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# Colossus SSP Files Lawsuit Against Adalytics For Defamation, Injurious Falsehood and False Advertising

***Legal Action Cites Financial and Reputational Damage Created by Adalytics' Inaccurate Paper Targeting Black-Owned Direct Digital Holdings' Inclusive Marketplace***

HOUSTON, May 14, 2024 /PRNewswire/ -- Colossus Media LLC ("Colossus SSP" or the "Company"), the inclusive supply-side advertising platform, today filed a civil lawsuit against Adalytics Research LLC of New York City for defamation, injurious falsehood and false advertising.

The suit alleges that Adalytics caused Colossus SSP – part of [Direct Digital Holdings, Inc.](#) (Nasdaq: DRCT) ("Direct Digital Holdings"), the ninth Black-owned company in the U.S. to go public – material and substantial harm by publishing a defamatory paper riddled with inaccuracies. Per the filing: *"These false and misleading statements were made in an effort to damage Colossus SSP's business and reputation for the purpose of selling Adalytics' services and winning new business from ad buyers."*

Specifically, the paper, officially published on May 10, 2024, while disseminated to the media earlier, accused Colossus SSP of manipulating digital data used by advertisers to target specific consumers in order to generate higher prices and more revenue.

Colossus SSP contends that it did not have the ability to alter such customer ID data, nor the knowledge of the value of this information to advertisers, given that for the example raised, Colossus SSP worked exclusively with an intermediary firm, which governed how such transactions occurred.

"As made clear in the lawsuit, the assertions made in Adalytics' paper are patently false and demonstrate a troubling misunderstanding of the complexities of the programmatic landscape," said Mark D. Walker, Co-Founder, CEO and Chairman of Direct Digital Holdings. "It is critical to note that not only did Colossus SSP not employ false user IDs as accused, but the Company did not have direct control over the IDs employed in the campaigns cited by Adalytics."

Beyond challenging the core argument and technical specifics of the paper, the suit alleges that Adalytics' recklessness in presenting this information has caused significant damage to Colossus SSP's hard-earned reputation and its ability to operate successfully in the advertising industry.

The suit reads: *"Beyond the direct financial harm sustained by Colossus SSP as a result of*

*Adalytics' false post, the post has caused damage to Colossus SSP's reputation and goodwill by accusing Colossus SSP of engaging in fraudulent activity and impeaching Colossus SSP's honesty, integrity and core business."*

The lawsuit further goes on to say that Adalytics disