversely affected.

While we anticipate that our existing cash and cash equivalents and cash we expect to generate from future operations will be sufficient to fund our operations for at least the next 12 months, we may need to raise additional capital, including debt capital, to fund operations in the future or to finance acquisitions. If we seek to raise additional capital in order to meet various objectives, including developing future technologies and services, increasing working capital, acquiring businesses, and responding to competitive pressures, capital may not be available on favorable terms or may not be available at all. Lack of sufficient capital resources could significantly limit our ability to take advantage of business and strategic opportunities. Any additional capital raised through the sale of equity or debt securities with an equity component would dilute our stock ownership. If adequate additional funds are not available, we may be required to delay, reduce the scope of, or eliminate material parts of our business strategy, including potential additional acquisitions or development of new technologies.

We may face additional risks in conducting business in international markets.

We have entered into and exited certain international markets and may enter into international markets in the future, including through acquisitions. We have limited experience in marketing, selling and supporting our services outside of the United States, and we may not be successful in introducing or marketing our services abroad.

There are risks and challenges inherent in conducting business in international markets, such as:

- adapting our technologies and services to foreign clients’ preferences and customs;
- successfully navigating foreign laws and regulations, including marketing, data privacy and security, employment and labor regulations;
- changes in foreign political and economic conditions, including as a result of the Russia-Ukraine military conflict or the Israel-Hamas war;
- tariffs and other trade barriers, fluctuations in currency exchange rates and potentially adverse tax consequences;
- language barriers or cultural differences;
- reduced or limited protection for intellectual property rights in foreign jurisdictions;
- difficulties and costs in staffing, managing or overseeing foreign operations;
- education of potential clients who may not be familiar with online marketing;
- challenges in collecting accounts receivables;
- monitoring and complying with economic sanctions, including those resulting from the Russia-Ukraine military conflict; and
- successfully interpreting and complying with the U.S. Foreign Corrupt Practices Act and similar foreign anti-bribery laws, particularly when operating in countries with varying degrees of governmental corruption.

If we are unable to successfully expand and market our services abroad, our business and future growth may be harmed, and we may incur costs that may not lead to future revenue.

Item 1B. ***Unresolved Staff Comments***

None.

Item 1C. ***Cybersecurity***

Risk Management and Strategy

The Company's cybersecurity program is part of its overall risk management framework. The cybersecurity risk program includes a risk-based approach to identifying, assessing, and addressing cybersecurity threats that could impact our data, our networks, or the information provided to us by consumers and counterparties.

1. **Cybersecurity Risk Management Program** – The Company's cybersecurity risk management program includes the following activities:
   - Regular Security Committee meetings where the head of Information Security briefs the Security Committee on cybersecurity threats and responses, strategies and initiatives relating to cybersecurity, and roadmaps for improving the Company's cybersecurity.
   - Training employees on cybersecurity upon hire, and at least annually, with more detailed training provided to those employees that have greater access to data and systems.
   - Over two dozen Information Security policies that focus on specific aspects of our cybersecurity risk management (e.g., Vendor Management).

   The Company's Information Security team is responsible for the Company's cybersecurity risk management program. Their Information Security policies contain processes and templates which are intended to set standards, assign specific roles and responsibilities with respect to our information security environment, and categorize threats and map them to responses as required by law and contract.

2. **Third Party Support** – In addition to the internal tests and recurring audits our Information Security team performs on our systems, the Company also engages external consultants and auditors. For example, the Company engages third party auditors to obtain SOC 2 Type II Certification. Furthermore, the Company regularly works with third party consultants to perform penetration tests. These third-party engagements supplement internal tests and audits as detailed in our Information Security policies.

3. **Training and Screening of Employees –** The Company provides all Information Security policies to new hires. In addition, new hires are required to complete security awareness training which contains cybersecurity principles. Employees must also complete annual security awareness training, with additional and dedicated cybersecurity training for employees with access to more data and systems. As a part of hiring employees and contractors, background checks are performed that involve varying levels of depth depending on the employee's or contractor's level of data and system access.

4. **Third Party and Vendor Management –** The Company's Information Security team has established policies and processes to identify and oversee cybersecurity risks associated with using third party service providers and vendors. These include the following elements:
   - Access Control: The principle of least privilege is applied to manage user's access of Company's resources. User access is reviewed at least quarterly.
   - Vendor Management: One of the Company's Information Security policies is its Vendor Management Policy. This policy includes conditions for vendor evaluation, how the Company performs its evaluation, and steps for monitoring thereafter.
   - Privacy Impact Assessments: The Company's employees are trained to submit a Privacy Impact Assessment for review when there may be new access by a third-party to certain data or the Company may share information in a new way. The Privacy Impact Assessment is reviewed by the Information Security team to assess whether the proposed practices are manageable within the Company's cybersecurity environment.

Impact of Cybersecurity Risks on Business Strategy, Results of Operations or Financial Condition

Substantially all of the Company's business is conducted online. Accordingly, there is a risk that a cybersecurity incident that impacts our ability to conduct business online (including any loss of confidence by consumers and counterparties in our information security practices or capabilities) could have a material adverse impact on our business strategy, results of operations or financial condition. The Company's approach to the management and mitigation of cybersecurity risks reflects the online nature of our business. To date, we have not experienced any cybersecurity incidents that have materially affected or are reasonably likely to materially affect our business strategy, results of operations or financial condition. As part of the Company's overall risk mitigation strategy, we maintain cyber liability insurance coverage. Such coverage, however, may not be sufficient to cover us against related claims. For additional information, see "Risks Related to our Business and Industry," in Item 1A, "Risk Factors" in this Annual Report.

Cybersecurity Governance

Pursuant to the Audit Committee Charter, the Audit Committee reviews management's assessments of, and plans with respect to, the Company's cybersecurity and other enterprise risks. The Audit Committee typically receives updates from a Security Committee member quarterly with respect to Information Security team activities.

The Company's Information Security team is responsible for identifying, assessing, and mitigating cybersecurity risks. The Information Security team reports to the head of Information Technology, who reports to the Chief Technical Officer who reports to the Chief Executive Officer. The Information Security team also briefs the Security Committee (which consists of the Chief Technical Officer, CEO, CFO and Chief Legal Officer) regularly about the cyber threat landscape, their plans to mitigate cybersecurity risks and their responses to cybersecurity incidents.

Item 2. *Properties*

As of June 30, 2024, our corporate headquarters are located at 950 Tower Lane, Suite No. 1200, Foster City, California 94404 and consist of approximately 22,915 square feet of office space under a lease with an expiration date in October 2028. This facility accommodates our engineering, sales, marketing, operations, finance and administrative activities.

We also lease additional facilities to accommodate our engineering, sales, marketing, and operations throughout the United States. Outside of the United States, we lease facilities to accommodate engineering and operations in India and Mexico. We believe that our existing facilities are suitable and adequate for our present purposes.

Item 3. *Legal Proceedings*

From time to time, we may become involved in legal proceedings and claims arising in the ordinary course of business. Certain of our outstanding legal matters include claims for indeterminate amounts of damages. We record a liability when we believe that it is probable that a loss has been incurred and the amount can be reasonably estimated. Based on our current knowledge, we do not believe that there is a reasonable possibility that the final outcome of pending or threatened legal proceedings to which we are a party, either individually or in the aggregate, will have a material adverse effect on our financial position, results of operations and cash flows. However, the outcome of such legal matters is subject to significant uncertainties.

Item 4. *Mine Safety Disclosures*

Not Applicable.

PART II

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

Our common stock is traded on the Nasdaq Global Select Market under the symbol QNST. On August 12, 2024, the closing price as reported on the Nasdaq Global Select Market of our common stock was $17.11 per share and we had approximately 38 stockholders of record of our common stock. The actual number of stockholders is greater than this number of record holders, and includes stockholders who are beneficial owners, but whose shares are held in street name by brokers and other nominees. This number of holders of record also does not include stockholders whose shares may be held in trust by other entities.

We have never declared or paid, and do not anticipate declaring or paying, any dividends on our common stock. Any future determination as to the declaration and payment of dividends, if any, will be at the discretion of our board of directors and will depend on then existing conditions, including our financial condition, operating results, contractual restrictions, capital requirements, business prospects and other factors our board of directors may deem relevant.

For equity compensation plan information refer to Item 12 in Part III of this Annual Report on Form 10-K.

Stock Repurchase Program

In April 2022, the Board of Directors canceled the prior stock repurchase program that commenced in July 2017 and authorized a new stock repurchase program allowing us to repurchase up to $40.0 million of our outstanding shares of common stock. Repurchases under this program may take place in the open market or in privately negotiated transactions and may be made under a Rule 10b5-1 plan. There is no guarantee as to the exact number of shares that will be repurchased by us, and we may discontinue repurchases at any time.

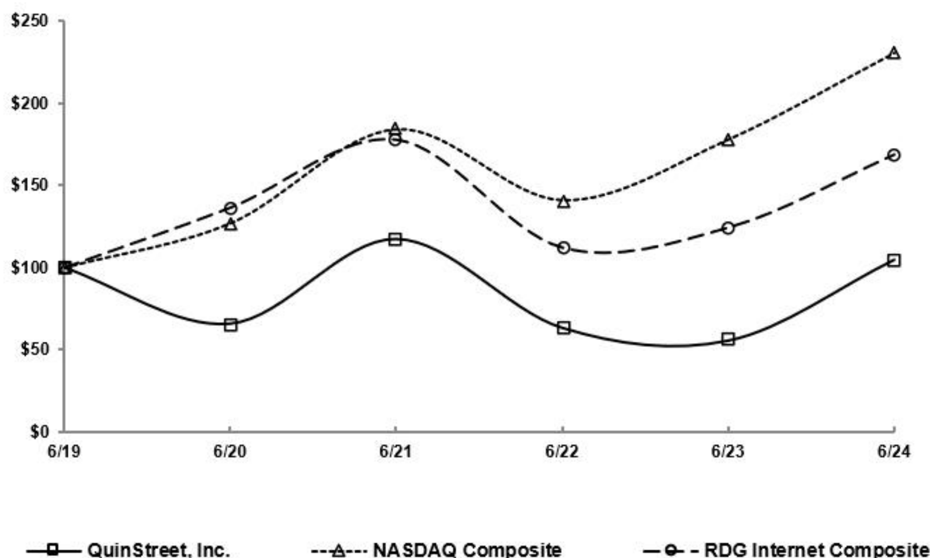
There was no stock repurchase activity during the fourth quarter of fiscal year 2024. As of June 30, 2024, approximately $16.8 million remained available for stock repurchases pursuant to the board authorization.

Performance Graph

The following performance graph shall not be deemed "soliciting material" or to be "filed" with the Securities and Exchange Commission for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or the Exchange Act, or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any filing of QuinStreet, Inc. under the Securities Act of 1933, as amended, or the Exchange Act.

The following performance graph shows a comparison from June 30, 2019 through June 30, 2024 of cumulative total return for our common stock, the Nasdaq Composite Index and the RDG Internet Composite Index. Such returns are based on historical results and are not intended to suggest future performance. Data for the Nasdaq Composite Index and the RDG Internet Composite Index assume reinvestment of dividends.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
Among QuinStreet, Inc., the NASDAQ Composite Index
and the RDG Internet Composite Index



*$100 invested on 6/30/19 in stock or index, including reinvestment of dividends.
Fiscal year ending June 30.

Recent Sales of Unregistered Securities

There were no unregistered sales of our equity securities in fiscal year 2024.

Item 6. ***[Reserved]***

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

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the consolidated financial statements and the notes thereto included elsewhere in this report. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this report, particularly in the sections titled "Cautionary Note on Forward-Looking Statements" and "Risk Factors."

Management Overview

We are a leader in performance marketplaces and technologies for the financial services and home services industries. We specialize in customer acquisition for clients in high value, information-intensive markets or "verticals," including financial services and home services. Our clients include some of the world's largest companies and brands in those markets. The majority of our operations and revenue are in North America.

We deliver measurable and cost-effective marketing results to our clients, typically in the form of qualified inquiries such as clicks, leads, calls, applications, or customers. Clicks, leads, calls, and applications can then convert into a customer or sale for clients at a rate that results in an acceptable marketing cost to them. We are typically paid by clients when we deliver qualified inquiries in the form of clicks, leads, calls, applications, or customers, as defined by our agreements with them. References to the delivery of customers means a sale or completed customer transaction (e.g., funded loans or customer appointments with clients). Because we bear the costs of media, our programs must result in attractive marketing costs to our clients at media costs and margins that provide sound financial outcomes for us. To deliver clicks, leads, calls, applications, and customers to our clients, generally we:

- own or access targeted media through business arrangements (e.g., revenue sharing arrangements with online publisher partners, large and small) or by purchasing media (e.g., clicks from major search engines);
- run advertisements or other forms of marketing messages and programs in that media that result in consumer or visitor responses, typically in the form of clicks (by a consumer to further qualification or matching steps, or to online client applications or offerings), leads (e.g., consumer contact information), calls (from a consumer or to a consumer by our owned and operated or contracted call centers or by that of our clients or their agents), applications (e.g., for enrollment or a financial product), or customers (e.g., funded personal loans);
- continuously seek to display clients and client offerings to visitors or consumers that result in the maximum number of consumers finding solutions that can meet their needs and to which they will take action to respond, resulting in media buying efficiency (e.g., by segmenting media or traffic so that the most appropriate clients or client offerings can be displayed or "matched" to each segment based on fit, response rates or conversion rates); and
- through technology and analytics, seek to optimize combination of objectives to satisfy the maximum number of shopping or researching visitors or consumers, deliver on client marketing objectives, effectively compete for online media, and generate a sound financial outcome for us.

Our primary financial objective has been and remains creating revenue growth from sustainable sources, at target levels of profitability. Our primary financial objective is not to maximize short-term profits, but rather to achieve target levels of profitability while investing in various growth initiatives, as we continue to believe we are in the early stages of a large, long-term market opportunity.

Our business derives its net revenue primarily from fees earned through the delivery of qualified inquiries such as clicks, leads, calls, applications, or customers. Through a vertical focus, targeted media presence and our technology platform, we are able to deliver targeted, measurable marketing results to our clients.

Our financial services client vertical represented 64% and 66% of net revenue in fiscal years 2024 and 2023. Our home services client vertical represented 35% and 33% of net revenue in fiscal years 2024 and 2023. Other revenue, which primarily includes our performance marketing agency and technology services, represented 1% of net revenue in fiscal years 2024 and 2023. We generated the majority of our revenue from sales to clients in the United States.

Trends Affecting our Business

Client Verticals

Our financial services client vertical has been challenged by a number of factors in the past, including the limited availability of high quality media at acceptable margins caused by the acquisition of media sources by competitors, increased competition for high quality media and changes in search engine algorithms. These factors may impact our business in the future again. To offset this impact, we have enhanced our product set to provide greater segmentation, matching, transparency and right pricing of media that have enabled better monetization to provide greater access to high quality media sources. Moreover, we have entered into strategic partnerships and acquisitions to increase and diversify our access to quality media and client budgets.

In addition, within our financial services client vertical, we derive a significant amount of revenue from auto insurance carriers and the financial results depend on the performance of the auto insurance industry. For example, inflation, weather-related and supply chain events have led to increases in insurance industry loss ratios, which decreased our clients' advertising spending and thereby had a material adverse effect on our business.

On July 1, 2020, we completed the acquisition of Modernize, a leading home improvement performance marketing company, to broaden our customer and media relationships in the home services client vertical. Our home services client vertical has been expanding over the past several years, primarily driven by successful execution of growth initiatives and synergies with the Modernize acquisition.

Our business also benefits from more spending by clients in digital media and performance marketing as digital marketing continues to evolve.

Acquisitions

Acquisitions have historically been, and continue to be, an important element of our overall corporate strategy and use of capital. We have completed several strategic acquisitions in the past, including the acquisitions of BestCompany and AquaVida completed in fiscal year 2024, two immaterial acquisitions in fiscal year 2022, the acquisitions of Modernize, Mayo Labs and FCE completed in fiscal year 2021, and the acquisitions of AmOne, CCM, and MBT completed in fiscal year 2019. For detailed information regarding our acquisitions, refer to Note 6, *Acquisitions* to our consolidated financial statements.

Development, Acquisition and Retention of High Quality Targeted Media

One of the primary challenges of our business is finding or creating media that is high quality and targeted enough to attract prospects for our clients at costs that provide a sound financial outcome for us. In order to grow our business, we must be able to find, develop, or acquire and retain quality targeted media on a cost-effective basis. Consolidation of media sources, changes in search engine algorithms and increased competition for available media has, during some periods, limited and may continue to limit our ability to generate revenue at acceptable margins. To offset this impact, we have developed new sources of media, including entering into strategic partnerships with other marketing and media companies and acquisitions. Such partnerships include takeovers of performance marketing functions for large web media properties; backend monetization of unmatched traffic for clients with large media buys; and white label products for other performance marketing companies. We have also focused on growing our revenue from call center, email, mobile and social media traffic sources.

Seasonality

Our results are subject to significant fluctuation as a result of seasonality. In particular, our quarters ending December 31 (our second fiscal quarter) are typically characterized by seasonal weakness. In our second fiscal quarters, there is generally lower availability of media during the holiday period on a cost-effective basis and some of our clients have lower budgets. In our quarters ending March 31 (our third fiscal quarter), this trend generally reverses with better media availability and often new budgets at the beginning of the year for our clients with fiscal years ending December 31.

Our results are also subject to fluctuation as a result of seasonality in our clients' business. For example, revenue in our home services client vertical is subject to cyclical and seasonal trends, as the consumer demand for home services typically rises during the spring and summer seasons and declines during the fall and winter seasons. Other factors affecting our clients' businesses include macro factors such as credit availability in the market, interest rates, the strength of the economy and employment.

Regulations

Our revenue has fluctuated in part as a result of federal, state and industry-based regulations and developing standards with respect to the enforcement of those regulations. Our business is affected directly because we operate websites and conduct telemarketing and email marketing, and indirectly affected as our clients adjust their operations as a result of regulatory changes and enforcement activity that affect their industries.

Clients in our financial services vertical have been affected by laws and regulations and the increased enforcement of new and pre-existing laws and regulations. The effect of these regulations, or any future regulations, may continue to result in fluctuations in the volume and mix of our business with these clients.

An example of a regulatory change that may affect our business is the amendment of the TCPA that affects telemarketing and the consent requirements for certain types of telemarketing calls and automated messaging. The scope and interpretation of the laws that are or may be applicable to the automated delivery of voice and text messages are continuously evolving and developing. Our clients may make business decisions based on their own experiences with the TCPA regardless of our products and compliance practices. Those decisions may negatively affect our revenue and profitability.

Basis of Presentation

Net Revenue

Our business generates revenue primarily from fees earned through the delivery of qualified inquiries such as clicks, leads, calls, applications, or customers. We deliver targeted and measurable results through a vertical focus, which includes our financial services client vertical and our home services client vertical. All remaining businesses that are not significant enough for separate reporting are included in other revenue.

Cost of Revenue

Cost of revenue consists primarily of media and marketing costs, personnel costs, amortization of intangible assets, depreciation expense and facilities expense. Media and marketing costs consist primarily of fees paid to third-party publishers, media owners or managers, or to strategic partners that are directly related to a revenue-generating event and of pay-per-click, or PPC, ad purchases from Internet search companies. We pay these third-party publishers, media owners or managers, strategic partners and Internet search companies on a revenue-share, a cost-per-lead, or CPL, or cost-per-click, or CPC, basis. Personnel costs include salaries, stock-based compensation expense, bonuses, commissions and related taxes, and employee benefit costs. Personnel costs are primarily related to individuals associated with maintaining our servers and websites, our call center operations, our editorial staff, client management, creative team, content, compliance group and media purchasing analysts. Costs associated with software incurred in the development phase or obtained for internal use are capitalized and amortized to cost of revenue over the software's estimated useful life.

Operating Expenses

We classify our operating expenses into three categories: product development, sales and marketing, and general and administrative. Our operating expenses consist primarily of personnel costs and, to a lesser extent, professional services fees, facilities fees and other costs. Personnel costs for each category of operating expenses generally include salaries, stock-based compensation expense, bonuses, commissions and related taxes, and employee benefit costs.

Product Development. Product development expenses consist primarily of personnel costs, facilities fees and professional services fees related to the development and maintenance of our products and media management platform.

Sales and Marketing. Sales and marketing expenses consist primarily of personnel costs, facilities fees and professional services fees. We are constraining expenses generally to the extent practicable.

General and Administrative. General and administrative expenses consist primarily of personnel costs of our finance, legal, employee benefits and compliance, technical support and other administrative personnel, accounting and legal professional services fees, facilities fees and bad debt expense.

Interest and Other (Expense) Income, Net

Interest and other (expense) income, net, consists primarily of interest expense, interest income, and other income and expense. Interest expense is related to imputed interest on post-closing payments related to our acquisitions. We have no borrowing agreements outstanding as of June 30, 2024; however interest expense could increase if, among other things, we enter into a new borrowing agreement to manage liquidity or make additional acquisitions through debt financing. Interest income represents interest earned on our cash and cash equivalents, which may increase or decrease depending on market interest rates and the amounts invested. Other (expense) income, net includes impairment charge for investment in equity securities, gains and losses on foreign currency exchange, and other non-operating items.

(Provision for) Benefit from Income Taxes

We are subject to tax in the United States as well as other tax jurisdictions or countries in which we conduct business. Earnings from our limited non-U.S. activities are subject to local country income tax and may be subject to U.S. income tax.

Results of Operations

A discussion regarding our results of operations for fiscal year 2024 compared to fiscal year 2023 is presented below. A discussion regarding our results of operations for fiscal year 2023 compared to fiscal year 2022 can be found under the heading Results of Operation in Part II, Item 7., Management's Discussion and Analysis of Financial Condition and Results of Operations of our Annual Report on Form 10-K for fiscal year 2023, filed with the SEC on August 21, 2023, which is available on the SEC's website at www.sec.gov.

The following table presents our consolidated statements of operations for the periods indicated:

	Fiscal Year Ended June 30,					
	2024		2023		2022	
	(In thousands, except percentages)					
Net revenue	$ 613,514	100.0 %	$ 580,624	100.0 %	$ 582,099	100.0 %
Cost of revenue [1]	567,268	92.5	532,101	91.6	528,368	90.8
Gross profit	46,246	7.5	48,523	8.4	53,731	9.2
Operating expenses: [1]						
Product development	30,045	4.9	28,893	5.0	21,906	3.7
Sales and marketing	13,607	2.2	12,542	2.2	11,042	1.9
General and administrative	30,659	5.0	27,904	4.8	25,501	4.4
Operating loss	(28,065)	(4.6)	(20,816)	(3.6)	(4,718)	(0.8)
Interest income	408	0.1	296	0.1	10	—
Interest expense	(680)	(0.1)	(790)	(0.2)	(1,075)	(0.2)
Other (expense) income, net	(2,059)	(0.3)	(52)	—	21	—
Loss before income taxes	(30,396)	(4.9)	(21,362)	(3.7)	(5,762)	(1.0)
(Provision for) benefit from income taxes	(935)	(0.2)	(47,504)	(8.2)	514	0.1
Net loss	$ (31,331)	(5.1)%	$ (68,866)	(11.9)%	$ (5,248)	(0.9)%

[1] Cost of revenue and operating expenses include stock-based compensation expense as follows:

Cost of revenue	$ 8,409	1.4 %	$ 7,923	1.4 %	$ 7,475	1.3 %
Product development	3,147	0.5	2,880	0.5	2,575	0.4
Sales and marketing	2,968	0.5	2,298	0.4	2,378	0.4
General and administrative	9,177	1.5	5,685	1.0	6,078	1.0

Gross Profit

	Fiscal Year Ended June 30,			2024 - 2023	2023 - 2022
	2024	2023	2022	% Change	% Change
		(In thousands)			
Net revenue	$ 613,514	$ 580,624	$ 582,099	6 %	— %
Cost of revenue	567,268	532,101	528,368	7 %	1 %
Gross profit	$ 46,246	$ 48,523	$ 53,731	(5 %)	(10 %)
Gross profit %	8 %	8 %	9 %		

Net Revenue

Net revenue increased by $32.9 million, or 6%, in fiscal year 2024 compared to fiscal year 2023. Revenue from our financial services client vertical increased by $12.9 million, or 3%, due to an increase in revenue in our credit cards, personal loans and banking businesses due to increased media and client budgets. This was partially offset by a decrease in revenue in our insurance business associated with decreased spending by insurance carriers to address profitability concerns caused by inflation and higher costs to repair and replace vehicles. Revenue from our home services client vertical increased by $18.8 million, or 10%, primarily as a result of increased client budgets and successful execution of our growth initiatives. Other revenue increased by $1.2 million, or 16%, which primarily includes performance marketing agency and technology services.

Cost of Revenue and Gross Profit Margin

Cost of revenue increased by $35.2 million, or 7%, in fiscal year 2024 compared to fiscal year 2023. This was primarily driven by increased media and marketing costs of $20.8 million due to higher revenue volumes. Personnel costs increased by $8.3 million mainly due to higher average headcount and higher incentive compensation due to revenue growth, and increased stock-based compensation expense. Depreciation and amortization expense increased by $4.6 million mainly due to additional capitalization of internally developed software. Other costs including facilities, equipment and supplies increased by $1.3 million primarily due to increases in software license fees and maintenance contracts.

Gross profit margin, which is the difference between net revenue and cost of revenue as a percentage of net revenue, remained relatively flat at 8% in fiscal years 2024 and 2023. Our gross profit was $46.2 million for fiscal year 2024 compared to $48.5 million for fiscal year 2023, a decrease of $2.3 million, or 5%, primarily driven by higher personnel costs as a percentage of revenue to support our continued efforts to invest in long-term growth initiatives and capabilities.

Operating Expenses

	Fiscal Year Ended June 30,			2024 - 2023	2023 - 2022
	2024	2023	2022	% Change	% Change
		(In thousands)			
Product development	$ 30,045	$ 28,893	$ 21,906	4 %	32 %
Sales and marketing	13,607	12,542	11,042	8 %	14 %
General and administrative	30,659	27,904	25,501	10 %	9 %
Operating expenses	$ 74,311	$ 69,339	$ 58,449	7 %	19 %

Product Development Expenses

Product development expenses increased by $1.2 million, or 4%, in fiscal year 2024 compared to fiscal year 2023. This was primarily due to increased personnel costs of $1.7 million as a result of higher headcount and increased stock-based compensation, partially offset by decreased professional services costs of $0.6 million.

Sales and Marketing Expenses

Sales and marketing expenses increased by $1.1 million, or 8%, in fiscal year 2024 compared to fiscal year 2023. This was primarily due to increased personnel costs as a result of higher headcount and increased stock-based compensation.

General and Administrative Expenses

General and administrative expenses increased by $2.8 million, or 10%, in fiscal year 2024 compared to fiscal year 2023. This was primarily due to higher stock-based compensation by $3.5 million as a result of not achieving the conditions for performance-based restricted stock in fiscal year 2023 and higher other expenses by $1.2 million primarily due to changes in business and sales tax reserves, partially offset by lower bad debt expense of $2.0 million.

Interest and Other (Expense) Income, Net

	Fiscal Year Ended June 30, 2024	2023	2022	2024 - 2023 % Change	2023 - 2022 % Change
	(In thousands)				
Interest income	$ 408	$ 296	$ 10	38 %	2860 %
Interest expense	(680)	(790)	(1,075)	(14 %)	(27 %)
Other (expense) income, net	(2,059)	(52)	21	3860 %	(348 %)
Interest and other expense, net	$ (2,331)	$ (546)	$ (1,044)	327 %	(48 %)

Interest income relates to interest earned on our cash and cash equivalents. Interest expense relates to imputed interest on post-closing payments related to our acquisitions. Interest expense decreased by $0.1 million, or 14%, in fiscal year 2024 compared to fiscal year 2023 primarily due to decreased imputed interest on a lower average outstanding balance of the post-closing payments. Other (expense) income, net, increased by $2.0 million, or 3,860% in fiscal year 2024 compared to fiscal year 2023 primarily due impairment charge for investment in equity securities of $2.0 million recorded in third quarter of fiscal year 2024.

(Provision for) Benefit from Income Taxes

	Fiscal Year Ended June 30, 2024	2023	2022
	(In thousands)		
(Provision for) benefit from income taxes	$ (935)	$ (47,504)	$ 514
Effective tax rate	(3.1 %)	(222.4 %)	8.9 %

We recorded a provision for income taxes of $0.9 million in fiscal year 2024, primarily as a result of a net expense for deferred federal, state and foreign income taxes of $0.5 million and current state and foreign income taxes of $0.4 million. The net deferred tax expense is related to indefinite lived deferred tax liabilities unable to be offset with deferred tax assets. As a result of continued operating losses, the Company maintained a valuation allowance against its net deferred tax assets.

We recorded a provision for income taxes of $47.5 million in fiscal year 2023, primarily as a result of establishing a valuation allowance against the net deferred tax assets, which resulted in deferred federal and state income taxes of $47.1 million and current state and foreign income taxes of $0.4 million. We evaluated the need for a valuation allowance at year end by considering among other things, the nature, frequency and severity of current and cumulative losses, reversal of taxable temporary differences, tax planning strategies, forecasts of future profitability, and the duration of statutory carryforward periods. Based upon this analysis, we determined that the significant negative evidence associated with cumulative losses in recent periods and current results outweighed the positive evidence as of June 30, 2023 and accordingly, the near-term realization of certain of these assets was deemed not more likely than not. We recorded a one-time non-cash charge to income tax expense of $52.4 million to establish a valuation allowance against its net deferred tax assets in the fourth quarter of fiscal year 2023.

Our effective tax rate was (3.1%), (222.4%) and 8.9% in fiscal years 2024, 2023 and 2022. The increase in our effective tax rate for fiscal year 2024 compared to fiscal year 2023 was primarily due to the one-time charge related to the recognition of valuation allowance in fiscal year 2023.

Adjusted EBITDA

	Fiscal Year Ended June 30,		
	2024	2023	2022
	(In thousands)		
Other Financial Data:			
Adjusted EBITDA [(1)]	$ 20,365	$ 16,690	$ 31,030

(1) We define adjusted EBITDA as net income (loss) less depreciation and amortization expense, stock-based compensation expense, interest and other expense, net, provision for (benefit from) income taxes, restructuring costs, acquisition costs, litigation settlement expense, tax settlement expense, and contingent consideration adjustment.

We include adjusted EBITDA in this report because (i) we seek to manage our business to a level of adjusted EBITDA as a percentage of net revenue, (ii) it is used internally by management for planning purposes, including preparation of internal budgets; to allocate resources; to evaluate the effectiveness of operational strategies and capital expenditures as well as the capacity to service debt, (iii) it is a key basis upon which management assesses our operating performance, (iv) it is one of the primary metrics investors use in evaluating Internet marketing companies, (v) it is a factor in determining compensation, (vi) it is an element of certain financial covenants under our historical borrowing arrangements, and (vii) it is a factor that assists investors in the analysis of ongoing operating trends.

We use adjusted EBITDA as a key performance measure because we believe it facilitates operating performance comparisons from period to period by excluding potential differences caused by variations in capital structures (affecting interest expense), tax positions (such as the impact of changes in effective tax rates or fluctuations in permanent differences or discrete quarterly items), non-recurring charges and certain other items that we do not believe are indicative of our core operating activities (such as acquisition related expense, contingent consideration adjustment, litigation settlement expense, tax settlement expense, restructuring costs, and other expense, net) and the non-cash impact of depreciation and amortization expense and stock-based compensation expense.

In addition, we believe adjusted EBITDA and similar measures are widely used by investors, securities analysts, ratings agencies and other interested parties in our industry as a measure of financial performance, debt-service capabilities and as a metric for analyzing company valuations. Our use of adjusted EBITDA has limitations as an analytical tool, and it should not be considered in isolation or as a substitute for analysis of our results as reported under accounting principles generally accepted in the United States of America ("GAAP"). Some of these limitations are:

- adjusted EBITDA does not reflect our cash expenditures for internal software development projects, capital equipment or other contractual commitments;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements;
- adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- adjusted EBITDA does not consider the potentially dilutive impact of issuing stock-based compensation to our management team and employees;
- should we enter into borrowing arrangements in the future, adjusted EBITDA does not reflect the interest expense or the cash requirements that may be necessary to service interest or principal payments on such indebtedness;
- adjusted EBITDA does not reflect certain tax payments that may represent a reduction in cash available to us; and
- other companies, including companies in our industry, may calculate adjusted EBITDA measures differently, which reduces their usefulness as a comparative measure.

Due to these limitations, adjusted EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business. When evaluating our performance, adjusted EBITDA should be considered alongside other financial performance measures, including various cash flow metrics, net income (loss) and our other GAAP results.

The following table presents a reconciliation of adjusted EBITDA to net loss calculated in accordance with GAAP, the most comparable GAAP measure, for each of the periods indicated:

	Fiscal Year Ended June 30,		
	2024	2023	2022
		(In thousands)	
Net loss	$ (31,331)	$ (68,866)	$ (5,248)
Depreciation and amortization	23,957	19,155	16,961
Stock-based compensation expense	23,701	18,786	18,506
Interest and other expense, net	2,331	546	1,044
Provision for (benefit from) income taxes	935	47,504	(514)
Restructuring costs	678	212	138
Acquisition costs	94	102	519
Litigation settlement expense	—	6	34
Tax settlement expense	—	(755)	516
Contingent consideration adjustment	—	—	(926)
Adjusted EBITDA	$ 20,365	$ 16,690	$ 31,030

Liquidity and Capital Resources

As of June 30, 2024, our principal sources of liquidity consisted of cash and cash equivalents of $50.5 million and cash we expect to generate from future operations. Our cash and cash equivalents are maintained in highly liquid investments with remaining maturities of 90 days or less at the time of purchase. We believe our cash equivalents are liquid and accessible.

Our short-term and long-term liquidity requirements primarily arise from our working capital requirements, capital expenditures, internal software development costs, repurchases of our common stock, and acquisitions from time to time. Our acquisitions also may have deferred purchase price components and contingent consideration which requires us to make a series of payments following the acquisition closing date. Our primary operating cash requirements include the payment of media costs, personnel costs, costs of information technology systems and office facilities. Our ability to fund these requirements will depend on our future cash flows, which are determined, in part, by future operating performance and are, therefore, subject to prevailing global macroeconomic conditions and financial, business and other factors, some of which are beyond our control. Even though we may not need additional funds to fund anticipated liquidity requirements, we may still elect to obtain debt financing or issue additional equity securities for other reasons.

In April 2022, our Board of Directors canceled our prior stock repurchase program that commenced in July 2017 and authorized a new stock repurchase program allowing the repurchase of up to $40.0 million worth of common stock. In fiscal year 2024, we repurchased and retired 247,618 shares of our common stock at an average price of $8.85 per share at a total cost of $2.2 million (including a broker commission of $0.03 per share). Repurchases under this program took place in the open market and were made under a Rule 10b5-1 plan. The repurchased shares of common stock were recorded as treasury stock and were accounted for under the cost method. As of June 30, 2024, approximately $16.8 million remained available for stock repurchases pursuant to the board authorization.

We believe that our principal sources of liquidity will be sufficient to satisfy our currently anticipated cash requirements through at least the next 12 months and thereafter for the foreseeable future.

Cash Flows

A discussion regarding our cash flows for fiscal year 2024 compared to fiscal year 2023 is presented below. A discussion regarding our cash flows for fiscal year 2023 as compared to fiscal year 2022 can be found under the heading Liquidity and Capital Resources in Part II, Item 7., Management's Discussion and Analysis of Financial Condition and Results of Operations of our Annual Report on Form 10-K for fiscal year 2023, filed with the SEC on August 21, 2023, which is available on the SEC's website at www.sec.gov.

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

	Fiscal Year Ended June 30,		
	2024	2023	2022
		(In thousands)	
Net cash provided by operating activities	$ 12,039	$ 11,838	$ 28,672
Net cash used in investing activities	(22,735)	(15,125)	(9,225)
Net cash used in financing activities	(12,511)	(19,459)	(33,315)

Net Cash provided by Operating Activities

Cash flows from operating activities are primarily the result of our net (loss) income adjusted for depreciation and amortization, provision for or benefit from sales returns and doubtful accounts receivable, stock-based compensation expense, change in the fair value of contingent consideration, non-cash lease expense, deferred income taxes, impairment of investment in equity securities and changes in working capital components. Cash provided by operating activities was $12.0 million in fiscal year 2024, compared to $11.8 million in fiscal year 2023 and $28.7 million in fiscal year 2022.

Cash provided by operating activities in fiscal year 2024 consisted of a net loss of $31.3 million, adjusted for non-cash adjustments of $50.4 million, and a net decrease in cash from changes in working capital of $7.0 million. The non-cash adjustments primarily consisted of stock-based compensation expense of $23.7 million, depreciation and amortization expense of $24.0 million, and impairment charge for investment in equity securities of $2.0 million. The changes in working capital accounts were primarily attributable to an increase in accounts receivable of $44.9 million, offset by an increase in accounts payable of $10.5 million, an increase in accrued liabilities of $25.4 million, and a decrease in prepaid expenses and other current assets of $3.0 million. The increases in accounts receivable, accrued liabilities and accounts payable were primarily due to higher revenue levels in the two months ended June 30, 2024 as compared same period in prior year, and the timing of receipts and payments. The decrease in prepaid expenses and other current assets was primarily due to decreased prepayments made to third-party publishers and lower amortization expense.

Cash provided by operating activities in fiscal year 2023 consisted of net loss of $68.9 million, adjusted for non-cash adjustments of $86.7 million and changes in working capital accounts of $6.0 million. The non-cash adjustments primarily consisted of a one-time non-cash charge of $47.2 million to establish a valuation allowance for our deferred tax assets, depreciation and amortization of $19.2 million, and stock-based compensation expense of $18.8 million. The changes in working capital accounts were primarily attributable to a decrease in accrued liabilities of $7.1 million, an increase in prepaid expenses and other assets of $4.8 million, and a decrease in accounts payable of $4.8 million, offset by a decrease in accounts receivable of $10.9 million.

Net Cash Used in Investing Activities

Cash flows from investing activities generally include capital expenditures, capitalized internal software development costs, acquisitions from time to time and investment in equity securities. Cash used in investing activities was $22.7 million in fiscal year 2024, compared to $15.1 million in fiscal year 2023 and $9.2 million in fiscal year 2022.

Cash used in investing activities in fiscal year 2024 was primarily composed of $16.7 million capital expenditures and capitalized internal software development costs, $4.5 million cash payment at the closing of business acquisitions in the third quarter of fiscal year 2024, and $1.5 million of other investing activities. Cash used in investing activities in fiscal year 2023 was primarily composed of $15.0 million capital expenditures and capitalized internal software development costs.

Net Cash Used in Financing Activities

Cash flows from financing activities generally include repurchases of common stock, payment of withholding taxes related to the release of restricted stock, net of share settlement, proceeds from the exercise of stock options and issuance of common stock under employee stock purchase plan, and post-closing payments and contingent consideration related to business acquisitions. Cash used in financing activities was $12.5 million in fiscal year 2024, compared to $19.5 million in fiscal year 2023 and $33.3 million in fiscal year 2022.

Cash used in financing activities in fiscal year 2024 was due to payment of post-closing payments and contingent consideration related to acquisitions of $7.0 million, payment of withholding taxes related to the release of restricted stock, net of share settlement of $6.7 million, and repurchases of common stock of $2.3 million, offset by proceeds from the issuance of common stock under the employee stock purchase plan and exercise of stock options of $3.5 million.

Cash used in financing activities in fiscal year 2023 was due to payment of post-closing payments and contingent consideration related to acquisitions of $11.6 million, repurchases of common stock of $5.6 million, and the payment of withholding taxes related to the release of restricted stock, net of share settlement of $5.4 million, offset by proceeds from the issuance of common stock under the employee stock purchase plan and exercise of stock options of $3.2 million.

Contractual Obligations

The following table summarizes our payments due under our contractual obligations as of June 30, 2024:

	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
			(In thousands)		
Operating leases [1]	$ 13,921	$ 3,896	$ 5,631	$ 4,185	$ 209
Post-closing payment related to acquisitions [2]	18,143	8,416	9,727	—	—
Contingent consideration related to acquisitions [2]	2,466	956	1,510	—	—
Total	$ 34,530	$ 13,268	$ 16,868	$ 4,185	$ 209

(1) Represents payments for our operating lease obligations, including short term lease obligations.

We lease various office facilities, including our corporate headquarters in Foster City, California. The terms of certain lease agreements include rent escalation provisions and tenant improvement allowances.

In February 2010, we entered into a lease agreement and into a subsequent lease amendment in April 2018 for our corporate headquarters located at 950 Tower Lane, Foster City, California. In March 2023, the lease agreement was further amended, pursuant to which the corporate headquarters will be relocated to a different floor within the same building upon the expiration of the existing lease. The amended agreement commenced in fiscal year 2024, with a lease term of five years and one option to extend the term of the lease for an additional three years.

(2) In accordance with the terms of the acquisitions completed in fiscal years 2024, 2022, 2021 and 2019, we are required to make post-closing payments and contingent consideration payments. See Note 6, *Acquisitions,* to our consolidated financial statements for more information on the post-closing payments and contingent consideration payments related to our business acquisitions.

The above table does not include approximately $2.7 million of long-term income tax liabilities as of June 30, 2024 for uncertainty in income taxes due to the fact that we are unable to reasonably estimate the timing of these potential future payments.

Critical Accounting Policies and Estimates

We have prepared our consolidated financial statements in conformity with GAAP. In doing so, we are required to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results may differ significantly from these estimates. Some of the estimates and assumptions we are required to make relate to matters that are inherently uncertain as they pertain to future events. We base these estimates and assumptions on historical experience or on various other factors that we believe to be reasonable and appropriate under the circumstances. On an ongoing basis, we reconsider and evaluate our estimates and assumptions.

We refer to these estimates and assumptions as critical accounting policies and estimates. We believe that the critical accounting policies listed below involve our more significant judgments, estimates and assumptions and, therefore, could have the greatest potential impact on our consolidated financial statements. In addition, we believe that a discussion of these policies is necessary to understand and evaluate the consolidated financial statements contained in this report.

See Note 2, *Summary of Significant Accounting Principles*, to our consolidated financial statements for further information on our critical and other significant accounting policies.

Revenue Recognition

We generate our revenue primarily from fees earned through the delivery of qualified inquiries such as clicks, leads, calls, applications, or customers. We recognize revenue when we transfer control of promised goods or services to our clients in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services. We recognize revenue pursuant to the five-step framework contained in ASC 606, Revenue from Contracts with Customers: (i) identify the contract with a client; (ii) identify the performance obligations in the contract, including whether they are distinct in the context of the contract; (iii) determine the transaction price, including the constraint on variable consideration; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Company satisfies the performance obligations.

As part of determining whether a contract exists, probability of collection is assessed on a client-by-client basis at the outset of the contract. Clients are subjected to a credit review process that evaluates the clients' financial position and the ability and intention to pay. If it is determined from the outset of an arrangement that the client does not have the ability or intention to pay, we will conclude that a contract does not exist and will continuously reassess our evaluation until we are able to conclude that a contract does exist.

Generally, our contracts specify the period of time as one month, but in some instances the term may be longer. However, for most of our contracts with clients, either party can terminate the contract at any time without penalty. Consequently, enforceable rights and obligations only exist on a day-to-day basis, resulting in individual daily contracts during the specified term of the contract or until one party terminates the contract prior to the end of the specified term.

We have assessed the services promised in our contracts with clients and have identified one performance obligation, which is a series of distinct services. Depending on the client's needs, these services consist of a specified or an unlimited number of clicks, leads, calls, applications, customers, etc. (hereafter collectively referred to as "marketing results") to be delivered over a period of time. We satisfy these performance obligations over time as the services are provided. We do not promise to provide any other significant goods or services to our clients.

Transaction price is measured based on the consideration that we expect to receive from a contract with a client. Our contracts with clients contain variable consideration as the price for an individual marketing result varies on a day-to-day basis depending on the market-driven amount a client has committed to pay. However, because we ensure the stated period of our contracts does not generally span multiple reporting periods, the contractual amount within a period is based on the number of marketing results delivered within the period. Therefore, the transaction price for any given period is fixed and no estimation of variable consideration is required.

If a marketing result delivered to a client does not meet the contractual requirements associated with that marketing result, our contracts allow for clients to return a marketing result generally within 5-10 days of having received the marketing result. Such returns are factored into the amount billed to the client on a monthly basis and consequently result in a reduction to revenue in the same month the marketing result is delivered. No warranties are offered to our clients.

We do not allocate transaction price as we have only one performance obligation and our contracts do not generally span multiple periods. Taxes collected from clients and remitted to governmental authorities are not included in revenue. We elected to use the practical expedient which allows us to record sales commissions as expense as incurred when the amortization period would have been one year or less.

We bill clients monthly in arrears for the marketing results delivered during the preceding month. Our standard payment terms are 30-60 days. Consequently, we do not have significant financing components in our arrangements.

Separately from the agreements that we have with clients, we have agreements with Internet search companies, third-party publishers and strategic partners that we engage with to generate targeted marketing results for our clients. We receive a fee from our clients and separately pay a fee to the Internet search companies, third-party publishers and strategic partners. We evaluate whether we are the principal (i.e., report revenue on a gross basis) or agent (i.e., report revenue on a net basis). In doing so, we first evaluate whether we control the goods or services before they are transferred to the clients. If we control the goods or services before they are transferred to the clients, we are the principal in the transaction. As a result, the fees paid by our clients are recognized as revenue and the fees paid to our Internet search companies, third-party publishers and strategic partners are included in cost of revenue. If we do not control the goods or services before they are transferred to the clients, we are the agent in the transaction and recognize revenue on a net basis. We have one subsidiary, CCM, which provides performance marketing agency and technology services to clients in financial services, education and other markets, recognizing revenue on a net basis. Determining whether we control the goods or services before they are transferred to the clients may require judgment.

Stock-Based Compensation

We measure and record the expense related to stock-based transactions based on the fair values of stock-based payment awards, as determined on the date of grant. The fair value of restricted stock units with a service condition ("service-based RSU") is determined based on the closing price of our common stock on the date of grant. To estimate the fair value of stock options and purchase rights granted under the employee stock purchase plan ("ESPP"), we selected the Black-Scholes option pricing model. The fair value of restricted stock units with a service and performance condition ("performance-based RSU") is determined based on the closing price of our common stock on the date of grant. Grant date as defined by ASC 718 is determined when the components that comprise the performance targets have been fully established. If a grant date has not been established, the compensation expense associated with the performance-based RSUs is re-measured at each reporting date based on the closing price of our common stock at each reporting date until the grant date has been established. In applying these models, our determination of the fair value of the award is affected by assumptions regarding a number of subjective variables. These variables include, but are not limited to, the expected stock price volatility over the term of the award and the employees' actual and projected stock option exercise and pre-vesting employment termination behaviors. We estimate the expected volatility of our common stock based on our historical volatility over the expected term of the award. We have no history or expectation of paying dividends on our common stock. The risk-free interest rate is based on the U.S. Treasury yield for a term consistent with the expected term of the award.

We recognize stock-based compensation expense for options and service-based RSUs using the straight-line method, and for performance-based RSUs using the graded vesting method, based on awards ultimately expected to vest. We recognize stock-based compensation expense for the purchase rights granted under the ESPP using the straight-line method over the offering period. We estimate future forfeitures at the date of grant. On an annual basis, we assess changes to our estimate of expected forfeitures based on recent forfeiture activity. The effect of adjustments made to the forfeiture rates, if any, is recognized in the period that change is made.

Income Taxes

The Company accounts for income taxes using an asset and liability approach to record deferred taxes. The Company's deferred income tax assets represent temporary differences between the financial statement carrying amount and the tax basis of existing assets and liabilities that will result in deductible amounts in future years, including net operating loss carry forwards. Deferred tax assets and liabilities are measured using the currently enacted tax rates that apply to taxable income in effect for the years in which those tax assets and liabilities are expected to be realized or settled. Valuation allowances are provided when necessary to reduce deferred tax assets to the amount expected to be realized. The Company regularly assess the realizability of our deferred tax assets. Judgment is required to determine whether a valuation allowance is necessary and the amount of such valuation allowance, if appropriate. The Company considers all available evidence, both positive and negative, to determine, based on the weight of available evidence, whether it is more likely than not that some or all of the deferred tax assets will not be realized. In evaluating the need, or continued need, for a valuation allowance The Company considers, among other things, the nature, frequency and severity of current and cumulative taxable income or losses, forecasts of future profitability, and the duration of statutory carryforward periods. Our judgment regarding future profitability may change due to future market conditions, changes in U.S. or international tax laws and other factors.

The Company recognizes tax benefits from an uncertain tax position only if it is more likely than not, based on the technical merits of the position, that the tax position will be sustained on examination by the tax authorities. The tax benefits recognized in the financial statements from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Interest and penalties related to unrecognized tax benefits are recognized within income tax expense.

Acquisitions and Business Combinations

In each acquisition transaction, we assess whether the transaction should follow accounting guidance applicable to an asset acquisition or a business combination. This assessment requires an evaluation of whether the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets, resulting in an asset acquisition or, if not, resulting in a business combination. An asset acquisition is an acquisition of an asset, or a group of assets, that does not meet the definition of a business.

We account for asset acquisitions using the cost accumulation and allocation model, whereby the costs of acquisition are allocated to the assets acquired on a relative fair value basis in accordance with our accounting policies.

We account for business combinations using the acquisition method, which requires that the total consideration for each of the acquired business be allocated to the assets acquired and liabilities assumed based on their estimated fair values at the acquisition date. The excess of the purchase price over the fair values of these identifiable assets and liabilities is recorded as goodwill. During the measurement period, which may be up to one year from the acquisition date, we may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill.

In determining the fair value of assets acquired and liabilities assumed in a business combination, we used the income approach to value our most significant acquired assets. Significant assumptions relating to our estimates in the income approach include base revenue, revenue growth rate net of client attrition, projected gross margin, discount rates, projected operating expenses and the future effective income tax rates. The valuations of our acquired businesses have been performed by a third-party valuation specialist under our management's supervision. We believe that the estimated fair value assigned to the assets acquired and liabilities assumed are based on reasonable assumptions and estimates that marketplace participants would use. However, such assumptions are inherently uncertain and actual results could differ from those estimates. Future changes in our assumptions or the interrelationship of those assumptions may negatively impact future valuations. In future measurements of fair value, adverse changes in discounted cash flow assumptions could result in an impairment of goodwill or intangible assets that would require a non-cash charge to the consolidated statements of operations and comprehensive loss and may have a material effect on our financial condition and operating results.

Acquisition related costs in a business combination are not considered part of the consideration, and are expensed as operating expenses as incurred. Contingent consideration, if any, is measured at fair value initially on the acquisition date as well as subsequently at the end of each reporting period until settlement at the end of the assessment period. We include the results of operations of the businesses acquired as of the beginning of the acquisition dates.

Goodwill

We conduct a test for the impairment of goodwill at the reporting unit level on at least an annual basis and whenever there are events or changes in circumstances that would more likely than not reduce the estimated fair value of a reporting unit below its carrying value. Application of the goodwill impairment test requires judgment, including the identification of reporting units, assigning assets and liabilities to reporting units, assigning goodwill to reporting units, and determining the fair value of each reporting unit. Significant judgments required to estimate the fair value of reporting units include estimating future cash flows and determining appropriate discount rates, growth rates, an appropriate control premium and other assumptions. Changes in these estimates and assumptions could materially affect the determination of fair value for each reporting unit which could trigger impairment.

We perform our annual goodwill impairment test on April 30 and conduct a qualitative assessment to determine whether it is necessary to perform a quantitative goodwill impairment test. In assessing the qualitative factors, we consider the impact of key factors such as changes in the general economic conditions, changes in industry and competitive environment, stock price, actual revenue performance compared to previous years, forecasts and cash flow generation. We had one reporting unit for purposes of allocating and testing goodwill for fiscal year 2024. Based on the results of the qualitative assessment completed as of April 30, 2024, there were no indicators of impairment.

Long-Lived Assets

We evaluate long-lived assets, such as property and equipment and purchased intangible assets with finite lives, for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If necessary, a quantitative test is performed that requires the application of judgment when assessing the fair value of an asset. When we identify an impairment, we reduce the carrying amount of the asset to its estimated fair value based on a discounted cash flow approach or, when available and appropriate, to comparable market values. As of April 30, 2024, we evaluated our long-lived assets and concluded there were no indicators of impairment.

Recent Accounting Pronouncements

See Note 2, *Summary of Significant Accounting Policies*, to our consolidated financial statements for information with respect to recent accounting pronouncements and the impact of these pronouncements on our consolidated financial statements.

Item 7A. ***Quantitative and Qualitative Disclosures about Market Risk***

We are exposed to market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily the result of fluctuations in interest rates.

Interest Rate Risk

We invest our cash equivalents in money market funds. Cash and cash equivalents are held for working capital purposes and acquisition financing. We do not enter into investments for trading or speculative purposes. We believe that we do not have material exposure to changes in the fair value of these investments as a result of changes in interest rates due to the short-term nature of our investments. Declines in interest rates may reduce future investment income. A hypothetical decline of 1% in the interest rate on our investments would not have a material effect on our consolidated financial statements.

Item 8. ***Financial Statements and Supplementary Data***

QUINSTREET, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Page
Report of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm (PCAOB ID 238)	53
Consolidated Balance Sheets	55
Consolidated Statements of Operations and Comprehensive Loss	56
Consolidated Statements of Stockholders’ Equity	57
Consolidated Statements of Cash Flows	58
Notes to Consolidated Financial Statements	59

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of QuinStreet, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of QuinStreet, Inc. and its subsidiaries (the "Company") as of June 30, 2024 and June 30, 2023, and the related consolidated statements of operations and comprehensive loss, of stockholders' equity and of cash flows for each of the three years in the period ended June 30, 2024, including the related notes and schedule of valuation and qualifying accounts for each of the three years in the period ended June 30, 2024 appearing under Item 15(a)2 (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of June 30, 2024, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of June 30, 2024 and June 30, 2023, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2024 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2024, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

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

Revenue Recognition

As described in Notes 2 and 3 to the consolidated financial statements, the Company derives revenue primarily from fees earned through the delivery of qualified inquiries such as clicks, leads, calls, applications, or customers. The Company recognizes revenue when the Company transfers promised goods or services to clients in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has assessed the services promised in its contracts with clients and has identified one performance obligation, which is a series of distinct services. Depending on the client's needs, these services consist of a specified or an unlimited number of clicks, leads, calls, applications, or customers to be delivered over a period of time. The Company satisfies these performance obligations over time as the services are provided. The transaction price for any given period is fixed and no estimation of variable consideration is required. The Company does not promise to provide any other significant goods or services to its clients. The Company recorded total net revenue of $614 million for the year ended June 30, 2024.

The principal considerations for our determination that performing procedures relating to revenue recognition is a critical audit matter are a high degree of auditor effort in performing procedures and evaluating audit evidence related to the Company's revenue recognition.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the revenue recognition process. These procedures also included, among others (i) evaluating and recalculating, on a sample basis, the revenue recognized by obtaining and inspecting source documents, including executed contracts, invoices, delivery documents, and cash receipts, where applicable; (ii) evaluating revenue transactions by testing the issuance and settlement of invoices and credit memos, tracing transactions not settled to a detailed listing of accounts receivable, and testing the completeness and accuracy of data provided by management; and (iii) confirming, on a sample basis, outstanding customer invoice balances as of year end and obtaining and inspecting source documents, including executed contracts, invoices, delivery documents, and subsequent cash receipts, where applicable, for confirmations not returned.

/s/ PricewaterhouseCoopers LLP
San Francisco, California
August 21, 2024
We have served as the Company's auditor since 2000.

QUINSTREET, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)

	June 30, 2024	June 30, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 50,488	$ 73,677
Accounts receivable, net of allowances and reserves of $2,106 and $3,722 as of June 30, 2024 and 2023	111,786	67,748
Prepaid expenses and other assets	6,813	9,779
Total current assets	169,087	151,204
Property and equipment, net	19,858	16,749
Operating lease right-of-use assets	10,440	3,536
Goodwill	125,056	121,141
Intangible assets, net	38,008	38,700
Other assets, noncurrent	6,097	5,825
Total assets	$ 368,546	$ 337,155
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 48,204	$ 37,926
Accrued liabilities	68,822	44,019
Other liabilities	9,372	7,875
Total current liabilities	126,398	89,820
Operating lease liabilities, noncurrent	7,879	1,261
Other liabilities, noncurrent	17,444	16,273
Total liabilities	151,721	107,354
Commitments and contingencies (See Note 11)		
Stockholders' equity:		
Common stock: $0.001 par value; 100,000,000 shares authorized; 55,473,439 and 54,192,928 shares issued and outstanding as of June 30, 2024 and 2023	55	54
Additional paid-in capital	347,449	329,093
Accumulated other comprehensive loss	(268)	(266)
Accumulated deficit	(130,411)	(99,080)
Total stockholders' equity	216,825	229,801
Total liabilities and stockholders' equity	$ 368,546	$ 337,155

See notes to consolidated financial statements

QUINSTREET, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(In thousands, except per share data)

	Fiscal Year Ended June 30,		
	2024	2023	2022
Net revenue	$ 613,514	$ 580,624	$ 582,099
Cost of revenue [1]	567,268	532,101	528,368
Gross profit	46,246	48,523	53,731
Operating expenses: [1]			
Product development	30,045	28,893	21,906
Sales and marketing	13,607	12,542	11,042
General and administrative	30,659	27,904	25,501
Operating loss	(28,065)	(20,816)	(4,718)
Interest income	408	296	10
Interest expense	(680)	(790)	(1,075)
Other (expense) income, net	(2,059)	(52)	21
Loss before income taxes	(30,396)	(21,362)	(5,762)
(Provision for) benefit from income taxes	(935)	(47,504)	514
Net loss	$ (31,331)	$ (68,866)	$ (5,248)
Comprehensive loss:			
Net loss	$ (31,331)	$ (68,866)	$ (5,248)
Other comprehensive loss:			
Foreign currency translation adjustment	(2)	(5)	(6)
Comprehensive loss	$ (31,333)	$ (68,871)	$ (5,254)
Net loss per share, basic and diluted	$ (0.57)	$ (1.28)	$ (0.10)
Weighted-average shares of common stock used in computing net loss per share, basic and diluted	54,917	53,799	54,339

[1] Cost of revenue and operating expenses include stock-based compensation expense as follows:

	2024	2023	2022
Cost of revenue	$ 8,409	$ 7,923	$ 7,475
Product development	3,147	2,880	2,575
Sales and marketing	2,968	2,298	2,378
General and administrative	9,177	5,685	6,078

See notes to consolidated financial statements

QUINSTREET, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands, except share data)

	Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Shareholders' Equity
	Shares	Amount	Shares	Amount				
Balance at June 30, 2022	53,356,875	$ 53	—	$ —	$ 316,422	$ (261)	$ (30,214)	$ 286,000
Issuance of common stock upon exercise of stock options	109,359	—	—	—	587	—	—	587
Release of restricted stock, net of share settlement	851,241	1	—	—	(1)	—	—	—
Issuance of common stock under the employee stock purchase plan	278,646	—	—	—	2,687	—	—	2,687
Stock-based compensation expense	—	—	—	—	18,840	—	—	18,840
Withholding taxes related to release of restricted stock, net of share settlement	—	—	—	—	(5,389)	—	—	(5,389)
Repurchase of common stock	—	—	(403,193)	(4,053)	—	—	—	(4,053)
Retirement of treasury stock	(403,193)	—	403,193	4,053	(4,053)	—	—	—
Net loss	—	—	—	—	—	—	(68,866)	(68,866)
Other comprehensive loss	—	—	—	—	—	(5)	—	(5)
Balance at June 30, 2023	54,192,928	$ 54	—	$ —	$ 329,093	$ (266)	$ (99,080)	$ 229,801
Issuance of common stock upon exercise of stock options	217,926	—	—	—	918	—	—	918
Release of restricted stock, net of share settlement	992,809	1	—	—	(1)	—	—	—
Issuance of common stock under the employee stock purchase plan	317,394	—	—	—	2,573	—	—	2,573
Stock-based compensation expense	—	—	—	—	23,754	—	—	23,754
Withholding taxes related to release of restricted stock, net of share settlement	—	—	—	—	(6,688)	—	—	(6,688)
Repurchase of common stock	—	—	(247,618)	(2,200)	—	—	—	(2,200)
Retirement of treasury stock	(247,618)	—	247,618	2,200	(2,200)	—	—	—
Net loss	—	—	—	—	—	—	(31,331)	(31,331)
Other comprehensive loss	—	—	—	—	—	(2)	—	(2)
Balance at June 30, 2024	55,473,439	$ 55	—	$ —	$ 347,449	$ (268)	$ (130,411)	$ 216,825

See notes to consolidated financial statements

QUINSTREET, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Fiscal Year Ended June 30,		
	2024	2023	2022
Cash Flows from Operating Activities			
Net loss	$ (31,331)	$ (68,866)	$ (5,248)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	23,957	19,155	16,961
Stock-based compensation	23,701	18,786	18,506
Impairment of investment in equity securities	2,000	—	—
Provision for sales returns and doubtful accounts receivable	896	2,745	581
Deferred income taxes	597	47,214	(791)
Non-cash lease expense	(513)	(1,081)	(1,043)
Change in the fair value of contingent consideration	—	—	(926)
Other adjustments, net	(256)	(149)	482
Changes in assets and liabilities:			
Accounts receivable	(44,934)	10,936	5,543
Prepaid expenses and other assets	2,966	(4,802)	3,003
Other assets, noncurrent	(875)	124	(788)
Accounts payable	10,480	(4,770)	(2,885)
Accrued liabilities	25,351	(7,454)	(4,723)
Net cash provided by operating activities	12,039	11,838	28,672
Cash Flows from Investing Activities			
Internal software development costs	(11,377)	(11,942)	(4,672)
Capital expenditures	(5,348)	(3,062)	(2,842)
Acquisitions, net of cash acquired	(4,510)	—	(1,797)
Other investing activities	(1,500)	(121)	86
Net cash used in investing activities	(22,735)	(15,125)	(9,225)
Cash Flows from Financing Activities			
Proceeds from exercise of stock options and issuance of common stock under employee stock purchase plan	3,491	3,219	1,854
Payment of withholding taxes related to release of restricted stock, net of share settlement	(6,688)	(5,389)	(7,342)
Post-closing payments and contingent consideration related to acquisitions	(7,026)	(11,643)	(12,559)
Repurchase of common stock	(2,288)	(5,646)	(15,268)
Net cash used in financing activities	(12,511)	(19,459)	(33,315)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	18	(15)	(12)
Net decrease in cash, cash equivalents and restricted cash	(23,189)	(22,761)	(13,880)
Cash, cash equivalents and restricted cash at beginning of period	73,692	96,453	110,333
Cash, cash equivalents and restricted cash at end of period	$ 50,503	$ 73,692	$ 96,453
Reconciliation of cash, cash equivalents, and restricted cash to the consolidated balance sheets			
Cash and cash equivalents	$ 50,488	$ 73,677	$ 96,439
Restricted cash included in other assets, noncurrent	15	15	14
Total cash, cash equivalents and restricted cash	$ 50,503	$ 73,692	$ 96,453
Supplemental Disclosure of Cash Flow Information			
Cash paid for income taxes	$ 470	$ 372	$ 396
Supplemental Disclosure of Noncash Investing and Financing Activities			
Post-closing payments unpaid at acquisition date (See Note 6)	7,161	—	2,785
Contingent consideration unpaid at acquisition date (See Note 6)	2,100	—	—
Retirement of treasury stock (See Note 12)	(2,200)	(4,053)	(16,950)
Purchases of property and equipment included in accrued liabilities	846	1,228	613

See notes to consolidated financial statements

QUINSTREET, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. The Company

QuinStreet, Inc. (the "Company") is a leader in performance marketplaces and technologies for the financial services and home services industries. The Company was incorporated in California in April 1999 and reincorporated in Delaware in December 2009. The Company specializes in customer acquisition for clients in high value, information-intensive markets or "verticals," including financial services and home services. The corporate headquarters are located in Foster City, California, with additional offices throughout the United States, India and Mexico. The majority of the Company's operations and revenue are in North America.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. Intercompany balances and transactions have been eliminated in consolidation.

Reclassification

Certain amounts in fiscal year 2023 consolidated financial statements have been reclassified to conform with current year presentation. These reclassifications had no effect on previously reported totals for assets, liabilities, stockholders' equity, cash flows or net income.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. These estimates are based on information available as of the date of the financial statements; therefore, actual results could differ from those estimates.

Revenue Recognition

The Company derives revenue primarily from fees earned through the delivery of qualified inquiries such as clicks, leads, calls, applications, or customers. The Company recognizes revenue when the Company transfers promised goods or services to clients in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company recognizes revenue pursuant to the five-step framework contained in ASC 606, Revenue from Contracts with Customers: (i) identify the contract with a client; (ii) identify the performance obligations in the contract, including whether they are distinct in the context of the contract; (iii) determine the transaction price, including the constraint on variable consideration; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Company satisfies the performance obligations.

As part of determining whether a contract exists, probability of collection is assessed on a client-by-client basis at the outset of the contract. Clients are subjected to a credit review process that evaluates the clients' financial position and the ability and intention to pay. If it is determined from the outset of an arrangement that the client does not have the ability or intention to pay, the Company will conclude that a contract does not exist and will continuously reassess its evaluation until the Company is able to conclude that a contract does exist.

Generally, the Company's contracts specify the period of time as one month, but in some instances the term may be longer. However, for most of the Company's contracts with clients, either party can terminate the contract at any time without penalty. Consequently, enforceable rights and obligations only exist on a day-to-day basis, resulting in individual daily contracts during the specified term of the contract or until one party terminates the contract prior to the end of the specified term.

The Company has assessed the services promised in its contracts with clients and has identified one performance obligation, which is a series of distinct services. Depending on the client's needs, these services consist of a specified or an unlimited number of clicks, leads, calls, applications, customers, etc. (hereafter collectively referred to as "marketing results") to be delivered over a period of time. The Company satisfies these performance obligations over time as the services are provided. The Company does not promise to provide any other significant goods or services to its clients.

Transaction price is measured based on the consideration that the Company expects to receive from a contract with a client. The Company's contracts with clients contain variable consideration as the price for an individual marketing result varies on a day-to-day basis depending on the market-driven amount a client has committed to pay. However, because the Company ensures the stated period of its contracts does not generally span multiple reporting periods, the contractual amount within a period is based on the number of marketing results delivered within the period. Therefore, the transaction price for any given period is fixed and no estimation of variable consideration is required.

If a marketing result delivered to a client does not meet the contractual requirements associated with that marketing result, the Company's contracts allow for clients to return a marketing result generally within 5-10 days of having received the marketing result. Such returns are factored into the amount billed to the client on a monthly basis and consequently result in a reduction to revenue in the same month the marketing result is delivered. No warranties are offered to the Company's clients.

The Company does not allocate transaction price as the Company has only one performance obligation and its contracts do not generally span multiple periods. Taxes collected from clients and remitted to governmental authorities are not included in revenue. The Company elected to use the practical expedient which allows the Company to record sales commissions as expense as incurred when the amortization period would have been one year or less.

The Company bills clients monthly in arrears for the marketing results delivered during the preceding month. The Company's standard payment terms are 30-60 days. Consequently, the Company does not have significant financing components in its arrangements.

Separately from the agreements the Company has with clients, the Company has agreements with Internet search companies, third-party publishers and strategic partners that it engages with to generate targeted marketing results for the Company's clients. The Company receives a fee from its clients and separately pays a fee to the Internet search companies, third-party publishers and strategic partners. The Company evaluates whether it is the principal (i.e., report revenue on a gross basis) or agent (i.e., report revenue on a net basis). In doing so, the Company first evaluates whether it controls the goods or services before they are transferred to the clients. If the Company controls the goods or services before they are transferred to the clients, the Company is the principal in the transaction. As a result, the fees paid by the Company's clients are recognized as revenue and the fees paid to its Internet search companies, third-party publishers and strategic partners are included in cost of revenue. If the Company does not control the goods or services before they are transferred to the clients, the Company is the agent in the transaction and recognizes revenue on a net basis. The Company has one subsidiary, CloudControlMedia, LLC ("CCM"), which provides performance marketing agency and technology services to clients in financial services, education and other markets, recognizing revenue on a net basis. Determining whether the Company controls the goods or services before they are transferred to the clients may require judgment.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. The Company's investment portfolio consists of money market funds. Cash is deposited with financial institutions that management believes are creditworthy. To date, the Company has not experienced any material losses on its investment portfolio.

The Company maintains contracts with its clients, most of which are cancelable with little or no prior notice. In addition, these contracts do not contain penalty provisions for cancellation before the end of the contract term. The Company had one client that accounted for 12%, 20% and 17% of net revenue in fiscal years 2024, 2023 and 2022. The Company had two clients that accounted for 13% and 11% of net accounts receivable as of June 30, 2024. No other client accounted for 10% or more of net revenue in fiscal years 2024, 2023 and 2022, or 10% or more of net accounts receivable as of June 30, 2024 and 2023.

Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the reporting date. The Company estimates and categorizes the fair value of its financial instruments by applying the following hierarchy:

Level 1 — Valuations based on quoted prices in active markets for identical assets or liabilities that the Company has the ability to directly access.

Level 2 — Valuations based on quoted prices for similar assets or liabilities; valuations for interest-bearing securities based on non-daily quoted prices in active markets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets or liabilities.

Level 3 — Valuations based on inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Company's financial instruments consist principally of cash equivalents, accounts receivable, accounts payable, post-closing payments and contingent consideration related to acquisitions. The recorded values of the Company's accounts receivable and accounts payable approximate their current fair values due to the relatively short-term nature of these accounts. See Note 5, *Fair Value Measurements,* for additional information regarding fair value measurements.

Cash and Cash Equivalents

All highly liquid investments with maturities of three months or less at the date of purchase are classified as cash equivalents on the Company's consolidated balance sheets.

Accounts Receivable and Allowances

The Company's accounts receivable are derived from clients located principally in the United States. The Company performs ongoing credit evaluation of its customers and generally does not require collateral. The Company makes estimates of expected credit losses for the allowance for doubtful accounts and allowance for unbilled receivables based upon its assessment of various factors, including historical experience, the age of the accounts receivable balances, credit quality of its customers, current economic conditions, reasonable and supportable forecasts of future economic conditions, and other factors that may affect its ability to collect from customers.

The following table presents the changes in the Company's allowance for credit losses for the periods indicated (in thousands):

	Fiscal Year Ended June 30,		
	2024	**2023**	**2022**
Balance at beginning of the year	$ 2,092	$ 120	$ 120
Write-offs charged against the allowance	(1,277)	—	—
Provision for credit losses	—	1,972	—
Balance at end of the year	$ 815	$ 2,092	$ 120

The revenue reserve was $1.3 million and $1.6 million as of June 30, 2024 and 2023. The total allowance for credit losses and revenue reserve was $2.1 million and $3.7 million as of June 30, 2024 and 2023.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization, and are depreciated on a straight-line basis over the estimated useful lives of the assets, as follows:

Computer equipment	3 years
Software	3 years
Furniture and fixtures	3 to 5 years
Leasehold improvements	the shorter of the lease term or the estimated useful lives of the improvements

Internal Software Development Costs

The Company incurs costs to develop software for internal use. The Company expenses all costs that relate to the planning and post-implementation phases of development as product development expense. Costs incurred in the development phase are capitalized and amortized over the product's estimated useful life if the product is expected to have a useful life beyond six months. Costs associated with repair or maintenance of existing sites or the development of website content are included within cost of revenue in the Company's consolidated statements of operations and comprehensive loss. The Company's policy is to amortize capitalized internal software development costs on a product-by-product basis using the straight-line method over the estimated economic life of the application, which is generally two years. The Company capitalized internal software development costs of $10.9 million and $12.8 million in fiscal years 2024 and 2023. Amortization of internal software development costs is reflected within cost of revenue in the Company's consolidated statements of operations and comprehensive loss.

Leases

At the commencement date of a lease, the Company recognizes lease liabilities which represent its obligation to make lease payments, and right-of-use ("ROU") assets which represent its right to use the underlying asset during the lease term. The lease liability is measured at the present value of lease payments over the lease term. As the Company's leases typically do not provide an implicit rate, the Company uses an incremental borrowing rate based on the information available at the lease commencement date. The ROU asset is measured at cost, which includes the initial measurement of the lease liability and initial direct costs incurred by the Company and excludes lease incentives. Lease liabilities are recorded in accrued liabilities and operating lease liabilities, noncurrent. ROU assets are recorded in operating lease right-of-use assets.

Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Operating lease expense is recognized on a straight-line basis over the lease term. Lease agreements that contain both lease and non-lease components are generally accounted for separately. The Company does not recognize lease liabilities and ROU assets for short-term leases with terms of twelve months or less.

Acquisitions and Business Combinations

In each acquisition transaction, the Company assesses whether the transaction should follow accounting guidance applicable to an asset acquisition or a business combination. This assessment requires an evaluation of whether the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets, resulting in an asset acquisition or, if not, resulting in a business combination. An asset acquisition is an acquisition of an asset, or a group of assets, that does not meet the definition of a business.

The Company accounts for asset acquisitions using the cost accumulation and allocation model, whereby the costs of acquisition are allocated to the assets acquired on a relative fair value basis in accordance with the Company's accounting policies.

The Company accounts for business combinations using the acquisition method, which requires that the total consideration for each of the acquired business be allocated to the assets acquired and liabilities assumed based on their estimated fair values at the acquisition date. The excess of the purchase price over the fair values of these identifiable assets and liabilities is recorded as goodwill. During the measurement period, which may be up to one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill.

In determining the fair value of assets acquired and liabilities assumed in a business combination, the Company used the income approach to value its most significant acquired asset. Significant assumptions relating to the Company's estimates in the income approach include base revenue, revenue growth rate net of client attrition, projected gross margin, discount rates, projected operating expenses and the future effective income tax rates. The valuations of our acquired businesses have been performed by a third-party valuation specialist under the Company management's supervision. The Company believes that the estimated fair value assigned to the assets acquired and liabilities assumed are based on reasonable assumptions and estimates that marketplace participants would use. However, such assumptions are inherently uncertain and actual results could differ from those estimates. Future changes in our assumptions or the interrelationship of those assumptions may negatively impact future valuations. In future measurements of fair value, adverse changes in discounted cash flow assumptions could result in an impairment of goodwill or intangible assets that would require a non-cash charge to the consolidated statements of operations and comprehensive loss and may have a material effect on our financial condition and operating results.

Acquisition related costs in a business combination are not considered part of the consideration, and are expensed as operating expense as incurred. Contingent consideration, if any, is measured at fair value initially on the acquisition date as well as subsequently at the end of each reporting period until settlement at the end of the assessment period. The Company includes the results of operations of the businesses acquired as of the beginning of the acquisition dates.

Goodwill

The Company conducts a test for the impairment of goodwill at the reporting unit level on at least an annual basis and whenever there are events or changes in circumstances that would more likely than not reduce the estimated fair value of a reporting unit below its carrying value. Application of the goodwill impairment test requires judgment, including the identification of reporting units, assigning assets and liabilities to reporting units, assigning goodwill to reporting units, and determining the fair value of each reporting unit. Significant judgments required to estimate the fair value of reporting units include estimating future cash flows and determining appropriate discount rates, growth rates, an appropriate control premium and other assumptions. Changes in these estimates and assumptions could materially affect the determination of fair value for each reporting unit which could trigger impairment.

The Company performs its annual goodwill impairment test on April 30 and conducts a qualitative assessment to determine whether it is necessary to perform a quantitative goodwill impairment test. In assessing the qualitative factors, the Company considers the impact of key factors such as changes in the general economic conditions, changes in industry and competitive environment, stock price, actual revenue performance compared to previous years, forecasts and cash flow generation. The Company had one reporting unit for purposes of allocating and testing goodwill for fiscal year 2024. Based on the results of the qualitative assessment completed as of April 30, 2024, there were no indicators of impairment.

Long-Lived Assets

The Company evaluates long-lived assets, such as property and equipment and purchased intangible assets with finite lives, for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If necessary, a quantitative test is performed that requires the application of judgment when assessing the fair value of an asset. When the Company identifies an impairment, it reduces the carrying amount of the asset to its estimated fair value based on a discounted cash flow approach or, when available and appropriate, to comparable market values. As of April 30, 2024, the Company evaluated its long-lived assets and concluded there were no indicators of impairment. The weighted-average useful life of intangible assets was 3.8 years as of June 30, 2024.

Investments in Equity Securities

The Company’s investments in equity securities, which are reported within other assets, noncurrent, on the consolidated balance sheets, include investments in privately held companies without readily determinable market values. The Company adjusts the carrying value of its investments in equity securities to fair value when transactions for identical or similar investments of the same issuer are observable. All gains and losses on investments in equity securities, realized and unrealized, are recognized within other (expense) income, net on the Company’s consolidated statements of operations and comprehensive loss.

The Company applies the equity method of accounting for investments in other entities when it exercises significant influence. Under the equity method, the Company’s share of each investee’s profit or loss is recognized within other (expense) income, net on the Company’s consolidated statements of operations and comprehensive loss.

The Company applies the fair value measurement alternative for investments in other entities when it holds less than 20% ownership in the entity and does not exercise significant influence. These investments consist of equity holdings in non-public companies and are recorded within other assets, noncurrent, on the consolidated balance sheets.

The Company regularly reviews investments accounted for under the equity method and the fair value measurement alternative for possible impairment, which generally involves an analysis of the facts and changes in circumstances influencing the investment, expectations of the entity’s cash flows and capital needs, and the viability of its business model. The evaluation for impairment of investments in equity securities considers qualitative factors, including the financial condition and specific events related to an investee that may indicate the fair value of the investment is less than its carrying value. For fiscal year 2024, an impairment charge for investments in equity securities of $2.0 million was recorded within other (expense) income, net on the consolidated statement of operations and comprehensive loss.

Income Taxes

The Company accounts for income taxes using an asset and liability approach to record deferred taxes. The Company's deferred income tax assets represent temporary differences between the financial statement carrying amount and the tax basis of existing assets and liabilities that will result in deductible amounts in future years, including net loss carry forwards. Deferred tax assets and liabilities are measured using the currently enacted tax rates that apply to taxable income in effect for the years in which those tax assets and liabilities are expected to be realized or settled. Valuation allowances are provided when necessary to reduce deferred tax assets to the amount expected to be realized. The Company regularly assesses the realizability of our deferred tax assets. Judgment is required to determine whether a valuation allowance is necessary and the amount of such valuation allowance, if appropriate. The Company considers all available evidence, both positive and negative to determine, based on the weight of available evidence, whether it is more likely than not that some or all of the deferred tax assets will not be realized. In evaluating the need, or continued need, for a valuation allowance the Company considers, among other things, the nature, frequency and severity of current and cumulative taxable income or losses, forecasts of future profitability, and the duration of statutory carryforward periods. The Company's judgments regarding future profitability may change due to future market conditions, changes in U.S. or international tax laws and other factors.

The Company recognizes tax benefits from an uncertain tax position only if it is more likely than not, based on the technical merits of the position, that the tax position will be sustained on examination by the tax authorities. The tax benefits recognized in the financial statements from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Interest and penalties related to unrecognized tax benefits are recognized within income tax expense.

Foreign Currency Translation

The Company's foreign operations are subject to exchange rate fluctuations. The majority of the Company's sales and expenses are denominated in U.S. dollars. The functional currency for the majority of the Company's foreign subsidiaries is the U.S. dollar. For these subsidiaries, assets and liabilities denominated in foreign currency are remeasured into U.S. dollars at current exchange rates for monetary assets and liabilities and historical exchange rates for nonmonetary assets and liabilities. Net revenue, cost of revenue and expenses are generally remeasured at average exchange rates in effect during each period. Gains and losses from foreign currency remeasurement are included in other (expense) income, net in the Company's consolidated statements of operations and comprehensive loss. Certain foreign subsidiaries designate the local currency as their functional currency. For those subsidiaries, the assets and liabilities are translated into U.S. dollars at exchange rates in effect at the balance sheet date. Income and expense items are translated at average exchange rates for the period. The foreign currency translation adjustments are included in accumulated other comprehensive loss as a separate component of stockholders' equity. Foreign currency transaction gains and losses are recorded within other (expense) income, net in the Company's consolidated statements of operations and comprehensive loss and were not material for any period presented.

Comprehensive Loss

Comprehensive loss consists of net loss and foreign currency translation adjustments from those subsidiaries not using the U.S. dollar as their functional currency. Comprehensive loss is disclosed as part of the statements of operations and comprehensive loss.

Loss Contingencies

The Company is subject to the possibility of various loss contingencies arising in the ordinary course of business. Management considers the likelihood of loss or impairment of an asset or the incurrence of a liability, as well as its ability to reasonably estimate the amount of loss, in determining loss contingencies. An estimated loss contingency is accrued when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. The Company regularly evaluates current information available to its management to determine whether such accruals should be adjusted and whether new accruals are required.

From time to time, the Company is involved in disputes, litigation and other legal actions. The Company records a charge equal to at least the minimum estimated liability for a loss contingency only when both of the following conditions are met: (i) information available prior to issuance of the financial statements indicates that it is probable that an asset had been impaired or a liability had been incurred at the date of the financial statements, and (ii) the range of loss can be reasonably estimated. The actual liability in any such matters may be materially different from the Company's estimates, which could result in the need to adjust the liability and record additional expenses.

Stock-Based Compensation

The Company measures and records the expense related to stock-based transactions based on the fair values of stock-based payment awards, as determined on the date of grant. The fair value of restricted stock units with a service condition ("service-based RSU") is determined based on the closing price of the Company's common stock on the date of grant. To estimate the fair value of stock options and purchase rights granted under the employee stock purchase plan ("ESPP"), the Company selected the Black-Scholes option pricing model. The fair value of restricted stock units with a service and performance condition ("performance-based RSU") is determined based on the closing price of the Company's common stock on the date of grant. Grant date as defined by ASC 718 is determined when the components that comprise the performance targets have been fully established. If a grant date has not been established, the compensation expense associated with the performance-based RSUs is re-measured at each reporting date based on the closing price of the Company's common stock at each reporting date until the grant date has been established. In applying these models, the Company's determination of the fair value of the award is affected by assumptions regarding a number of subjective variables. These variables include, but are not limited to, the Company's expected stock price volatility over the term of the award and the employees' actual and projected stock option exercise and pre-vesting employment termination behaviors.

The Company recognizes stock-based compensation expense for options and service-based RSUs using the straight-line method, and for performance-based RSUs using the graded vesting method, based on awards ultimately expected to vest. The Company recognizes stock-based compensation expense for the purchase rights granted under the ESPP using the straight-line method over the offering period. The Company estimates future forfeitures at the date of grant. On an annual basis, the Company assesses changes to its estimate of expected forfeitures based on recent forfeiture activity. The effect of adjustments made to the forfeiture rates, if any, is recognized in the period that change is made. See Note 13, *Stock Benefit Plans*, for additional information regarding stock-based compensation.

401(k) Savings Plan

The Company sponsors a 401(k) defined contribution plan covering all U.S. employees. There were no employer contributions under this plan in fiscal years 2024 and 2023.

Recent Accounting Pronouncements

Accounting Pronouncements Already Adopted

In October 2021, the Financial Standards Accounting Board (FASB) issued Accounting Standards Update (ASU) No. 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers* (ASU 2021-08), which requires contract assets and contract liabilities acquired in a business combination to be recognized and measured by the acquirer on the acquisition date in accordance with ASC 606, *Revenue from Contracts with Customers*, as if the acquirer had originated the contracts. The Company adopted ASU 2021-08 in the first quarter of fiscal year 2024 on a prospective basis. The adoption of this ASU did not have a material impact on the Company's financial statements.

Accounting Pronouncements Not Yet Adopted

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): *Improvements to Reportable Segment Disclosures (*ASU 2023-07) which expands annual and interim disclosure requirements for reportable segments, primarily through enhanced disclosures about significant segment expenses. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal periods beginning after December 15, 2024, and requires retrospective application to all prior periods presented in the financial statements. The Company is currently evaluating the impact of this ASU on its financial statement disclosures.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topics 740): *Improvements to Income Tax Disclosures* (ASU 2023-09) to expand the disclosure requirements for income taxes, specifically related to the rate reconciliation and income taxes paid information. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of this ASU on its financial statement disclosures.

ASU's not included in the Company's disclosures were assessed and determined to be not applicable and material to the Company's consolidated financial statements or disclosures.

3. Revenue

Disaggregation of Revenue

The following table presents the Company's net revenue disaggregated by vertical (in thousands):

	Fiscal Year Ended June 30,		
	2024	2023	2022
Net revenue:			
Financial Services	$ 392,579	$ 379,723	$ 417,110
Home Services	211,944	193,133	158,805
Other Revenue	8,991	7,768	6,184
Total net revenue	$ 613,514	$ 580,624	$ 582,099

Contract Balances

The following table provides information about contract liabilities from the Company's contracts with its clients (in thousands):

	June 30,	
	2024	2023
Client deposits	$ 1,344	$ 1,213
Deferred revenue	—	9
Total	$ 1,344	$ 1,222

The Company's contract liabilities result from payments received in advance of revenue recognition and advance consideration received from clients, which precede the Company's satisfaction of the associated performance obligation. The changes in the liability balances during fiscal year 2024 related to advance consideration received from clients of $18.7 million, offset by revenue recognized of $18.5 million.

4. Net Loss per Share

Basic net loss per share is computed by dividing net loss by the weighted-average number of shares of common stock outstanding during the period. Diluted net loss per share is computed by using the weighted-average number of shares of common stock outstanding, including potential dilutive shares of common stock assuming the dilutive effect of outstanding stock options, unvested restricted stock units, and shares issuable related to the ESPP using the treasury stock method.

The following table presents the calculation of basic and diluted net loss per share:

	Fiscal Year Ended June 30,		
	2024	2023	2022
	(In thousands, except per share data)		
Numerator:			
Net loss	$ (31,331)	$ (68,866)	$ (5,248)
Denominator:			
Weighted average shares of common stock used in computing basic net loss per share	54,917	53,799	54,339
Weighted average effect of dilutive securities	—	—	—
Weighted average shares of common stock used in computing diluted net loss per share	54,917	53,799	54,339
Net loss per share:			
Basic and diluted [(1)]	$ (0.57)	$ (1.28)	$ (0.10)
Securities excluded from weighted average shares of common stock used in computing diluted net loss per share because the effect would have been anti-dilutive: [(2)]	4,453	4,247	3,557

(1) Diluted net loss per share does not reflect any potential common stock relating to stock options, restricted stock units, or shares issuable related to the ESPP due to net loss incurred in fiscal years 2024, 2023 and 2022. The assumed issuance of any additional shares would be anti-dilutive.

(2) These weighted shares relate to anti-dilutive stock options, restricted stock units, and shares issuable related to the ESPP as calculated using the treasury stock method and could be dilutive in the future.

5. Fair Value Measurements

The following table presents the fair value of the Company's financial instruments (in thousands):

	June 30, 2024				June 30, 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Money market funds	$ 2,215	$ —	$ —	$ 2,215	$ 16,910	$ —	$ —	$ 16,910
Liabilities:								
Post-closing payments related to acquisitions	$ —	$ 18,143	$ —	$ 18,143	$ —	$ 17,498	$ —	$ 17,498
Contingent consideration related to acquisitions	—	—	2,466	2,466	—	—	1,039	1,039
Total	$ —	$ 18,143	$ 2,466	$ 20,609	$ —	$ 17,498	$ 1,039	$ 18,537
Reported as:								
Cash and cash equivalents				$ 2,215				$ 16,910
Other Liabilities:								
Current				$ 9,372				$ 7,875
Noncurrent				11,237				10,662
Total				$ 20,609				$ 18,537

There were no transfers between Level 1, Level 2 and Level 3 during the periods presented.

Cash Equivalents

The valuation technique used to measure the fair value of money market funds included using quoted prices in active markets for identical assets.

Post-Closing Payments Related to Acquisitions

The post-closing payments are future payments related to the acquisitions of BestCompany.com, LLC ("BestCompany") and Aqua Vida, LLC ("AquaVida") in fiscal year 2024, and Modernize, Inc. ("Modernize") in fiscal year 2021. As the fair value of the Company's post-closing payments was determined based on installments stipulated in the terms of the acquisition agreements and discount rates observable in the market, the post-closing payments are classified as Level 2 within the fair value hierarchy. See Note 6, *Acquisitions*, for further details related to the acquisitions.

Contingent Consideration Related to Acquisitions

The contingent consideration consists of the estimated fair value of future payments related to the Company's acquisitions of AquaVida and CCM. The AquaVida contingent consideration is based upon margin targets, and the CCM contingent consideration is based upon revenue targets. The fair value of the contingent consideration is determined using the real options technique which incorporates various estimates, including projected net revenue, projected gross margin, volatility and discount rates. As certain of these inputs are not observable in the market, the contingent consideration is classified as a Level 3 instrument. Significant changes in the projected net revenue, projected gross margin, or discount rates would have a material impact on the fair value of the contingent consideration. Changes in the fair value of the contingent consideration are recorded in earnings on the Company's consolidated statements of operations and comprehensive loss. See Note 6, *Acquisitions*, for further details related to the acquisitions.

The Company reassesses the estimated fair value of the contingent consideration at the end of each reporting period based on the information available at the time. There was no adjustment for change in fair value recorded for the contingent consideration in fiscal years 2024 and 2023 based on the information and evidence available as of each period end.

The following table presents the changes in the contingent consideration (in thousands):

		Level 3
Balance at June 30, 2022	$	1,787
Payments made during the period		(748)
Balance at June 30, 2023		1,039
Additions related to the acquisition of AquaVida (initial measurement)		2,100
Payments made during the period		(673)
Balance at June 30, 2024	$	2,466

6. Acquisitions

BestCompany

On January 4, 2024, the Company acquired certain assets of BestCompany, a leading performance-based marketing company specializing in purchasing media traffic data from third party platforms and generating qualified inquiries from such data, to broaden the Company's customer and media relationships in the home services vertical. In exchange for certain assets of BestCompany, the Company paid $2.5 million in cash upon closing and will make $4.0 million in post-closing payments, payable in equal annual installments over two years, with the first installment payable twelve months following the date of closing. The purchase consideration also includes an incremental $1.0 million to BestCompany in the form of a two-year convertible promissory note.

The following table summarizes the consideration as of the acquisition date (in thousands):

		Estimated Fair Value
Cash	$	2,510
Post-closing payments, net of imputed interest of $325		3,696
Promissory note adjustment		158
Total	$	6,364

The Company evaluated the set of activities and assets acquired and concluded that it did not meet the definition of a business because the acquired set did not include a substantive process. Therefore, the acquisition was accounted for as an asset acquisition and the total purchase price was allocated to the acquired assets. The results of the acquired assets have been included in the Company's results of operations since the acquisition date. The Company measured assets acquired using a cost accumulation and allocation model under which cost of the acquisition is allocated to the assets acquired. The fair value of the intangible assets acquired was determined by the Company based on management's best estimates, and in doing so management engaged a third-party valuation specialist to assist with the measurement. The fair value of the shared assets license was determined using the multi-period excess earnings income approach. The fair value of the customer relationships was determined using the distributor method. The fair value of the non-competition agreements was determined using the with and without method. The excess of the purchase price over the aggregate fair value of the identifiable intangible assets acquired was allocated to the individual assets acquired based on their relative fair values. No goodwill is recognized.

The following table summarizes the components and allocation of the purchase price, the fair values and estimated useful lives of the identifiable assets acquired as of the date of the acquisition (in thousands):

	Estimated Fair Value	Estimated Useful Life
Shared assets license	$ 5,228	10 years
Client relationships	682	8 years
Non-competition agreements	454	3 years
Total	$ 6,364	

Aqua Vida

On March 1, 2024, the Company acquired certain assets of AquaVida, a performance-based marketing company specializing in media generation, to broaden the Company's access to large and meaningful media channels in all verticals. In exchange for the assets of AquaVida, the Company paid $2.0 million in cash upon closing and will make $4.0 million in post-closing payments, payable in equal annual installments over a four-year period, with the first installment payable twelve months following the date of closing. The purchase consideration also includes a contingent consideration based on future media margin results, payable for four years following the date of closing.

The following table summarizes the consideration as of the acquisition date (in thousands):

	Estimated Fair Value
Cash	$ 2,000
Post-closing payments, net of imputed interest of $535	3,465
Contingent consideration	2,100
Total	$ 7,565

The acquisition was accounted for as a business combination. The results of the acquired assets have been included in the Company's results of operations since the acquisition date. The Company allocated the purchase price to identifiable intangible assets acquired based on their estimated fair values. The fair value of the intangible assets acquired was determined by the Company based on management's best estimates, and in doing so management engaged a third-party valuation specialist to assist with the measurement. The fair value of the existing technology was determined using the multi-period excess earnings income approach. The fair value of the customer relationships was determined using the distributor approach. The fair value of content was determined using the replacement cost method. The fair value of the non-competition agreement was determined using with and without method. The excess of the purchase price over the aggregate fair value of the identifiable intangible assets acquired was recorded as goodwill and is primarily attributable to synergies the Company expects to achieve related to the acquisition. The goodwill is deductible for tax purposes.

The following table summarizes the components and preliminary allocation of the purchase price, the fair values and estimated useful lives of the identifiable assets acquired as of the date of the acquisition (in thousands):

	Estimated Fair Value	Estimated Useful Life
Existing technology	$ 1,900	5 years
Client relationships	1,200	8 years
Content	50	1 year
Non-competition agreement	500	4 years
Goodwill	3,915	Indefinite
Total	$ 7,565	

The Company is still finalizing the allocation of the purchase price to the individual assets acquired. Accordingly, these preliminary estimates are subject to change during the measurement period, which is the period subsequent to the acquisition date during which the acquirer may adjust the provisional amounts recognized for a business combination, not to exceed one year from the acquisition date. The final purchase price allocation, which may include changes in the allocations within intangible assets and between intangible assets and goodwill, as well as changes in the estimated useful lives of the intangible assets, will be determined when the Company has completed the detailed review of underlying inputs and assumptions used in its preliminary purchase price allocation.

Other

In fiscal year 2022, the Company completed two immaterial acquisitions within the home services client vertical. The purchase consideration included $1.0 million for each of the acquisition in cash upon closing. The purchase consideration also included a $2.0 million post-closing payments, payable in equal annual installments over a two-year period, with the first installment paid in the second quarter of fiscal year 2023, and a $1.0 million post-closing payments, payable in equal annual installments over a two-year period, with the first installment paid in the fourth quarter of fiscal year 2023.

The results of these acquisitions have been included in the Company's results of operations since their respective acquisition dates, which were not considered material to the Company.

7. Balance Sheet Components

Accounts Receivable, Net

Accounts receivable, net was comprised of the following (in thousands):

	June 30,	
	2024	2023
Accounts receivable, gross	$ 113,892	$ 71,470
Less: Allowance for credit losses and revenue reserves	(2,106)	(3,722)
Total accounts receivable, net	$ 111,786	$ 67,748

Prepaid Expenses and Other Assets

Prepaid expenses and other assets were comprised of the following (in thousands):

	June 30,	
	2024	2023
Prepaid expenses	$ 6,217	$ 8,241
Income tax receivable	63	120
Other assets	533	1,418
Total prepaid expenses and other assets	$ 6,813	$ 9,779

Property and Equipment, Net

Property and equipment, net was comprised of the following (in thousands):

	June 30,			
	2024		2023	
Computer equipment	$	13,259	$	12,236
Software		1,262		825
Furniture and fixtures		375		346
Leasehold improvements		3,889		1,377
Internal software development costs		29,474		18,568
Property and equipment, gross		48,259		33,352
Less: Accumulated depreciation and amortization		(28,401)		(16,603)
Total property and equipment, net	$	19,858	$	16,749

Depreciation expense was $3.0 million, $2.8 million and $2.4 million for fiscal years 2024, 2023 and 2022. Amortization expense related to internal software development costs was $10.2 million, $5.3 million and $3.0 million for fiscal years 2024, 2023 and 2022.

Accrued liabilities

Accrued liabilities were comprised of the following (in thousands):

	June 30,			
	2024		2023	
Accrued media costs	$	52,805	$	27,302
Accrued compensation and related expenses		6,579		7,812
Accrued professional service and other business expenses		6,348		5,579
Operating lease liabilities, current		3,090		3,317
Deferred revenue [(1)]		—		9
Total accrued liabilities	$	68,822	$	44,019

(1) Accrued liabilities include deferred revenue of $9 thousand as of June 30, 2023, which previously has been presented as a separate component in the balance sheets.

Other liabilities, noncurrent

Other liabilities, noncurrent were comprised of the following (in thousands):

	June 30,			
	2024		2023	
Post-closing payments and contingent consideration related to acquisitions	$	11,237	$	10,662
Income tax liabilities		6,089		5,493
Other liabilities		118		118
Total other liabilities, noncurrent	$	17,444	$	16,273

8. Intangible Assets, Net and Goodwill

Intangible Assets, Net

Intangible assets, net consisted of the following (in thousands):

	June 30, 2024			June 30, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer/publisher/advertiser relationships	$ 93,511	$ (68,770)	$ 24,741	$ 91,629	$ (61,025)	$ 30,604
Content	43,106	(43,068)	38	43,056	(43,056)	—
Website/trade/domain names	25,422	(20,051)	5,371	25,422	(19,451)	5,971
Acquired technology and others	43,014	(35,156)	7,858	34,934	(32,809)	2,125
Total	$ 205,053	$ (167,045)	$ 38,008	$ 195,041	$ (156,341)	$ 38,700

Amortization of intangible assets was $10.7 million, $11.1 million and $11.6 million for fiscal years 2024, 2023 and 2022.

Future amortization expense for the Company's intangible assets as of June 30, 2024 was as follows (in thousands):

Fiscal Year Ending June 30,	Amortization
2025	$ 9,533
2026	6,887
2027	5,864
2028	5,281
2029	4,234
Thereafter	6,209
Total	$ 38,008

Goodwill

The addition to goodwill during fiscal year 2024 was associated the acquisition of AquaVida. There was no addition to goodwill during fiscal year 2023. See Note 6, *Acquisitions,* for further details related to the acquisitions. There was no goodwill impairment recognized during fiscal years 2024 and 2023.

The changes in the carrying amount of goodwill were as follows (in thousands):

	Goodwill
Balance at June 30, 2023	$ 121,141
Addition related to the acquisition of AquaVida	3,915
Balance at June 30, 2024	$ 125,056

9. Income Taxes

The components of loss before income taxes were as follows (in thousands):

	Fiscal Year Ended June 30,		
	2024	2023	2022
US	$ (31,110)	$ (21,745)	$ (6,022)
Foreign	714	383	260
Total	$ (30,396)	$ (21,362)	$ (5,762)

The components of the provision for (benefit from) income taxes were as follows (in thousands):

	Fiscal Year Ended June 30,		
	2024	2023	2022
Current:			
Federal	$ —	$ —	$ —
State	125	143	176
Foreign	305	224	195
Total current provision for income taxes	430	367	371
Deferred:			
Federal	572	40,780	(1,032)
State	(104)	6,357	147
Foreign	37	—	—
Total deferred provision for (benefit from) income taxes	505	47,137	(885)
Total provision for (benefit from) income taxes	$ 935	$ 47,504	$ (514)

The reconciliation between the statutory federal income tax expense and the Company's effective income tax expense (benefit) was as follows (in thousands):

	Fiscal Year Ended June 30,		
	2024	2023	2022
Statutory federal income tax expense	$ (6,359)	$ (4,486)	$ (1,210)
States taxes, net of federal benefit	(1,553)	(752)	(314)
Foreign rate differential	106	61	11
Stock-based compensation expense (benefit)	25	676	(774)
Change in valuation allowance	8,113	52,396	(1,034)
Research and development credits	(1,593)	(1,847)	(1,174)
Disqualified compensation expense	1,363	744	1,806
Uncertain tax position	490	550	385
Expired attributes	188	273	261
Foreign deferred adjustment	(6)	—	1,354
Other	161	(111)	175
Effective income tax expense (benefit)	$ 935	$ 47,504	$ (514)

The components of the noncurrent deferred tax assets and liabilities, net were as follows (in thousands):

	June 30,	
	2024	2023
Noncurrent deferred tax assets:		
Reserves and accruals	$ 1,192	$ 1,716
Stock-based compensation expense	3,340	3,099
Net operating loss	38,590	35,430
Fixed assets	330	246
Tax credits	15,496	13,790
Operating lease liabilities	2,583	960
Research and development capitalized cost	12,985	7,221
Other	623	198
Total noncurrent deferred tax assets	75,139	62,660
Less: valuation allowance — long-term	(67,669)	(59,556)
Total noncurrent deferred tax assets, net of valuation allowance	7,470	3,104
Noncurrent deferred tax liabilities:		
Intangibles	(8,434)	(5,303)
Operating lease right-of-use assets	(2,458)	(718)
Total noncurrent deferred tax liabilities	(10,892)	(6,021)
Net deferred tax liabilities	$ (3,422)	$ (2,917)

The Company has a net deferred tax liability balance of $3.4 million and $2.9 million as of June 30, 2024 and 2023, included within other liabilities, noncurrent on the Company's consolidated balance sheet. The net deferred tax liability is related to indefinite lived deferred tax liabilities unable to be offset with deferred tax assets. The Company has a valuation allowance of approximately $67.7 million and $59.6 million as of June 30, 2024 and 2023, respectively. The Company evaluated the need for a valuation allowance by considering among other things, the nature, frequency and severity of current and cumulative losses, reversal of taxable temporary differences, tax planning strategies, forecasts of future profitability, and the duration of statutory carryforward periods. The Company determined that the significant negative evidence associated with cumulative losses in recent periods and current results outweighed the positive evidence as of June 30, 2024 and accordingly, the near-term realization of certain of these assets was deemed not more likely than not. In the fourth quarter of fiscal year 2023, the Company recorded a one-time, non-cash charge to income tax expense of $52.4 million to establish a valuation allowance against its net deferred tax assets. The Company will continue to assess the likelihood that the deferred tax assets will be realizable at each reporting period and the valuation allowance will be adjusted accordingly.

As of June 30, 2024 and 2023, the Company had a federal operating loss carryforward of approximately $152.9 million and $141.5 million. As of June 30, 2024 and 2023, the Company's state operating loss carryforward was approximately $97.6 million and $83.8 million. With the exception of $69.5 million of federal net operating losses which can be carried forward indefinitely, the federal and state net operating losses, if not used, will begin to expire on June 30, 2035 and June 30, 2025, respectively. The operating loss carryforward in the India jurisdiction was approximately $1.8 million which will begin to expire on June 30, 2025. The Company has federal and California research and development tax credit carryforwards of approximately $10.8 million and $12.2 million to offset future taxable income. The federal research and development tax credits, if not used, will begin to expire on June 30, 2034, while the state tax credit carryforwards do not have an expiration date and may be carried forward indefinitely.

Utilization of the operating loss carryforwards and credits may be subject to a substantial annual limitation due to the ownership change limitations provided by the Internal Revenue Code of 1986, as amended, and similar state provisions. The annual limitation may result in the expiration of operating loss carryforwards and credits before utilization.

A reconciliation of the beginning and ending amounts of unrecognized tax benefits was as follows (in thousands):

	Fiscal Year Ended June 30,		
	2024	2023	2022
Balance at beginning of the year	$ 6,030	$ 5,296	$ 4,756
Gross increases - current period tax positions	654	717	542
Gross decreases - prior period tax positions	(40)	—	—
Gross increases - prior period tax positions	—	19	—
Reductions as a result of lapsed statute of limitations	—	(2)	(2)
Balance at end of the year	$ 6,644	$ 6,030	$ 5,296

The Company's policy is to include interest and penalties related to unrecognized tax benefits within the Company's provision for (benefit from) income taxes. As of June 30, 2024, the Company has accrued $1.6 million for interest and penalties related to the unrecognized tax benefits. The balance of interest and penalties is recorded as other liabilities, noncurrent on the Company's consolidated balance sheet.

As of June 30, 2024, unrecognized tax benefits of $1.1 million, if recognized, would affect the Company's effective tax rate. The Company does not anticipate that the amount of existing unrecognized tax benefits will significantly increase or decrease within the next 12 months.

The Company files income tax returns in the United States, various U.S. states and certain foreign jurisdictions and is no longer subject to U.S. federal, state and local, or non-U.S., income tax examinations by tax authorities for years before 2013. As of June 30, 2024, the tax years 2013 through 2024 remain open in the U.S., and the tax years 2020 through 2024 remain open in various foreign jurisdictions. The Company believes that adequate amounts have been reserved for any adjustments that may ultimately result from our examinations.

10 . Leases

The Company has operating leases primarily for its office facilities. The leases expire at various dates through fiscal year 2030, some of which include options to renew, with renewal terms of up to 5 years. The Company does not include any renewal options in the lease terms for calculating lease liability, as the renewal options allow the Company to maintain operational flexibility and the Company is not reasonably certain that it will exercise these renewal options at the time of the lease commencement.

The components of lease expense were as follows (in thousands):

	Fiscal Year Ended June 30,		
	2024	2023	2022
Operating lease expense	$ 4,220	$ 4,790	$ 5,172
Short-term lease expense	840	638	619
Variable lease expense [1]	565	666	676
Total lease expense	$ 5,625	$ 6,094	$ 6,467

[1] Variable lease expense is primarily composed of common area maintenance charges.

Supplemental information related to operating leases was as follows (in thousands, except lease term and discount rate):

	Fiscal Year Ended June 30,		
	2024	2023	2022
Cash paid for amounts included in the measurement of lease liabilities			
Operating cash flows used for operating leases	$ 5,114	$ 5,860	$ 6,206
Lease liabilities arising from obtaining right-of-use assets			
Operating leases	$ 11,026	$ 824	$ 564
Weighted average remaining lease term - operating leases	4.3 years	1.5 years	1.9 years
Weighted average discount rate - operating leases	6.9 %	5.5 %	5.1 %

The implicit rate within each lease is not readily determinable and therefore the Company uses its incremental borrowing rate at the lease commencement date to determine the present value of the lease payments. The determination of the incremental borrowing rate requires judgment. The Company determined its incremental borrowing rate for each lease using indicative bank borrowing rates, adjusted for various factors including level of collateralization, term and currency to align with the terms of a lease.

Maturities of operating lease liabilities as of June 30, 2024 were as follows (in thousands):

Fiscal Year Ending June 30,	Amount
2025	$ 3,511
2026	2,881
2027	2,750
2028	2,728
2029	1,457
Thereafter	209
Total minimum lease payments	13,536
Less: imputed interest	(2,567)
Present value of net minimum lease payments	$ 10,969
Operating lease liabilities:	
Current (included in Accrued Liabilities)	$ 3,090
Noncurrent	7,879
Total	$ 10,969

11. Commitments and Contingencies

Guarantor Arrangements

The Company has agreements whereby it indemnifies its officers and directors for certain events or occurrences while the officer or director is, or was, serving at the Company's request in such capacity. The term of the indemnification period is for the officer or director's lifetime. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited; however, the Company has a director and officer insurance policy that limits its exposure and enables the Company to recover a portion of any future amounts under certain circumstances and subject to deductibles and exclusions. As a result of its insurance policy coverage, the Company believes the estimated fair value of these indemnification agreements is not material. Accordingly, the Company had no liabilities recorded for these agreements as of June 30, 2024 and 2023.

In the ordinary course of its business, the Company from time to time enters into standard indemnification provisions in its agreements with its clients. Pursuant to these provisions, the Company may be obligated to indemnify its clients for certain losses suffered or incurred, including losses arising from violations of applicable law by the Company or by its third-party publishers, losses arising from actions or omissions of the Company or its third-party publishers, and for third-party claims that a Company product infringed upon any United States patent, copyright, or other intellectual property rights. Where practicable, the Company limits its liabilities under such indemnities. Subject to these limitations, the term of such indemnification provisions is generally coterminous with the corresponding agreements and survives for the duration of the applicable statute of limitations after termination of the agreement. The potential amount of future payments to defend lawsuits or settle indemnified claims under these indemnification provisions is generally limited and the Company believes the estimated fair value of these indemnity provisions is not material. Accordingly, the Company had no liabilities recorded for these agreements as of June 30, 2024 and 2023.

Letters of Credit

The Company has a $0.3 million letter of credit agreement with a financial institution that is used as collateral for the Company's corporate headquarters' operating lease. The letter of credit automatically renews annually without amendment unless canceled by the financial institution within 30 days of the annual expiration date.

12. Stockholders' Equity

Stock Repurchases

In April 2022, the Board of Directors canceled the prior stock repurchase program that commenced in July 2017 and authorized a stock repurchase program allowing the repurchase of up to $40.0 million worth of common stock. In fiscal year 2024, the Company repurchased 247,618 shares of its common stock at an average price of $8.85 per share, at a total cost of $2.2 million (including a broker commission of $0.03 per share). In fiscal year 2023, the Company repurchased 403,193 shares of its common stock at an average price of $10.02 per share, at a total cost of $4.1 million (including a broker commission of $0.03 per share). Repurchases under this program took place in the open market and were made under a Rule 10b5-1 plan. The repurchased shares of common stock were recorded as treasury stock and were accounted for under the cost method. As of June 30, 2024, approximately $16.8 million remained available for stock repurchases pursuant to the board authorization.

Retirement of Treasury Stock

In fiscal year 2024, the Company retired 247,618 shares of its common stock with a carrying value of $2.2 million. In fiscal year 2023, the Company retired 403,193 shares of its common stock with a carrying value of $4.1 million (including 10,000 shares for $0.1 million that were repurchased but not settled as of June 30, 2023). The Company's accounting policy upon the retirement of treasury stock is to deduct its par value from common stock and reduce additional paid-in capital by the amount recorded in additional paid-in capital when the stock was originally issued.

13. Stock Benefit Plans

Stock-Based Compensation

In fiscal years 2024, 2023 and 2022, the Company recorded stock-based compensation expense of $23.7 million, $18.8 million and $18.5 million. There was no tax benefits realized in fiscal years 2024 and 2023 due to the Company's full valuation allowance. In fiscal year 2022, the Company recognized tax benefits related to stock-based compensation of $0.8 million, which are reflected in the Company's (provision for) benefit from income taxes.

Stock Incentive Plans

In November 2009, the Company's board of directors adopted the 2010 Equity Incentive Plan (the "2010 Incentive Plan") and the Company's stockholders approved the 2010 Incentive Plan in January 2010. The 2010 Incentive Plan became effective upon the completion of the IPO of the Company's common stock in February 2010. The 2010 Incentive Plan provides for the grant of incentive stock options ("ISOs"), nonstatutory stock options ("NQSOs"), restricted stock, restricted stock units ("RSUs"), stock appreciation rights, performance-based stock awards and other forms of equity compensation, as well as for the grant of performance cash awards. The Company may issue ISOs only to its employees. NQSOs and all other awards may be granted to employees, including officers, nonemployee directors and consultants.

To date, the Company has granted ISOs, NQSOs, service-based RSUs, market-based RSUs, and performance-based RSUs under the 2010 Incentive Plan. ISOs and NQSOs are generally granted to employees with an exercise price equal to the market price of the Company's common stock at the date of grant. Stock options granted to employees generally have a contractual term of seven years and vest over four years of continuous service, with 25 percent of the stock options vesting on the one-year anniversary of the date of grant and the remaining 75 percent vesting in equal monthly installments over the three year period thereafter. RSUs generally vest over four years of continuous service, with 25 percent of the RSUs vesting on the one-year anniversary of the date of grant and 6.25 percent vesting quarterly thereafter for the next 12 quarters, subject to any performance or stock price targets. Performance-based RSUs vest variably subject to the achievement of performance targets, consisting of both revenue growth and adjusted EBITDA targets. The Company evaluates the portion of the awards that are probable to vest quarterly until the performance criteria are met.

An aggregate of 23,125,612 shares of the Company's common stock were reserved for issuance under the 2010 Incentive Plan as of June 30, 2024, and this amount will be increased by any outstanding stock awards that expire or terminate for any reason prior to their exercise or settlement. The number of shares of the Company's common stock reserved for issuance was increased annually through July 1, 2019 by up to five percent of the total number of shares of the Company's common stock outstanding on the last day of the preceding fiscal year. The maximum number of shares that may be issued under the 2010 Incentive Plan is 30,000,000. There were 9,396,038 shares available for issuance under the 2010 Incentive Plan as of June 30, 2024.

In November 2009, the Company's board of directors adopted the 2010 Non-Employee Directors' Stock Award Plan (the "Directors' Plan") and the stockholders approved the Directors' Plan in January 2010. The Directors' Plan became effective upon the completion of the Company's IPO. The Directors' Plan provides for the automatic grant of NQSOs and RSUs to non-employee directors and also provides for the discretionary grant of NQSOs and RSUs. Stock options granted to new non-employee directors vest in equal monthly installments over four years and annual stock option grants to existing directors vest in equal monthly installments over one year. The initial service-based RSU grants vest daily over a period of four years and annual service-based RSU grants vest daily over a period of one year.

An aggregate of 4,598,838 shares of the Company's common stock were reserved for issuance under the Directors' Plan as of June 30, 2024. This amount was increased annually through July 1, 2019, by the sum of 200,000 shares and the aggregate number of shares of the Company's common stock subject to awards granted under the Directors' Plan during the immediately preceding fiscal year. There were 1,921,954 shares available for issuance under the Directors' Plan as of June 30, 2024.

Valuation Assumptions

The Company uses the Black-Scholes option-pricing model to fair value its stock options. Options are granted with an exercise price equal to the fair value of the common stock at the date of grant. The Company calculates the weighted-average expected life of options using the simplified method pursuant to the accounting guidance for share-based payments as its historical exercise experience does not provide a reasonable basis upon which to estimate expected term. The Company estimates the expected volatility of its common stock based on its historical volatility over the expected term of the stock option. The Company has no history or expectation of paying dividends on its common stock. The risk-free interest rate is based on the U.S. Treasury yield for a term consistent with the expected term of the stock option.

The weighted-average Black-Scholes model assumptions and the weighted-average grant date fair value of stock options were as follows:

	Fiscal Year Ended June 30,		
	2024	2023	2022
Expected term (in years)	3.5	3.5	4.4
Expected volatility	52 %	55 %	58 %
Expected dividend yield	—	—	—
Risk-free interest rate	4.6 %	3.8 %	1.0 %
Grant date fair value	$ 5.30	$ 4.85	$ 8.12

Stock Option Award Activity

The following table summarizes the stock option award activity under the plans:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (In years)	Aggregate Intrinsic Value (In thousands)
Outstanding at June 30, 2022	547,619	$ 8.33	2.76	$ 2,110
Granted	11,306	11.18		
Exercised	(109,359)	5.37		
Forfeited	(2,439)	13.76		
Expired	(3,077)	10.49		
Outstanding at June 30, 2023	444,050	$ 9.10	2.28	$ 1,283
Granted	9,808	12.54		
Exercised	(217,926)	4.21		
Forfeited	(15)	15.45		
Expired	(7,314)	7.78		
Outstanding at June 30, 2024	228,603	$ 13.95	3.23	$ 912
Vested and expected-to-vest at June 30, 2024 [1]	227,879	$ 13.94	3.23	$ 912
Vested and exercisable at June 30, 2024	203,602	$ 13.33	3.15	$ 907

(1) The expected-to-vest options are the result of applying the pre-vesting forfeiture assumption to total outstanding options.

The following table summarizes the total intrinsic value, the cash received and the actual tax benefit of options exercised (in thousands):

	Fiscal Year Ended June 30,		
	2024	2023	2022
Intrinsic value	$ 1,561	$ 693	$ 4,262
Cash received	918	587	1,850
Tax benefit	—	—	725

As of June 30, 2024, there was $0.2 million of total unrecognized compensation expense related to unvested stock options which are expected to be recognized over a weighted-average period of 0.9 year.

Service-Based Restricted Stock Unit Activity

The following table summarizes the service-based RSU activity under the plans:

	Shares	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Life (In years)	Aggregate Intrinsic Value (In thousands)
Outstanding at June 30, 2022	1,890,481	$ 14.33	1.32	$ 19,018
Granted	1,896,618	11.06		
Vested	(778,233)	15.42		
Forfeited	(109,707)	13.18		
Outstanding at June 30, 2023	2,899,159	$ 11.95	1.30	$ 25,600
Granted	1,887,379	9.68		
Vested	(1,222,938)	12.32		
Forfeited	(141,733)	11.24		
Outstanding at June 30, 2024	3,421,867	$ 10.59	1.26	$ 56,769

As of June 30, 2024, there was $26.0 million of total unrecognized compensation expense related to service-based RSUs.

Performance-Based Restricted Stock Unit Activity

The following table summarizes the performance-based RSU activity under the 2010 Incentive Plan:

	Shares	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Life (In years)	Aggregate Intrinsic Value (In thousands)
Outstanding at June 30, 2022	1,223,977	$ 13.32	1.12	$ 12,313
Granted	308,000	8.83		
Vested	(504,086)	13.44		
Forfeited	(149,420)	13.47		
Outstanding at June 30, 2023	878,471	$ 11.66	1.05	$ 7,757
Granted	616,000	16.59		
Vested	(291,628)	14.47		
Forfeited	(186,158)	9.48		
Outstanding at June 30, 2024	1,016,685	$ 14.24	1.12	$ 16,867

As of June 30, 2024, there was $4.7 million of total unrecognized compensation expense related to performance-based RSUs.

At the time of vesting, a portion of RSUs are withheld by the Company to provide for federal and state tax withholding obligations resulting from the release of the RSUs.

Employee Stock Purchase Plan

In October 2021, the Company adopted the 2021 Employee Stock Purchase Plan (the “2021 ESPP”), with 2,164,999 shares of common stock reserved for future issuance under the plan. The 2021 ESPP allows eligible employees to purchase shares of the Company’s common stock at a discount through payroll deductions of up to 15% of their eligible compensation. The 2021 ESPP provides for consecutive offering periods that will typically have a duration of approximately 24 months in length, and each offering period is comprised of four purchase periods of approximately six months in length.

On each purchase date, eligible employees may purchase the Company's common stock at a price per share equal to 85% of the lesser of (1) the fair market value of the common stock on the first trading day of each offering period, or (2) the fair market value of the common stock on the purchase date. A participant may purchase up to a maximum of 2,500 shares of the common stock during each purchase period, subject to a maximum of $25,000 worth of shares of the common stock in each calendar year (as determined under applicable tax rules). If the fair market value of the common stock on any purchase date is lower than it was on the first trading day of that offering period, participants will be automatically withdrawn from the current offering period and be immediately re-enrolled in a new offering period. In fiscal year 2024, 317,394 shares of common stock were purchased under the 2021 ESPP. As of June 30, 2024, 1,568,959 shares were available for issuance under the 2021 ESPP.

ESPP employee payroll contributions accrued as of June 30, 2024 amounting to $1.2 million are included within accrued liabilities on the Company's consolidated balance sheet, and will be used to purchase shares at the ESPP purchase period ending on August 24, 2024.

The fair value of the purchase rights for the ESPP are estimated on the date of grant using the Black-Scholes model with the following assumptions:

	Fiscal Year Ended June 30,		
	2024	2023	2022
Expected term (in years)	0.5 - 2.0	0.5 - 2.0	0.5 - 2.0
Expected volatility	48% - 58%	48% - 57%	48% - 64%
Expected dividend yield	—	—	—
Risk-free interest rate	4.5% - 5.5%	2.9% - 5.0%	0.3% - 1.0%
Grant date fair value	$2.97 - $6.73	$3.77 - $8.11	$3.72 - $5.33

14. Segment Information

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision making group, in deciding how to allocate resources and in assessing performance. The Company's chief operating decision maker, its chief executive officer, reviews financial information presented on a consolidated basis, and no expense or operating income is evaluated at a segment level. Given the consolidated level of review by the Company's chief executive officer, the Company operates as one reportable segment.

The following tables summarize the net revenue and long-lived assets by geographic area (in thousands):

	Fiscal Year Ended June 30,		
	2024	2023	2022
Net revenue:			
United States	$ 607,373	$ 570,703	$ 559,984
International	6,141	9,921	22,115
Total net revenue	$ 613,514	$ 580,624	$ 582,099

	June 30,	
	2024	2023
Property and equipment, net:		
United States	$ 19,643	$ 16,475
International	215	274
Total property and equipment, net	$ 19,858	$ 16,749

	June 30,	
	2024	2023
Intangible assets, net:		
United States	$ 38,008	$ 38,700
International	—	—
Total intangible assets, net	$ 38,008	$ 38,700

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None.

Item 9A. ***Controls and Procedures***

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2024. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of June 30, 2024, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosures and procedures were effective at the reasonable assurance level.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of its assets,
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of our management and directors, and
- provide reasonable assurance regarding prevention or timely detection of any unauthorized acquisition, use or disposition of our assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of internal control effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management has assessed the effectiveness of the internal control over financial reporting as of June 30, 2024. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control — Integrated Framework (2013 Framework). Based on this evaluation, our management has concluded that our internal control over financial reporting was effective as of June 30, 2024.

The effectiveness of our internal control over financial reporting as of June 30, 2024 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears in this annual report on Form 10-K.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the three months ended June 30, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. ***Other Information***

Rule 10b5-1 Trading Arrangement

On June 5, 2024, Gregory Wong, Chief Financial Officer, entered into a Rule 10b5-1 Plan intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act. Mr. Wong's Rule 10b5-1 Plan provides for the potential sale (beginning on September 12, 2024) of all of the (net) shares of up to 111,416 (gross) shares of the Company's common stock, consisting of (i) 50,977 shares of common stock and (ii) the net shares (not yet determinable) after shares are withheld to satisfy tax withholding obligations, issuable upon the vesting of up to 60,439 shares of restricted stock and performance-based restricted stock granted to Mr. Wong by the Company. Mr. Wong’s Rule 10b5-1 Plan expires on February 20, 2025, or upon the earlier completion of all the transactions authorized thereunder.

Insider Trading Policy and Clawback Policy

We have adopted insider trading policies, the Policy Against Trading on the Basis of Inside Information (filed as Exhibit 19.1), the Trading Window and Trade Pre-Clearance Policy (filed as Exhibit 19.2), and the Rule 10b5-1 Trading Plan Guidelines (filed as Exhibit 19.3), governing the purchase, sale, and/or other dispositions of our securities by our directors, officers, and employees that are reasonably designed to promote compliance with insider trading laws, rules and regulations and the Nasdaq listing standards applicable to us.

On October 27, 2023, the Board of Directors adopted a clawback policy, the Financial Restatement Compensation Recoupment Policy (filed as Exhibit 97.1), in order to comply with SEC and corresponding Nasdaq listing standards. Under that policy, the Company is required in certain situations to recoup incentive compensation paid or payable to certain current or former executive officers of the Company, including the named executive officers, in the event of an accounting restatement.

Item 9C. ***Disclosures Regarding Foreign Jurisdictions that Prevent Inspection***

Not applicable.

PART III

Item 10. *Directors, Executive Officers and Corporate Governance*

The information required by this item concerning directors and executive officers is incorporated herein by reference from the sections to be titled "Election of Class III Directors," "Board of Directors" and "Directors and Executive Officers" in our definitive proxy statement to be filed with the Securities and Exchange Commission in connection with our 2024 annual meeting of stockholders (the "Proxy Statement"). The Proxy Statement is expected to be filed no later than 120 days after the end of our fiscal year ended June 30, 2024.

The information required by this item with respect to Section 16(a) of the Exchange Act is incorporated herein by reference from the section to be titled "Section 16(a) Beneficial Ownership Reporting Compliance" in our Proxy Statement.

Code of Ethics

We have adopted a Code of Conduct and Ethics that applies to all of our employees, officers (including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions), and directors. We will make any required disclosure of future amendments to our Code of Conduct and Ethics, or waivers of such provisions, applicable to any principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions or our directors on the investor relations page of our corporate website *(www.quinstreet.com)*.

Item 11. *Executive Compensation*

The information required by this item will be set forth in the sections to be titled "Report of the Compensation Committee," "Board of Directors" and "Executive Compensation" in our Proxy Statement and is incorporated herein by reference.

Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*

The information required by this item will be set forth in the sections to be titled "Executive Compensation" and "Stock Ownership of Certain Beneficial Owners and Management" in our Proxy Statement and is incorporated herein by reference.

Item 13. *Certain Relationships and Related Transactions, and Director Independence*

The information required by this item will be included in the section to be titled "Stock Ownership of Certain Beneficial Owners and Management" and "Board of Directors" in the Proxy Statement and is incorporated herein by reference.

Item 14. *Principal Accountant Fees and Services*

The information required by this item will be set forth in the section to be titled "Ratification of the Selection of PricewaterhouseCoopers LLP as our Independent Registered Public Accounting Firm" in our Proxy Statement and is incorporated herein by reference.

PART IV

Item 15. ***Exhibits, Financial Statement Schedules***

(a) We have filed the following documents as part of this Annual Report on Form 10-K:

1. Consolidated Financial Statements

	Page
Report of Independent Registered Public Accounting Firm (PCAOB ID 238)	53
Consolidated Balance Sheets	55
Consolidated Statements of Operations and Comprehensive Loss	56
Consolidated Statements of Stockholders' Equity	57
Consolidated Statements of Cash Flows	58
Notes to Consolidated Financial Statements	59

2. Financial Statement Schedules

The following financial statement schedule is filed as a part of this report:

Schedule II: Valuation and Qualifying Accounts

The activity in the allowance for doubtful accounts and the deferred tax asset valuation allowance are as follows (in thousands):

	Balance at the beginning of the year	Charged to expenses/against revenue [1]	Write-offs net of recoveries	Balance at the end of the year
Allowance for doubtful accounts				
Fiscal year 2022	$ 1,010	$ 581	$ (55)	$ 1,536
Fiscal year 2023	$ 1,536	$ 2,740	$ (554)	$ 3,722
Fiscal year 2024	$ 3,722	$ 935	$ (2,551)	$ 2,106
Deferred tax asset valuation allowance				
Fiscal year 2022	$ 8,193	$ 9	$ (1,042)	$ 7,160
Fiscal year 2023	$ 7,160	$ 52,396	$ —	$ 59,556
Fiscal year 2024	$ 59,556	$ 8,113	$ —	$ 67,669

[1] Additions to the allowance for doubtful accounts and the valuation allowance are charged to expense. Additions to the allowance for sales returns are charged against revenue.

All other schedules are omitted because they are not required or the required information is shown in the financial statements or notes thereto.

(b) Exhibits

Exhibit Number	Description of Exhibit	Form	File Number	Exhibit	Filing Date
3.1	Amended and Restated Certificate of Incorporation.	S-1/A	333-163228	3.2	December 22, 2009
3.2	Bylaws.	S-1/A	333-163228	3.4	December 22, 2009
4.1	Form of QuinStreet, Inc.'s Common Stock Certificate.	S-1/A	333-163228	4.1	January 14, 2010
10.5+	QuinStreet, Inc. 2010 Equity Incentive Plan.	S-8	333-165534	99.9	March 17, 2010
10.6+	Forms of Option Agreement and Option Grant Notice under 2010 Equity Incentive Plan (for non-executive officer employees).	S-8	333-165534	99.10	March 17, 2010
10.7+	Forms of Option Agreement and Option Grant Notice under 2010 Equity Incentive Plan (for executive officers).	S-8	333-165534	99.11	March 17, 2010
10.8+	Forms of Senior Management Restricted Stock Unit (RSU) Grant Notice and Agreement under 2010 Equity Incentive Plan (for executive officers).	10-K	001-34628	10.8	August 23, 2012
10.9+	Forms of Restricted Stock Unit (RSU) Grant Notice and Agreement under 2010 Equity Incentive Plan (for non-executive officer employees).	10-K	001-34628	10.9	August 23, 2012
10.10+	Form of Restricted Stock Unit Agreement under 2010 Equity Incentive Plan (for non-employee directors).	10-K	001-34628	10.10	August 20, 2013
10.11+	QuinStreet, Inc. 2010 Non-Employee Directors' Stock Award Plan.	S-8	333-165534	99.12	March 17, 2010
10.12+	Forms of Option Agreement and Option Grant Notice for Initial Grants under the 2010 Non-Employee Directors' Stock Award Plan.	S-8	333-165534	99.13	March 17, 2010
10.13+	Forms of Option Agreement and Option Grant Notice for Annual Grants under the 2010 Non-Employee Directors' Stock Award Plan.	S-8	333-165534	99.14	March 17, 2010
10.15+	Annual Incentive Plan.	S-1/A	333-163228	10.12	January 14, 2010
10.18	Office Lease Metro Center, dated as of February 25, 2010, between the registrant and CA-Metro Center Limited Partnership.	10-Q	001-34628	10.1	May 12, 2010
10.19+	Form of Indemnification Agreement made by and between QuinStreet, Inc. and each of its directors and executive officers.	S-1/A	333-163228	10.19	January 26, 2010
10.20	Assurance of Voluntary Compliance dated June 26, 2012 by and among QuinStreet, Inc. and the Attorneys General of the States of Alabama, Arizona, Arkansas, Delaware, Florida, Idaho, Illinois, Iowa, Kentucky, Massachusetts, Mississippi, Missouri, Nevada, New York, North Carolina, Ohio, Oregon, South Carolina, Tennessee and West Virginia.	8-K	001-34628	10.1	June 27, 2012
10.27+	Forms of Senior Management Performance-Based Restricted Stock Unit (RSU) Grant Notice and	10-K	001-34628	10.27	September 12, 2014

	Agreement under 2010 Equity Incentive Plan (for executive officers).				
10.28+	Form of Deferred Restricted Stock Unit Agreement under 2010 Non-Employee Directors' Stock Award Plan.	10-Q	001-34628	10.1	February 6, 2015
10.29	Third Amendment, to the Second Amended and Restated Revolving Credit and Term Loan Agreement, as amended from time to time, dated as of June 11, 2015, by and among QuinStreet, Inc., Comerica Bank, as administrative agent, and certain lenders party thereto.	8-K	001-34628	10.1	June 12, 2015
10.30+	Forms of Performance-Based Restricted Stock Unit (RSU) Grant Notice and Agreement under 2010 Equity Incentive Plan (for non-executive officer employees).	10-K	001-34628	10.30	August 19, 2015
10.31	Counselor Agreement dated December 31, 2015 between the Company and William Bradley.	10-Q	001-34628	10.1	February 9, 2016
10.32	Form of Change in Control Severance Agreement.	10-Q	001-34628	10.1	November 9, 2016
10.33+	Forms of Restricted Stock Unit (RSU) Grant Notice and Agreement under 2010 Equity Incentive Plan (for employees with a Change in Control Severance Agreement).	10-K	001-34628	10.33	September 8, 2017
10.34+	Forms of Option Agreement and Option Grant Notice under 2010 Equity Incentive Plan (for employees with a Change in Control Severance Agreement).	10-K	001-34628	10.34	September 8, 2017
10.35	Amended Office Lease Metro Center, dated February 25, 2010 between the registrant and CA-Metro Center Limited Partnership	10-K	001-34628	10.35	September 12, 2018
10.37+	Forms of Performance-Based Restricted Stock Unit (RSU) Grant Notice and Agreement under 2010 Equity Incentive Plan with Revenue and Adjusted EBITDA Performance Metrics (for non-executive officer employees).	10-Q	001-34628	10.36	November 9, 2018
10.38+	Forms of Performance-Based Restricted Stock Unit (RSU) Grant Notice and Agreement under 2010 Equity Incentive Plan with Revenue and Adjusted EBITDA Performance Metrics (for executive officer).	10-Q	001-34628	10.37	November 9, 2018
10.39+	Forms of Performance-Based Restricted Stock Unit (RSU) Grant Notice and Agreement under 2010 Equity Incentive Plan with Revenue and Adjusted EBITDA Performance Metrics (for employees with a Change in Control Severance Agreement).	10-Q	001-34628	10.38	November 9, 2018
10.40+	QuinStreet, Inc. 2021 Employee Stock Purchase Plan	S-8	333-260769	99.1	November 4, 2021
10.41*#	Sixth Amendment to Office Lease Metro Center, dated March 16, 2023 between QuinStreet, Inc. and Hudson Metro Center, LLC				
19.1*	QuinStreet, Inc. Policy Against Trading on the Basis of Inside Information				
19.2*	QuinStreet, Inc. Trading Window and Trade Pre-Clearance Policy				
19.3*	QuinStreet, Inc. Rule 10b5-a Trading Guidelines				
21.1*	List of Subsidiaries				

23.1*	Consent of Independent Registered Public Accounting Firm (PCAOB ID 238)
24.1*	Power of Attorney (incorporated by reference to the signature page of this Annual Report on Form 10-K).
31.1*	Certification of the Chief Executive Officer of QuinStreet, Inc. pursuant to Section 302 of the Sarbanes-Oxley Act.
31.2*	Certification of the Chief Financial Officer of QuinStreet, Inc. pursuant to Section 302 of the Sarbanes-Oxley Act.
32.1**	Section 1350 Certifications of Chief Executive Officer and Chief Financial Officer.
97.1*	QuinStreet, Inc. Financial Restatement Compensation Recoupment Policy
101.INS*	Inline XBRL Instance Document - the instance document does not appear in the interactive data file because its 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 (formatted as iXBRL and contained in Exhibit 101).

* Filed herewith.

** Furnished herewith.

+ Indicates management contract or compensatory plan.

The schedules to this exhibit have been omitted pursuant to Item 601(b)(2) of Regulation S-K. QuinStreet, Inc. will furnish copies of such schedules to the SEC upon its request; provided, however, that QuinStreet, Inc. may request confidential treatment pursuant to Rule 24b-2 of the Exchange Act for any schedule so furnished.

Item 16. ***Form 10-K Summary***

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on August 21, 2024.

QuinStreet, Inc.

By: /s/ Douglas Valenti
Douglas Valenti
Chairman and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Douglas Valenti and Gregory Wong, and each of them, as his true and lawful attorneys-in-fact and agents, with full power of substitution and re-substitution, for him in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission hereby ratifying and confirming that each of said attorneys-in-fact and agents, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Douglas Valenti Douglas Valenti	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	August 21, 2024
/s/ Gregory Wong Gregory Wong	Chief Financial Officer (Principal Financial and Accounting Officer)	August 21, 2024
/s/ Asmau Ahmed Asmau Ahmed	Director	August 21, 2024
Anna Fieler	Director	
/s/ Matthew Glickman Matthew Glickman	Director	August 21, 2024
/s/ Stuart Huizinga Stuart Huizinga	Director	August 21, 2024
/s/ David Pauldine David Pauldine	Director	August 21, 2024
/s/ Andrew Sheehan Andrew Sheehan	Director	August 21, 2024
/s/ James Simons James Simons	Director	August 21, 2024
/s/ Hillary Smith Hillary Smith	Director	August 21, 2024

Exhibit 10.41

SIXTH AMENDMENT

THIS SIXTH AMENDMENT (this "Amendment") is made and entered into as of March 16, 2023, by and between **HUDSON METRO CENTER, LLC, a Delaware limited liability company ("Landlord"),** and **QUINSTREET, INC., a Delaware corporation ("Tenant").**

RECITALS

A. Landlord (as successor in interest to CA-Metro Center Limited Partnership, a Delaware limited partnership) and Tenant are parties to that certain lease dated February 25, 2010, as previously amended by that certain First Amendment dated June 11, 2010, that certain Second Amendment dated March 30, 2011, that certain Third Amendment dated April 1, 2011, that certain Fourth Amendment dated April 19, 2018 **("Fourth Amendment")** and that certain Fifth Amendment dated July 25, 2018 (as amended, the **"Lease").** Pursuant to the Lease, Landlord has leased to Tenant space currently containing approximately **44,556** rentable square feet (the **"Existing Premises")** at the building commonly known as Metro Center Tower located at 950 Tower Lane, Foster City, California (the **"Building")** and described as (i) Suite 500 **("Suite 500")** consisting of approximately **21,958** rentable square feet on the fifth floor of the Building; and (ii) Suite 600 **("Suite 600")** consisting of approximately **22,598** rentable square feet on the sixth floor of the Building.

B. The parties wish to modify the Premises (defined in the Lease) to include additional space, containing approximately **22,915** rentable square feet described as Suite No. 1200 on the 12th floor of the Building and shown on **Exhibit A** attached hereto (the **"New Space"),** on the following turns and conditions.

C. However, the term of the Lease with respect to the Existing Premises is scheduled to expire on October 31, 2023, and no provision of this Amendment or the Lease shall have the effect of extending such date with respect to the Existing Premises.

NOW, THEREFORE, in consideration of the above recitals which by this reference are incorporated herein, the mutual covenants and conditions contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. <u>**New Space Term.**</u>

1.1. **Effect of New Space.** Effective as of the New Space Effective Date (defined in <u>Section 1.2</u> below), the Premises shall be deemed to include the New Space. The term of the Lease for the New Space (the **"New Space Term")** shall commence on the New Space Effective Date and, unless sooner terminated in accordance with the Lease, end on the last day of the 60th full calendar month beginning on or after the New Space Effective Date (the **"New Space Expiration Date").** During the New Space Term, the New Space shall be subject to all the terms and conditions of the Lease except as provided herein. Except as may be expressly provided herein, (a) Tenant shall not be entitled to receive, with respect to the New Space, any allowance, free rent or other financial concession granted with respect to the Existing Premises, and (b) no representation or warranty made by Landlord with respect to the Existing Premises shall apply to the New Space.

1.2. **New Space Effective Date.** As used herein, **"New Space Effective Date"** means the earlier of (i) the first date on which Tenant conducts business in the New Space pursuant to this Amendment, or (ii) the date on which the Tenant Improvement Work (defined in <u>**Exhibit B**</u> attached hereto) is Substantially Complete (defined in <u>**Exhibit B**</u> attached hereto), which is anticipated to be November 1, 2023 (the **"Target New Space Effective Date").** The adjustment of the New Space Effective Date and, accordingly, the postponement of Tenant's obligation to pay Monthly Rent for the New Space shall be Tenant's sole remedy if the Tenant Improvement Work is not Substantially Complete on the Target New Space Effective Date.

However, Tenant may enter the New Space before the New Space Effective Date (but not before September 1, 2023 (the **"Early Entry Date");** provided, however, that if Landlord fails to deliver the New Space to Tenant pursuant to this sentence on or before the date described in this sentence as a result of any holdover or unlawful possession by another party, the Early Entry Date shall be the date on which Landlord delivers possession of the New Space to Tenant free from occupancy by such party), solely for the purpose of installing telecommunications and data cabling, equipment, furnishings and other personal

property in the New Space. Other than the obligation to pay Monthly Rent with respect to the New Space, all of Tenant's obligations hereunder shall apply during any period of such early entry. Notwithstanding the foregoing, Landlord may limit, suspend or terminate Tenant's rights to enter the New Space early pursuant to this paragraph if Landlord reasonably determines that such early entry is endangering individuals working in the New Space or is delaying completion of the Tenant Improvement Work (defined in **Exhibit B** hereto).

1.3. **Confirmation Lefter.** At any time after the New Space Effective Date, Landlord may deliver to Tenant a notice substantially in the form of **Exhibit C** attached hereto, as a confirmation of the information set forth therein. Tenant shall execute and return (or, by written notice to Landlord, reasonably object to) such notice within five (5) days after receiving it.

1.4. **Lease Terms Not Coterminous.** For the avoidance of doubt, it is acknowledged and agreed that (a) the term of the Lease for the New Space is not coterminous with the term of the Lease for the Existing Premises; (b) the term of the Lease for the Existing Premises is scheduled to expire on the Extended Expiration Date (i.e. October 31, 2023) and no provision of this Amendment shall be deemed to extend such date, and (c) upon the expiration of either such term before the other such term, **Sections 8, 15** and **16** and all other provisions of the Lease (as amended) that would apply to the entire Premises if the Term were expiring with respect to the entire Premises shall apply to the space for which the term of the Lease is expiring as if the term of the Lease were expiring with respect to the entire Premises. Tenant acknowledges further that (a) if, for any reason (including, without limitation, the failure of the Tenant Improvement Work in the New Space to be completed), Tenant has not vacated and surrendered to Landlord possession of the Existing Premises in accordance with the terms of the Lease (as amended) on or prior to the Extended Expiration Date (i.e. October 31, 2023), then as to the Existing Premises Tenant shall be deemed to be (i) in holdover pursuant to Section 16 of the Lease (as amended) and (ii) a tenant at sufferance only and (b) Landlord has notified Tenant that Landlord has entered into a Lease with a third party to take possession of the Existing Premises as of November 1, 2023.

2. **Base Rent.** With respect to the New Space during the New Space Term, the schedule of Base Rent shall be as follows:

Period During New Space Term	**Annual Rate Per Square Foot (rounded to the nearest 100'h of a dollar)**	**Monthly Base Rent**
New Space Effective Date through last day of 12th full calendar month of New Space Term	$73.80	$140,927.25
13th through 24th full calendar months of New Space Term	$76.01	$145,155.07
25th through 36th full calendar months of New Space Term	$78.29	$149,509.72
37th through 48th full calendar months of New Space Term	$80.64	$153,995.01
49th full calendar month of New Space Term through last day of New Space Term	$83.06	$158,614.86

All such Base Rent shall be payable by Tenant in accordance with the terms of the Lease.

Notwithstanding the foregoing, Base Rent for the New Space shall be abated, in the following amounts with respect to the following months of the New Space Term: (i) $140,927.25 with respect to the Pt full calendar month of the New Space Term, (ii) $145,155.07 with respect to the 13th full calendar month of the New Space Term, (iii) $149,509.72 with respect to the 25th full calendar month of the New Space Term and (iv) $153,995.01 with respect to the 37th full calendar month of the New Space Term.

3. **Additional Security Deposit.** No additional security deposit shall be required in connection with this Amendment.

4. **Re-measurement of Building: Tenant's Share.** Landlord and Tenant acknowledge and agree that Landlord has re-measured the Building and that, according to such re-measurement, the rentable square footage of the Building is 403,497 rentable square feet. With respect to New Space for the New Space Term, the rentable square footage of the Building shall be adjusted to reflect such re-measurement and Tenant's Share for the New Space shall be 5.6791%. Notwithstanding the foregoing, with respect to Existing Premises, the rentable square footage of the Building and Tenant's Share shall remain as set forth in the Lease.

5. **Expenses and Taxes.** With respect to the New Space during the New Space Term, Tenant shall pay for Tenant's Share of Expenses and Taxes in accordance with the terms of the Lease (as amended hereby); provided, however, that, with respect to the New Space during the New Space Term, the Base Year for Expenses and Taxes shall be the calendar year 2024.

6. **Improvements to New Space.**

6.1. Configuration and Condition of New Space. Tenant acknowledges that it has inspected the New Space and agrees to accept it in its existing configuration and condition (or in such other configuration and condition as any existing tenant of the New Space may cause to exist in accordance with its lease), without any representation by Landlord regarding its configuration or condition and without any obligation on the part of Landlord to perform or pay for any alteration or improvement, except as may be otherwise expressly provided in this Amendment.

6.2. **Responsibility for Improvements to New Space.** Landlord shall perform improvements to the New Space in accordance with **Exhibit B** attached hereto.

7. **Other Pertinent Provisions.** Landlord and Tenant agree that, effective as of the date of this Amendment (unless different effective date(s) is/are specifically referenced in this Section), the Lease shall be amended in the following additional respects:

7.1. **California Civil Code Section 1938.** Pursuant to California Civil Code § 1938, Landlord hereby states that the New Space has not undergone inspection by a Certified Access Specialist (CASp) (defined in California Civil Code § 55.52).

Accordingly, pursuant to California Civil Code § 1938(e), Landlord hereby further states as follows: "A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises".

In accordance with the foregoing, Landlord and Tenant agree that if Tenant requests a CASp inspection of the New Space, then Tenant shall pay (i) the fee for such inspection, and (ii) except as may be otherwise expressly provided in this Amendment, the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the New Space.

7.2. **Parking.** Section 1.9 of the Lease (as amended) is hereby further amended in its entirety to read as follows:

"1.9 Parking: With respect to the Existing Premises during the term of the Lease for the Existing Premises, (i) 143 unreserved parking spaces, at the rate of $0.00 per space per month and (ii) one (1) reserved parking space, at the rate of $0.00 per space per month.

With respect to the New Space during the New Space Term, (i) 70 unreserved parking spaces, at the rate of $0.00 per space per month and (ii) one (1) reserved parking space, at the rate of $0.00 per space per month."

7.3. **Landlord's Notice Address.** The Landlord's Notice Address set forth in Section 1.11 of the Lease (as amended) is hereby deleted in its entirety and is replaced with the following:

Hudson Metro Center, LLC
c/o Hudson Pacific Properties
333 Twin Dolphin Drive, Suite 100
Redwood City, California 94065
Attn: Building manager

with copies to:

Hudson Metro Center, LLC
c/o Hudson Pacific Properties
333 Twin Dolphin Drive, Suite 100
Redwood City, California 94065
Attn: Managing Counsel

and

Hudson Metro Center, LLC
c/o Hudson Pacific Properties
11601 Wilshire Boulevard, Suite 900
Los Angeles, California 90025
Attn: Lease Administration

Notwithstanding anything to the contrary contained in the Lease, as amended hereby, Rent shall be made payable to the entity, and sent to the address, Landlord designates and shall be made by good and sufficient check or by other means acceptable to Landlord."

7.4. **Permitted Use.** Section 1.7 of the Lease (as amended) is hereby amended and restated as follows:

"1.7 **'Permitted Use':** General office use consistent with a first-class office building. Notwithstanding any contrary provision hereof: (a) Tenant represents and warrants to Landlord that Tenant is not a Competitor (defined below), and (b) Tenant covenants that (i) Tenant shall not be a Competitor at any time during the term of this Lease during which the Premises includes a portion of the Competing Space (defined below); and (ii) Tenant shall not permit (pursuant to a sublease or otherwise) any Competitor to occupy any portion of the Premises that includes a portion of the Competing Space. As used herein, **'Competitor'** means any corporation or other legal entity (or a business division within any legal entity) that conducts as its primary business operations the development of video games or the publishing of video games. As used herein, **'Competing Space'** means any space located on the seventh floor of the Building."

7.5. **Letter of Credit.** The parties acknowledge and agree that (a) pursuant to Section 1.17 of the Lease and Section 4 of **Exhibit F** thereto, Landlord is currently holding a Letter of Credit in the amount of $500,000.00 originally issued by Comerica Bank on February 23, 2010 and thereafter amended on March 7, 2019 (a copy of which is attached hereto as **Exhibit D** (the **"Current Letter of Credit"),** (b) the **"Final LC Expiration Date"** (as previously defined in Section 4.1 of **Exhibit F** to the Lease) shall be deemed amended to mean the date that is 120 days after the expiration of the New Space Term (and any

renewal thereof), and (c) if at any time after the New Space Effective Date, Tenant is not then in Default and delivers to Landlord a letter of credit in the amount of $250,000.00 and otherwise in strict conformity with the terms of the Lease (including, without limitation, Section 4 of **Exhibit F** to the Lease, as amended) (the **"First Replacement Letter of Credit"),** then (i) from and after such date, the **"Letter of Credit Amount"** (as such term is defined in the Lease) shall be deemed amended and restated as "$250,000.00", (ii) Landlord shall promptly thereafter return to Tenant the original Current Letter of Credit, and (iii) from and after such date, the First Replacement Letter of Credit shall be considered the Letter of Credit under the Lease (as amended).

7.6. **Restoration.** Section 6.9 of the Fourth Amendment (entitled, Restoration) shall be of no further force of effect; provided, however, that the following sentence shall be deemed added to the last sentence of Section 8 of the Lease (entitled, Landlord's Property):

"Notwithstanding the foregoing, at the expiration or earlier termination of the Lease term, Tenant shall have no obligation to remove or pay for the removal of any Building standard office improvements from the Premises."

7.7. **Deletions.** Section 6.11 of the Fourth Amendment (entitled, Second Extension Option) is hereby deleted and shall be of no further force or effect

7.8. **Third Extension Term.**

7.8.1. **Grant of Option; Conditions.** Tenant shall have the right (the **"Third Extension Option")** to extend the New Space Term with respect to the New Space only for one (1) additional period of three (3) years beginning on the day immediately following the New Space Expiration Date and ending on the third anniversary thereof (the **"Third Extension Term"),** if:

(a) not less than 12 and not more than 15 full calendar months before the New Space Expiration Date, Tenant delivers written notice to Landlord (for purposes of this Section 7.8., the **"Extension Notice")** electing to exercise the Third Extension Option;

(b) no Default exists when Tenant delivers the Extension Notice;

(c) no part of the New Space is sublet (other than to an Affiliate of Tenant) when Tenant delivers the Extension Notice; and

(d) the Lease (as amended) has not been assigned (other than pursuant to a Permitted Transfer) before Tenant delivers the Extension Notice.

7.8.2. **Terms Applicable to Third Extension Term.**

A. During the Third Extension Term, (a) the Base Rent rate per rentable square foot shall be equal to the Prevailing Market rate per rentable square foot; (b) Base Rent shall increase, if at all, in accordance with the increases assumed in the determination of Prevailing Market rate; and (c) Base Rent shall be payable in monthly installments in accordance with the terms and conditions of the Lease (as amended).

B. During the Third Extension Term Tenant shall pay Tenant's Share of Expenses and Taxes for the New Space in accordance with the Lease (as amended).

7.8.3. **Procedure for Determining Prevailing Market.**

A. Initial Procedure. Within 30 days after receiving the Extension Notice, Landlord shall give Tenant written notice of Landlord's estimate of the Prevailing Market rate for the Third Extension Term (for purposes of this Section 7.8., **"Landlord's Estimate").** Within 30 days of receiving Landlord's Estimate, Tenant shall give Landlord either (i) written notice (for purposes of this Section 7.8., **"Tenant's Binding Notice")** accepting Landlord's Estimate, or (ii) written notice (for purposes of this Section 7.8., **"Tenant's Rejection Notice")** rejecting such estimate and stating Tenant's estimate of the Prevailing Market rate for the Third Extension Term. If Tenant gives Landlord a Tenant's

Rejection Notice, Landlord, within 15 days thereafter, shall give Tenant either (i) written notice (for purposes of this Section 7.8., **"Landlord's Binding Notice")** accepting Tenant's estimate of the Prevailing Market rate for the Third Extension Term stated in Tenant's Rejection Notice, or (ii) written notice (for purposes of this Section 7.8., **"Landlord's Rejection Notice")** rejecting such estimate. If Landlord gives Tenant a Landlord's Rejection Notice, Landlord and Tenant shall work together in good faith to agree in writing upon the Prevailing Market rate for the Third Extension Term. If, within 30 days after delivery of a Landlord's Rejection Notice, the parties fail to agree in writing upon the Prevailing Market rate, the provisions of Section 7.8.3.B. below shall apply.

B. Dispute Resolution Procedure.

1. If, within 30 days after delivery of a Landlord's Rejection Notice, the parties fail to agree in writing upon the Prevailing Market rate, Landlord and Tenant, within five (5) days thereafter, shall each simultaneously submit to the other, in a sealed envelope, its good faith estimate of the Prevailing Market rate for the Third Extension Term (collectively, for purposes of this Section 7.8., the **"Estimates").** Within seven (7) days after the exchange of Estimates, Landlord and Tenant shall each select a broker or agent (for purposes of this Section 7.8., an **"Agent")** to determine which of the two Estimates most closely reflects the Prevailing Market rate for the Third Extension Term. Each Agent so selected shall be licensed as a real estate broker or agent and in good standing with the California Bureau of Real Estate Appraisers, and shall have had at least five (5) years' experience within the previous 10 years as a commercial real estate broker or agent working in Foster City, California, with working knowledge of current rental rates and leasing practices relating to buildings similar to the Building.

2. If each party selects an Agent in accordance with Section 7.8.3.B.1. above, the parties shall cause their respective Agents to work together in good faith to agree upon which of the two Estimates most closely reflects the Prevailing Market rate for the Third Extension Term. The Estimate, if any, so agreed upon by such Agents shall be final and binding on both parties as the Prevailing Market rate for the Third Extension Term and may be entered in a court of competent jurisdiction. If the Agents fail to reach such agreement within 20 days after their selection, then, within 10 days after the expiration of such 20-day period, the parties shall instruct the Agents to select a third Agent meeting the above criteria (and if the Agents fail to agree upon such third Agent within 10 days after being so instructed, either party may cause a court of competent jurisdiction to select such third Agent). Promptly upon selection of such third Agent, the parties shall instruct such Agent (or, if only one of the parties has selected an Agent within the 7-day period described above, then promptly after the expiration of such 7-day period the parties shall instruct such Agent) to determine, as soon as practicable but in any case within 14 days after his selection, which of the two Estimates most closely reflects the Prevailing Market rate. Such determination by such Agent (for purposes of this Section 7.8., the **"Final Agent")** shall be final and binding on both parties as the Prevailing Market rate for the Third Extension Term and may be entered in a court of competent jurisdiction. If the Final Agent believes that expert advice would materially assist him, he may retain one or more qualified persons to provide such expert advice. The parties shall share equally in the costs of the Final Agent and of any experts retained by the Final Agent. Any fees of any other broker, agent, counsel or expert engaged by Landlord or Tenant shall be borne by the party retaining such broker, agent, counsel or expert.

C. Adjustment. If the Prevailing Market rate has not been determined by the commencement date of the Third Extension Term, Tenant shall pay Base Rent for the Third Extension Term upon the terms and conditions in effect during the last month ending on or before the New Space Expiration Date until such time as the Prevailing Market rate has been determined. Upon such determination, the Base Rent for the Third

Extension Term shall be retroactively adjusted. If such adjustment results in an under- or overpayment of Base Rent by Tenant, Tenant shall pay Landlord the amount of such underpayment, or receive a credit in the amount of such overpayment, with or against the next Base Rent due under the Lease (as amended).

7.8.4. **Extension Amendment.** If Tenant is entitled to and properly exercises its Third Extension Option, and if the Prevailing Market rate for the Third Extension Term is determined in accordance with Section 7.8.3. above, Landlord, within a reasonable time thereafter, shall prepare and deliver to Tenant an amendment (for purposes of this Section 7.8., the **"Extension Amendment")** reflecting changes in the Base Rent, the term of the Lease, the expiration date of the Lease, and other appropriate terms in accordance with this Section 7.8., and Tenant shall execute and return (or provide Landlord with reasonable objections to) the Extension Amendment within 15 days after receiving it. Notwithstanding the foregoing, upon determination of the Prevailing Market rate for the Third Extension Term in accordance with Section 7.8.3. above, an otherwise valid exercise of the Third Extension Option shall be fully effective whether or not the Extension Amendment is executed.

7.8.5. **Definition of Prevailing Market.** For purposes of this Third Extension Option, **"Prevailing Market"** shall mean the arms-length, fair-market, annual rental rate per rentable square foot under extension and renewal leases and amendments entered into on or about the date on which the Prevailing Market is being determined hereunder for space comparable to the New Space in the Building and office buildings comparable to the Building in the Foster City, California area. The determination of Prevailing Market shall take into account (i) any material economic differences between the terms of the Lease (as amended) and any comparison lease or amendment, such as rent abatements, construction costs and other concessions, and the manner, if any, in which the landlord under any such lease is reimbursed for operating expenses and taxes; (ii) any material differences in configuration or condition between the New Space and any comparison space, including any cost that would have to be incurred in order to make the configuration or condition of the comparison space similar to that of the New Space; and (iii) any reasonably anticipated changes in the Prevailing Market rate from the time such Prevailing Market rate is being determined and the time such Prevailing Market rate will become effective under the Lease (as amended).

7.8.6. **Subordination.** Notwithstanding anything herein to the contrary, Tenant's Third Extension Option is subject and subordinate to the expansion rights (whether such rights are designated as a right of first offer, right of first refusal, expansion option or otherwise) of any tenant of the Building or the Project existing on the date hereof.

7.9. **Contingency.** Landlord and Tenant acknowledge that Landlord and N3N, Inc., a Delaware corporation (the **"Existing Tenant")** are parties to that certain Office Lease dated May 10, 2018 (as amended and/or assigned, the **"Existing Lease")** pursuant to which a portion of the New Space is currently leased through August 31, 2023. Notwithstanding any provision herein to the contrary, if Landlord is unable to cause (on or before March 31, 2023) the expiration date of the Existing Lease to be irrevocably accelerated to a date no later than June 30, 2023 (by any means, including (without limitation) mutual agreement, legal process, an unlawful detainer action, a notice of belief of abandonment or otherwise) then the balance of this Amendment shall be of no further force effect as of the Contingency Date.

8. **Miscellaneous.**

8.1. This Amendment and the attached exhibits, which are hereby incorporated into and made a part of this Amendment, set forth the entire agreement between the parties with respect to the matters set forth herein. There have been no additional oral or written representations or agreements. Tenant shall not be entitled, in connection with entering into this Amendment, to any free rent, allowance, alteration, improvement or similar economic incentive to which Tenant may have been entitled in connection with entering into the Lease, except as may be otherwise expressly provided in this Amendment.

8.2. Except as herein modified or amended, the provisions, conditions and terms of the Lease shall remain unchanged and in full force and effect.

8.3. In the case of any inconsistency between the provisions of the Lease and this Amendment, the provisions of this Amendment shall govern and control.

8.4. Submission of this Amendment by Landlord is not an offer to enter into this Amendment but rather is a solicitation for such an offer by Tenant. Landlord shall not be bound by this Amendment until Landlord has executed and delivered it to Tenant.

8.5. Each party hereto, and their respective successors and assigns shall be authorized to rely upon the signatures of all of the parties hereto which are delivered by facsimile, PDF or DocuSign (or the like) as constituting a duly authorized, irrevocable, actual, current delivery hereof with original ink signatures of each person and entity. This Amendment may be executed in counterparts, each of which shall be deemed an original part and all of which together shall constitute a single agreement.

8.6. Capitalized terms used but not defined in this Amendment shall have the meanings given in the Lease.

8.7. Tenant shall indemnify and hold Landlord, its trustees, members, principals, beneficiaries, partners, officers, directors, employees, mortgagee(s) and agents, and the respective principals and members of any such agents harmless from all claims of any brokers (other than Cushman & Wakefield) claiming to have represented Tenant in connection with this Amendment. Landlord shall indemnify and hold Tenant, its trustees, members, principals, beneficiaries, partners, officers, directors, employees, and agents, and the respective principals and members of any such agents harmless from all claims of any brokers claiming to have represented Landlord in connection with this Amendment. Tenant acknowledges that any assistance rendered by any agent or employee of any affiliate of Landlord in connection with this Amendment has been made as an accommodation to Tenant solely in furtherance of consummating the transaction on behalf of Landlord, and not as agent for Tenant.

[SIGNATURES ARE ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Amendment as of the day and year first above written.

LANDLORD:

HUDSON METRO CENTER, LLC, a Delaware limited liability company

By: Hudson Pacific Properties, L.P., a Maryland limited partnership, its sole member

By: Hudson Pacific Properties, Inc.,
a Maryland corporation,
its general partner

By: /s/ Mark Lammas
Name: Mark Lammas
Title: President

QUINSTREET, INC., a Delaware corporation

By: /s/ Doug Valenti
Name: Doug Valenti
Title: ____________

Exhibit 19.1

QUINSTREET, INC.

POLICY AGAINST TRADING ON THE BASIS OF INSIDE INFORMATION

Background & Purpose of Policy

Trading securities while in possession of material non-public information ("***Inside Information***"), or tipping others who then trade securities ("***tippees***") while in possession of Inside Information, is considered "insider trading" and is against the law. The purpose of this policy is to help ensure compliance with the law and to avoid actual or perceived insider trading.

Scope of Policy

This policy applies to all officers, directors, employees of, or consultants or contractors to, QuinStreet, Inc. and its subsidiaries (collectively, the "***Company***"), as well as family members of such persons, entities controlled by such persons or family members of such persons, and others, in each case where such persons have or may have access to Inside Information ("***Company Insiders***").

Insider trading laws continue to apply to transactions in securities even after termination of the insider relationship with the Company. Company Insiders in possession of Inside Information are prohibited from trading in the Company's securities or "tipping" others of such Inside Information until the Inside Information has been broadly disseminated to the public, such as through a Company press release or filing with the Securities and Exchange Commission (the "***SEC***"), or is no longer material.

Statement of Policy

It is the Company's policy that no Company Insider shall (a) trade in the Company's securities while in possession of Inside Information; or (b) disclose Inside Information to others where such others could trade in the Company's securities while in possession of such Inside Information. Trading in the Company's securities includes orders for purchases and sales of stock, convertible securities and other securities (e.g., bonds), and includes increasing or decreasing investment in the Company's securities through a retirement account. To avoid the risk or appearance of insider trading, all Company Insiders are prohibited from engaging in short sales, transactions in put or call options, hedging transactions or other inherently speculative transactions with respect to the Company's securities at any time, even in the absence of Inside Information. Company Insiders are also prohibited from holding Company securities in margin accounts or pledging company securities as collateral for a loan. Please note that purchasing or acquiring Company securities directly from the Company (e.g., through the exercise of stock options or settlement of RSUs) is not covered by this policy and may take place even while in possession of Inside Information. The subsequent sale or other disposition of such securities, however, is fully subject to this policy.

Additionally, the Company recognizes that, in the ordinary course of business, Company Insiders may have legitimate business needs to disclose confidential Company information to third parties such as clients, suppliers, etc. Disclosing such information is permitted and does not constitute a violation of this policy where the disclosure is necessary or appropriate in the context of the business with the third party *and* where a non-disclosure agreement is in place between the Company and the third party.

There are no exceptions to this policy, even for situations that may seem necessary or justifiable (such as making a mortgage payment or for an emergency expenditure) or involving small transactions. Additionally, if Inside Information is inadvertently disclosed – no matter the circumstances – the person making or discovering that disclosure should immediately report the disclosure to the Company's General Counsel.

Discussion

During the course of working with the Company, Company Insiders may receive Inside Information about the Company or about other publicly-traded companies. Because of access to this information, Company Insiders may be in a position to profit financially by buying, selling, or in some other way dealing in the Company's securities or the securities of another publicly-traded company, or to disclose such information to a third party who does so (a "***tippee***").

For a Company Insider to use such information to gain personal benefit, or to pass on, or "tip," the information to someone who does so, is illegal. There is no "de minimis" test. Use of Inside Information to gain personal benefit and tipping are as illegal with respect to a few shares of stock as they are with respect to a large number of shares. You can be held liable both for your own transactions and for transactions effected by a tippee, or even a tippee of a tippee. Furthermore, it is important that the **appearance** as well as the fact of insider trading in securities be avoided.

As a practical matter, it is sometimes difficult to determine whether you possess Inside Information. The key to determining whether nonpublic information about a public company is "Inside Information" is whether dissemination of the information would be likely to affect the market price of a company's stock or would be likely to be considered important by investors who are considering buying or selling a company's stock. Certainly, if the information makes **you** want to trade, it would probably have the same effect on others. Both positive and negative information can be material.

If you possess Inside Information, you must refrain from trading in a company's securities, advising anyone else to do so, or communicating the information to anyone else until you know that the information has been broadly disseminated to the public, such as through a Company press release or filing with the SEC.

Although by no means an all-inclusive list, information about the following items may be considered to be Inside Information until it is publicly disseminated in a press release or SEC filing:

(a) financial results or forecasts;

(b) significant changes in the prospects and key performance indicators of the Company;

(c) gain or loss of a significant customer or a significant change in the purchasing behavior of an existing customer;

(d) changes in pricing or discount policies;

(e) major new service or product offerings or new client verticals;

(f) acquisitions or dispositions;

(g) pending public or private sales of debt or equity securities or declaration of a stock split;

(h) top management or control changes;

(i) significant cyber security or data protection events;

(j) significant write-offs, changes in accounting treatment or effective tax rates;

(k) significant litigation; or

(l) impending bankruptcy.

Gifts of Securities

Gifts of Company securities should only be made (i) when you are not in possession of Inside Information and (ii) inside an open trading window pursuant to the Company's *Trading Window and Trade Pre-Clearance Policy*. Gifts of Company securities are otherwise subject to this policy.

Related Policies

1. Trading Window and Trade Pre-Clearance Policy. Under our *Trading Window and Trade Pre-Clearance Policy* applicable to all employees and directors, employees and directors are required to limit their transactions in the Company's securities to certain defined time periods following public dissemination of quarterly and annual financial results. In addition, because directors and officers of the Company are the most visible to the public and are most likely, in the view of the public and applicable regulators, to possess Inside Information about the Company, we require that any director, officer (Vice President or above), Controller or Assistant General Counsel of the Company notify the General Counsel and receive pre-approval prior to engaging in transactions in the Company's securities.

2. Rule 10b5-1 Trading Plan Guidelines. Transactions in Company securities pursuant to written plans for trading securities that comply with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, have an affirmative defense against

insider trading violations. The adoption, amendment, suspension or termination of any such written trading plan is subject to certain requirements and limitations described in the Company's *Rule 10b5-1 Trading Plan Guidelines.*

Conclusion

Anyone who effects transactions in the Company's securities or the securities of other public companies (or provides information to enable others to do so) on the basis of Inside Information is subject to both civil liability and criminal penalties, as well as disciplinary action by the Company. Any employee who has questions about these matters should speak with his or her own attorney or the Company's General Counsel.

Amended and Restated on July 30, 2024

Exhibit 19.2

QUINSTREET, INC.

TRADING WINDOW AND TRADE PRE-CLEARANCE POLICY

The Board of Directors of QuinStreet, Inc. (the "***Company***") believes that all employees and directors of the Company (collectively, the "***Restricted Persons***") will be aware of information that could be material to a stockholder's investment decision, but which in the best interests of the Company should not be disclosed until some later time. Hindsight can be remarkably acute, and an accusation can always be made that at any particular time a purchase or sale of securities by an insider was motivated by undisclosed favorable or unfavorable information. In such circumstances, the appearance of impropriety can be almost as problematic as an actual abuse, both to the Company and to the insider involved.

The Board of Directors has therefore established this policy for securities transactions by Restricted Persons.

A. WINDOW PERIOD.

1. **Open Trading Windows.** Generally, except as otherwise set forth in this policy, any Restricted Person may buy or sell securities of the Company only during open trading "windows." In each fiscal quarter, the trading window "opens" on the third business day after public release of the Company's financial results for the prior quarter, and continues through and includes the fifteenth day of the last month of the fiscal quarter.

2. **Closing of Trading Window.** A "window" may be closed early or may not open at all if, in the judgment of the Company's General Counsel, there exists undisclosed information that would make trades by Restricted Persons inappropriate. A "window" may also be closed early or not opened with regard to only certain Restricted Persons who have knowledge of such undisclosed information. A Restricted Person who believes that special circumstances require him or her to trade outside the window period should consult with the Company's General Counsel. Permission to trade outside an open "window" will be granted by the Company's General Counsel only where the circumstances are extenuating and there appears to be no significant risk that the trade may subsequently be questioned.

B. EXCEPTIONS TO WINDOW PERIOD. The following transactions are permitted outside of open trading "windows":

1. **Option Exercises.** Options granted under the Company's stock option plans may be exercised without restriction to any particular period. Please note, however, that the subsequent sale of the stock acquired upon the exercise of options (including any "same day sale") is subject to all provisions of this policy and the

Company's Policy Against Trading on the Basis of Inside Information (the "***Insider Trading Policy***").

2. **10b5-1 Automatic Trading Programs.** Purchases or sales of the Company's securities pursuant to, and in compliance with, a written plan established by a Restricted Person that meets the requirements of Rule 10b5-1 under the Securities Exchange Act of 1934, as amended (the "***Exchange Act***") (a "***Trading Plan***") may be made without restriction to any particular period provided that the Trading Plan was established in compliance with the Company's Rule 10b5-1 Trading Plan Guidelines, which includes, among other things, that: (i) the Trading Plan was established in good faith, in compliance with the requirements of Rule 10b5-1, at a time when such individual was not in possession of material nonpublic information about the Company and the Company was in an "open" window, (ii) the Trading Plan was provided to the Company's Stock Administration and Legal teams (via an email to 10b5-1@quinstreet.com) prior to its establishment, (iii) the Trading Plan is executed by a member of the Company's Stock Administration or Legal teams, and (iv) the Trading Plan allows for the cancellation of a transaction and/or suspension of such Trading Plan upon notice and request by the Company to the individual if any proposed trade (a) fails to comply with applicable laws (*e.g.*, exceeding the number of shares that may be sold under Rule 144) or (b) would create material adverse consequences for the Company. Restricted Persons may only enter into, amend or terminate a 10b5-1 Plan relating to Company securities during an open window period and only if the Restricted Person does not otherwise have knowledge of material nonpublic information.

3. **EMPLOYEE STOCK PURCHASE PROGRAM.** This policy does not restrict purchases of the Company's securities under the Company's Employee Stock Purchase Program ("***ESPP***") resulting from contributions of money to the ESPP pursuant to the election you make at the time of enrollment. This policy does apply to your sales of the Company's securities purchased pursuant to the ESPP. Notwithstanding the foregoing, you should not base your decision to participate in the ESPP, or your decision to change your election (including your rate of contributions under the ESPP), on any "Inside Information" (as that term is defined in the Insider Trading Policy).

C. PRE-CLEARANCE OF TRANSACTIONS. In addition to the requirements of paragraphs A and B above, any director, officer with the position of Vice President or above, Controller or Assistant General Counsel of the Company (collectively, "***Restricted Officers***") may not engage in any transaction in the Company's securities, including any purchase or sale in the open market, loan, pledge or other transfer of beneficial ownership without first obtaining preclearance of the transaction from the Company's General Counsel (hereinafter "***Trade Pre-Clearance Protocol***"). Annex A attached hereto sets forth the requirements of the Trade Pre-Clearance Protocol for Restricted Officers. The General Counsel will then determine whether the transaction may proceed and, if so, will assist in complying with the reporting requirements under Section 16(a) of the Exchange Act if applicable to such person. Pre-cleared transactions

not completed within five business days shall require new pre-clearance under the provisions of this paragraph. The General Counsel may, at his or her discretion, shorten such period of time. Upon the completion of any transaction, Restricted Officers who are subject to the reporting requirements under Section 16 of the Exchange Act must immediately notify stockadministration@quinstreet.com as set forth in the Company's Section 16 compliance program so that the Company may assist in Section 16 reporting obligations.

D. **COVERED INSIDERS.** The provisions outlined in this policy apply to all directors and employees of the Company, except that the pre-clearance procedures apply only to Restricted Officers. In addition, any entities or family members whose trading activities are controlled or influenced by any Restricted Person are subject to the same restrictions. ***If you have any question regarding whether any trading activity proposed by a family member is covered by this policy, please consult with the General Counsel.***

E. **SHORT-SWING TRADING/SECTION 16 REPORTS.** Directors and executive officers who are subject to the reporting obligations under Section 16 of the Exchange Act, should take care not to violate the prohibition on short-swing trading (Section 16(b) of the Exchange Act) and the restrictions on sales by control persons (Rule 144), and should file all appropriate Section 16(a) reports (Forms 3, 4 and 5), all of which have been enumerated and described in the materials describing the Company's separate Section 16 compliance program.

F. **PROHIBITION OF TRADING DURING FUND BLACKOUTS.** In accordance with Regulation BTR under the Exchange Act, if the Company has any funds that trade in the Company's stock, no director or executive officer of the Company shall, directly or indirectly, purchase, sell or otherwise acquire or transfer any equity security of the Company (other than an exempt security) during any "blackout period" (as defined in Regulation BTR) with respect to such equity security, if such director or executive officer acquires or previously acquired such equity security in connection with his or her service or employment as a director or executive officer. This prohibition shall not apply to any transactions that are specifically exempted from Section 306(a)(l) of the Sarbanes-Oxley Act of 2002 (as set forth in Regulation BTR), including but not limited to, purchases or sales of the Company's securities made pursuant to, and in compliance with, a written plan established by a director or executive officer that meets the requirements of Rule 10b5-1 under the Exchange Act; compensatory grants or awards of equity securities pursuant to a plan that, by its terms, permits executive officers and directors to receive automatic grants or awards and specifies the terms of the grants and awards; or acquisitions or dispositions of equity securities involving a bona fide gift or by will or the laws of descent or pursuant to a domestic relations order. The Company shall timely notify each director and executive officer of any blackout periods in accordance with the provisions of Regulation BTR.

Amended and Restated on July 30, 2024

<u>**Annex A**</u>

Trade Pre-Clearance Protocol for Restricted Officers

1. Restricted Officers must obtain preclearance before engaging in any transaction in the Company's securities, including any purchase or sale in the open market, loan, pledge or other transfer of beneficial ownership:

    a. At least 1 business day before the intended trade period, submit your Trade Request to trade@quinstreet.com.

    b. The Trade Request must include the following information:

        i. **Intended Trade Period.**
            1. Trade period cannot exceed more than 5 trading days; and
            2. Trade period must fall entirely within an open trading window.

        ii. **Type of Transaction.**
            1. Approx. number for sale of currently owned shares;
            2. Approx. number for same day sale of option shares;
            3. Purchase of shares on the open market; or
            4. Transfer of shares (including the number of shares and identity of transferee).

        iii. **10b5-1 plan** (indicate whether you have one in place).

        iv. **Confirm No Material Nonpublic Information**.
            1. Include the following statement: "*I confirm that I do not possess any "Inside Information" (as that term is defined in QuinStreet's Policy Against Trading on the Basis of Inside Information) and I agree that if I come into possession of such information, despite trades being pre-cleared by an approval of my proposed trading dates, I will immediately withdraw my trade order with my broker (or otherwise suspend the intended transaction).*"

Exhibit 19.3

QUINSTREET, INC.

RULE 10b5-1 TRADING PLAN GUIDELINES AND FAQS

Section 10(b) of, and Rule 10b-5 under, the Securities Exchange Act of 1934, as amended (the “***Exchange Act***”) prohibit “insider trading,” generally defined as buying or selling securities while in possession of material, non-public information. Rule 10b5-1 provides an affirmative defense to allegations of insider trading where the trading takes place under a trading plan that meets the requirements of Rule 10b5-1 (a “***Trading Plan***”). The purpose of these Guidelines is to remind potential users of Trading Plans of some of the requirements of Rule 10b5-1 and to set forth QuinStreet’s processes with respect to Trading Plans.

QuinStreet’s directors and officers (each, a “***D&O Participant***”) and all other QuinStreet employees and stockholders (the “***Other Participants***”) are eligible to adopt a Trading Plan. All Trading Plans entered into and any amendments, modifications, suspensions or terminations of a Trading Plan must comply with Rule 10b5-1 of the Exchange Act, these Guidelines, QuinStreet’s *Policy Against Trading On The Basis of Inside Information* (the “***Insider Trading Policy***”), QuinStreet’s *Trading Window and Trade Pre-Clearance Policy* (the “***Trade Window Policy***”) and any other applicable QuinStreet policy.

Rule 10b5-1 Requirements. In general, to secure the benefits of Rule 10b5-1, a person must enter into a Trading Plan at a time when the person is not in possession of material, non public information and during an “open” trading window, as further explained below and in the *Trade Window Policy*. Additionally:

1. At the time of adoption, each Trading Plan must include a representation by the participant certifying that (i) such participant is not in possession of material non-public information about QuinStreet or its securities, and (ii) the participant is adopting the Trading Plan in good faith and not as part of a plan to evade the prohibitions of Rule 10b-5 of the Exchange Act.

2. The Trading Plan must specify (a) the number of shares to be sold, (b) the price at which the shares are to be sold and (c) the date on which the shares are to be sold; or, alternatively, provide a written formula or algorithm for determining each of these elements (a)-(c). Sales then must be made pursuant to the Trading Plan (i.e., the Trading Plan must be executed without, and the broker cannot act on, further instructions or influence of the participant establishing the Trading Plan). Additionally, the participant establishing the Trading Plan cannot enter into or alter any hedging transaction related to the shares subject to the Trading Plan.

3. QuinStreet Stock Administration must be notified in writing at 10b5-1@quinstreet.com at least five business days in advance of any proposed adoption, amendment, modification, suspension or termination of a Trading Plan.

4. The Trading Plan must be in writing and signed by the participant establishing the plan, with a copy promptly provided to QuinStreet.

These Guidelines provide only partial summaries of Rule 10b5-1's requirements. Persons looking to establish Trading Plans should work with their brokers and their own legal counsel as appropriate to confirm that they are in compliance with Rule 10b5-1 specifically and applicable law generally. QuinStreet Stock Administration and QuinStreet Legal are available to assist stockholders in implementing Trading Plans but cannot act as advisors or quality assurance personnel with respect to Trading Plans specifically or compliance with law generally. QuinStreet may publish from time to time frequently asked questions and other content related to these Guidelines.

Frequently Asked Questions (FAQs)

Q1 What information is required in a Trading Plan? Required information includes: the number of shares — which can be some or all of the shares under an equity award as such shares vest; the selling price — generally expressed as a minimum price at which the shares can be sold; the date on which the sales will occur — generally when shares vest *and* the price meets the target minimum; and that you will not have influence over trades of shares covered by the Trading Plan once it's in place.

Q2 Who may adopt a Trading Plan? Any stockholder. QuinStreet will only be involved in establishing Trading Plans for employees and non-employee directors (or trustees of trusts held for the benefit of family members of employees and non-employee directors).

Q3 Must I use a particular broker for my Trading Plan? Employees must establish their Trading Plans with E*Trade unless QuinStreet Stock Administration grants an exception to use another broker.

Q4 When may Trading Plans be adopted? Trading Plans may only be adopted (a) during an "open" trading window under the *Trade Window Policy* and (b) only when the person adopting the Trading Plan is not in possession of material, non-public information. For further information on what constitutes material, non-public information, please see the *Insider Trading Policy*.

Q5 How long should a Trading Plan remain in effect? Trading Plans should generally have a term of not less than one year.

Q6 Must I place all of my QuinStreet securities in a Trading Plan? No. However, all trades of QuinStreet securities outside of a Trading Plan are subject to the *Insider Trading Policy* and the *Trade Window Policy*.

Q7 May I have more than one Trading Plan in effect at a time? Generally speaking, a person may only have one Trading Plan in effect at any time, subject to limited exceptions, including the following, each of which is subject to pre-approval by QuinStreet Stock Administration:

(a) **Replacement Plan**. A participant may adopt a new Trading Plan to replace an existing Trading Plan before the scheduled termination date of such existing Trading Plan so long as the first scheduled trade under the new Trading Plan does not occur until after all trades under the existing Trading Plan are completed or expire without execution (subject to any Cooling-Off Periods, as defined below).

(b) **Multiple Brokers**. A series of separate contracts with different brokers to execute trades under a Trading Plan may be treated as a single plan, provided that the contracts taken together meet the conditions under Rule 10b5-1, and, provided further that any

amendment of one contract is treated as an amendment of each other contract under the plan.

(c) **Separate Legal Entities**. A separate Trading Plan may be established for a participant's trust or other entity if that trust or other entity is considered a separate legal entity (i.e., not a personal revocable trust).

Q8 When does my Trading Plan go into effect? Each Trading Plan must provide for delayed effectiveness after adoption or amendment (a "***Cooling-Off Period***").

(a) **For D&O Participants,** each Trading Plan must specify that trades may not execute under the Trading Plan until the later of (a) 90 days after the date of adoption or amendment of the Trading Plan and (b) 2 business days following QuinStreet's filing of a quarterly or annual report covering the financial reporting period in which the Trading Plan was adopted or amended, but in no event later than 120 days after the date of adoption or amendment of the Trading Plan.

(b) **For all Other Participants**, each Trading Plan must specify that trades may not execute under the Trading Plan for a period of at least 30 days after the date of adoption or amendment of the Trading Plan.

Q9 May I suspend, amend or terminate an existing Trading Plan? We require Trading Plans to include a provision allowing QuinStreet to suspend the Trading Plan upon notice and request by QuinStreet to the individual or to the broker if any proposed trade (a) fails to comply with applicable laws (*e.g*., exceeding the number of shares that may be sold under Rule 144) or (b) could reasonably be expected to create material adverse consequences for QuinStreet (e.g., in the event of M&A activity or other strategic events). Trading Plans may have provisions automatically suspending the Trading Plan in the event that (i) QuinStreet becomes the target of an acquisition, (ii) the plan holder files for bankruptcy, or (iii) in the event of the death of the plan holder. Plans suspended as a result of QuinStreet becoming target of an acquisition may be reinstated on instruction from QuinStreet if the circumstances causing the suspension have ceased. Other than that, you may only terminate a Trading Plan (a) during an open trading window under the *Trade Window Policy* and (b) when you are not in possession of material, non-public information, and such termination must include a representation to that effect. You may only amend or suspend a Trading Plan with pre-approval from QuinStreet Stock Administration.

Q10 How long must I wait between the expiration or termination of one Trading Plan and the adoption of a new Trading Plan? There is no specific period that must elapse between the expiration or termination of one Trading Plan and the adoption of another Trading Plan, subject to the Cooling-Off Period and the prohibitions against multiple overlapping Trading Plans. Please note, however, that regardless of when the old Trading Plan expired or was terminated, you will only be able to adopt a new Trading Plan during an open trading window under the *Trade Window Policy* and otherwise subject to compliance with these Guidelines. If a Company Insider (as defined in the *Insider Trading Policy*) terminates a Trading Plan prior to its stated duration, however, such Company Insider may not trade in QuinStreet securities (other than pursuant to another Trading Plan already in place) for a period of at least 30 days following such termination; provided, however, that any trades following such termination shall comply with QuinStreet's *Insider Trading Policy* and *Trade Window Policy*. If an existing Trading Plan is terminated early and another Trading Plan is already in place, the first trade under the later-commencing plan must not be scheduled to occur until after the end of the effective Cooling-Off Period following the termination of the earlier Trading Plan.

Q11 What is the limitation on “Single-Trade Plans”? In any 12-month period, you are limited to one “single-trade plan” — i.e., a Trading Plan designed to effect the open market purchase or sale of the total amount of the securities subject to the plan as a single transaction. The following does not constitute a single-trade plan: a Trading Plan that gives discretion to an agent over whether to execute the Trading Plan as a single transaction or that provides the agent’s future acts depend on facts not known at the time the Trading Plan’s adoption and might reasonably result in multiple transactions.

Q12 How Do I Adopt a Trading Plan? Please have E*Trade (or the broker approved by QuinStreet Stock Administration, if applicable) provide their form of trading plan to QuinStreet at 10b5-1@quinstreet.com. You will need to develop the schedule of shares you wish to sell under the Trading Plan. QuinStreet Stock Administration will review the schedule of shares to be sold. Once that review is complete, and you are ready to execute your Trading Plan, please email an execution copy to 10b5-1@quinstreet.com. Please allow at least five business days for execution of your Trading Plan.

Adopted on July 30, 2024

Exhibit 21.1

List of Subsidiaries of QuinStreet, Inc.

Name of Subsidiary	Jurisdiction of Organization
QuinStreet, LLC	Illinois
HQ Publications, LLC	Illinois
OK Content-Rich Web Properties, LLC	Oklahoma
V-P.D.C.- Web, LLC	Wyoming
3401486 Nova Scotia Company	Canada
QuinStreet Software India, Pvt., Ltd.	India
NarrowCast Group, LLC	Kentucky
QuinStreet India Marketing and Media, Pvt., Ltd.	India
Silverlode Holdings, LLC	Nevada
Carson City Media, LLC	Nevada
QuinStreet Cayman Islands Ltd	Cayman Islands
QuinStreet Europe, Ltd.	UK
QuinStreet PL, Inc.	California
CloudControlMedia LLC	Maryland
QuinStreet Insurance Agency, Inc.	Florida
MBTmedia LLC	New York
Modernize, Inc.	Texas
QuinStreet Mexico	Mexico

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-260769, 333-233532, 333-227296, 333-220397, 333-213220, 333-206472, 333-198714, 333-190735, 333-183517, 333-176272, 333-168322 and 333-165534) of QuinStreet, Inc. of our report dated August 21, 2024 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
San Francisco, California
August 21, 2024

Exhibit 31.1

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT

I, Douglas Valenti, certify that:

1. I have reviewed this annual report on Form 10-K of QuinStreet, 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 company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company 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 company, 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 company'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 company's internal control over financial reporting that occurred during the company'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 company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company'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 company'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: August 21, 2024

/s/ Douglas Valenti

Douglas Valenti
Chairman and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

**CERTIFICATION PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT**

I, Gregory Wong, certify that:

1. I have reviewed this annual report on Form 10-K of QuinStreet, 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 company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company 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 company, 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 company'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 company's internal control over financial reporting that occurred during the company'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 company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company'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 company'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: August 21, 2024

/s/ Gregory Wong

Gregory Wong
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

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

The certification set forth below is being submitted in connection with the report on Form 10-K of QuinStreet, Inc. (the “Report”) for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Section 1350 of Chapter 63 of Title 18 of the United States Code.

Douglas Valenti, the Chief Executive Officer and Gregory Wong, the Chief Financial Officer of QuinStreet, Inc., each certifies that, to the best of his knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of QuinStreet, Inc.

Date: August 21, 2024

/s/ Douglas Valenti
Name: Douglas Valenti
Chairman and Chief Executive Officer
(Principal Executive Officer)

/s/ Gregory Wong
Name: Gregory Wong
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 97.1

QUINSTREET, INC.
FINANCIAL RESTATEMENT COMPENSATION RECOUPMENT POLICY

This QuinStreet, Inc. Financial Restatement Compensation Recoupment Policy (the “**Policy**”) has been adopted by the Board of Directors (the “**Board**”) of QuinStreet, Inc. (the “**Company**”) on October 27, 2023. This Policy provides for the recoupment of certain executive compensation in the event of an accounting restatement resulting from material noncompliance with financial reporting requirements under U.S. federal securities laws in accordance with the terms and conditions set forth herein. This Policy is intended to comply with the requirements of Section 10D of the Exchange Act (as defined below) and Section 5608 of the Nasdaq Listing Rules (the “**Listing Rule**”).

1. Definitions. For the purposes of this Policy, the following terms shall have the meanings set forth below.

   a. “**Committee**” means the compensation committee of the Board or any successor committee thereof.

   b. “**Covered Compensation**” means any Incentive-based Compensation “received” by a Covered Executive during the applicable Recoupment Period; *provided* that:

      i. such Incentive-based Compensation was received by such Covered Executive (A) on or after the Effective Date, (B) after he or she commenced service as an Executive Officer and (C) while the Company had a class of securities publicly listed on a United States national securities exchange; and

      ii. such Covered Executive served as an Executive Officer at any time during the performance period applicable to such Incentive-based Compensation.

   For purposes of this Policy, Incentive-based Compensation is “**received**” by a Covered Executive during the fiscal period in which the Financial Reporting Measure applicable to such Incentive-based Compensation (or portion thereof) is attained, even if the payment or grant of such Incentive-based Compensation is made thereafter.

   c. “**Covered Executive**” means any current or former Executive Officer.

   d. “**Effective Date**” means October 2, 2023.

   e. “**Exchange Act**” means the U.S. Securities Exchange Act of 1934, as amended.

   f. “**Executive Officer**” has the meaning set forth in the Listing Rule.

   g. “**Financial Reporting Measure**” means any (i) measure that is determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, (ii) stock price measure or (iii) total shareholder return measure (and any measures that are derived wholly or in part from any measure referenced in clause (i), (ii) or (iii) above). For the avoidance of doubt, any such measure does not need to be presented within the Company’s financial statements or included in a filing with the U.S. Securities and Exchange Commission to constitute a Financial Reporting Measure.

h. "**Financial Restatement**" means a restatement of the Company's financial statements due to the Company's material noncompliance with any financial reporting requirement under U.S. federal securities laws that is required in order to correct:

i. an error in previously issued financial statements that is material to the previously issued financial statements; or

ii. an error that would result in a material misstatement if the error were (A) corrected in the current period or (B) left uncorrected in the current period.

For purposes of this Policy, a Financial Restatement shall not be deemed to occur in the event of a revision of the Company's financial statements due to an out-of-period adjustment (i.e., when the error is immaterial to the previously issued financial statements and the correction of the error is also immaterial to the current period) or a retrospective (1) application of a change in accounting principles; (2) revision to reportable segment information due to a change in the structure of the Company's internal organization; (3) reclassification due to a discontinued operation; (4) application of a change in reporting entity, such as from a reorganization of entities under common control; or (5) revision for stock splits, reverse stock splits, stock dividends or other changes in capital structure.

i. "**Incentive-based Compensation"** means any compensation (including, for the avoidance of doubt, any cash or equity or equity-based compensation, whether deferred or current) that is granted, earned and/or vested based wholly or in part upon the achievement of a Financial Reporting Measure. For purposes of this Policy, "Incentive-based Compensation" shall also be deemed to include any amounts which were determined based on (or were otherwise calculated by reference to) Incentive-based Compensation (including, without limitation, any amounts under any long-term disability, life insurance or supplemental retirement or severance plan or agreement or any notional account that is based on Incentive-based Compensation, as well as any earnings accrued thereon).

j. "**Nasdaq**" means the NASDAQ Global Select Market, or any successor thereof.

k. "**Recoupment Period**" means the three fiscal years completed immediately preceding the date of any applicable Recoupment Trigger Date. Notwithstanding the foregoing, the Recoupment Period additionally includes any transition period (that results from a change in the Company's fiscal year) within or immediately following those three completed fiscal years, provided that a transition period between the last day of the Company's previous fiscal year end and the first day of its new fiscal year that comprises a period of nine (9) to twelve (12) months would be deemed a completed fiscal year.

l. "**Recoupment Trigger Date**" means the earlier of (i) the date that the Board (or a committee thereof or the officer(s) of the Company authorized to take such action if Board action is not required) concludes, or reasonably should have concluded, that the Company is required to prepare a Financial Restatement, and (ii) the date on which a court, regulator or other legally authorized body directs the Company to prepare a Financial Restatement.

2. Recoupment of Erroneously Awarded Compensation.

a. In the event of a Financial Restatement, if the amount of any Covered Compensation received by a Covered Executive (the "**Awarded Compensation**") exceeds the amount of such Covered Compensation that would have otherwise been received by such Covered Executive if calculated based on the Financial Restatement (the "**Adjusted Compensation**"), the Company shall reasonably promptly recover from such Covered Executive an amount equal to the excess of the Awarded Compensation over the Adjusted Compensation, each calculated on a pre-tax basis (such excess amount, the "**Erroneously Awarded Compensation**").

b. If (i) the Financial Reporting Measure applicable to the relevant Covered Compensation is stock price or total shareholder return (or any measure derived wholly or in part from either of such measures) and (ii) the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in the Financial Restatement, then the amount of Erroneously Awarded Compensation shall be determined (on a pre-tax basis) based on the Company's reasonable estimate of the effect of the Financial Restatement on the Company's stock price or total shareholder return (or the derivative measure thereof) upon which such Covered Compensation was received.

c. For the avoidance of doubt, the Company's obligation to recover Erroneously Awarded Compensation is not dependent on (i) if or when the restated financial statements are filed or (ii) any fault of any Covered Executive for the accounting errors or other actions leading to a Financial Restatement.

d. Notwithstanding anything to the contrary in Sections 2.a through c hereof, the Company shall not be required to recover any Erroneously Awarded Compensation if both (x) the conditions set forth in either of the following clauses (i) or (ii) are satisfied and (y) the Committee (or a majority of the independent directors serving on the Board) has determined that recovery of the Erroneously Awarded Compensation would be impracticable:

   i. the direct expense paid to a third party to assist in enforcing the recovery of the Erroneously Awarded Compensation under this Policy would exceed the amount of such Erroneously Awarded Compensation to be recovered; *provided* that, before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation pursuant to this Section 2.d, the Company shall have first made a reasonable attempt to recover such Erroneously Awarded Compensation, document such reasonable attempt(s) to make such recovery and provide that documentation to the Nasdaq; or

   ii. recovery of the Erroneously Awarded Compensation would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of Sections 401(a)(13) or 411(a) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**").

e. The Company shall not indemnify any Covered Executive, directly or indirectly, for any losses that such Covered Executive may incur in connection with the recovery of Erroneously Awarded Compensation pursuant to this Policy, including through the payment of insurance premiums or gross-up payments.

f. The Committee shall determine, in its sole discretion, the manner and timing in which any Erroneously Awarded Compensation shall be recovered from a Covered Executive in accordance with applicable law, including, without limitation, by (i) requiring reimbursement of Covered Compensation previously paid in cash; (ii) seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer or other disposition of any equity or equity-based awards; (iii) offsetting the Erroneously Awarded Compensation amount from any compensation otherwise owed by the Company or any of its affiliates to the Covered Executive; (iv) cancelling outstanding vested or unvested equity or equity-based awards; and/or (v) taking any other remedial and recovery action permitted by applicable law. For the avoidance of doubt, except as set forth in Section 2(d), in no event may the Company accept an amount that is less than the amount of Erroneously Awarded Compensation; *provided* that, to the extent necessary to avoid any adverse tax consequences to the Covered Executive pursuant to Section 409A of the Code, any offsets against amounts under any nonqualified deferred compensation plans (as defined under Section 409A of the Code) shall be made in compliance with Section 409A of the Code.

3. Administration. This Policy shall be administered by the Committee. All decisions of the Committee shall be final, conclusive and binding upon the Company and the Covered Executives, their beneficiaries, heirs, executors, administrators and any other legal representative. The Committee shall have full power and authority to (i) administer and interpret this Policy; (ii) correct any defect, supply any omission and reconcile any inconsistency in this Policy; and (iii) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of this Policy and to comply with applicable law (including Section 10D of the Exchange Act) and applicable stock market or exchange rules and regulations. Notwithstanding anything to the contrary contained herein, to the extent permitted by Section 10D of the Exchange Act and the Listing Rule, the Board may, in its sole discretion, at any time and from time to time, administer this Policy in the same manner as the Committee.

4. Amendment/Termination. Subject to Section 10D of the Exchange Act and the Listing Rule, this Policy may be amended or terminated by the Committee at any time. To the extent that any applicable law, or stock market or exchange rules or regulations require recovery of Erroneously Awarded Compensation in circumstances in addition to those specified herein, nothing in this Policy shall be deemed to limit or restrict the right or obligation of the Company to recover Erroneously Awarded Compensation to the fullest extent required by such applicable law, stock market or exchange rules and regulations. Unless otherwise required by applicable law, this Policy shall no longer be effective from and after the date that the Company no longer has a class of securities publicly listed on a United States national securities exchange.

5. Interpretation. Notwithstanding anything to the contrary herein, this Policy is intended to comply with the requirements of Section 10D of the Exchange Act and the Listing Rule (and any applicable regulations, administrative interpretations or stock market or exchange rules and regulations adopted in connection therewith). The provisions of this Policy shall be interpreted in a manner that satisfies such requirements and this Policy shall be operated accordingly. If any provision of this Policy would otherwise frustrate or conflict with this intent, the provision shall be interpreted and deemed amended so as to avoid such conflict.

6. Other Compensation Clawback/Recoupment Rights. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies, rights or requirements with respect to the clawback or recoupment of any compensation that may be available to the Company pursuant to the terms of any other recoupment or clawback policy of the Company (or any of its affiliates) that may be in effect from time to time, any provisions in any employment agreement, offer letter, equity plan, equity award agreement or similar plan or agreement, and any other legal remedies available to the Company, as well as applicable law, stock market or exchange rules, listing standards or regulations; *provided*, *however*, that any amounts recouped or clawed back under any other policy that would be recoupable under this Policy shall count toward any required clawback or recoupment under this Policy and vice versa.

7. Exempt Compensation. Notwithstanding anything to the contrary herein, the Company has no obligation under this Policy to seek recoupment of amounts paid to a Covered Executive which are granted, vested or earned based solely upon the occurrence or non-occurrence of nonfinancial events. Such exempt compensation includes, without limitation, base salary, time-vesting awards, compensation awarded on the basis of the achievement of metrics that are not Financial Reporting Measures or compensation awarded solely at the discretion of the Committee or the Board, *provided* that such amounts are in no way contingent on, and were not in any way granted on the basis of, the achievement of any Financial Reporting Measure performance goal.

8. Miscellaneous.

    a. Any applicable award agreement or other document setting forth the terms and conditions of any compensation covered by this Policy shall be deemed to include the restrictions imposed herein and incorporate this Policy by reference and, in the event of any inconsistency, the terms of this Policy will govern. For the avoidance of doubt, this Policy applies to all compensation that is received on or after the Effective Date, regardless of the date on which the award agreement or other document setting forth the terms and conditions of the Covered Executive’s compensation became effective, including, without limitation, compensation received under the QuinStreet, Inc. 2010 Equity Incentive Plan and any successor plan thereto.

    b. This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

    c. All issues concerning the construction, validity, enforcement and interpretation of this Policy and all related documents, including, without limitation, any employment agreement, offer letter, equity award agreement or similar agreement, shall be governed by, and construed in accordance with, the laws of the State of California, without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of California or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of California. 6

    d. If any provision of this Policy is determined to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted by applicable law and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under applicable law.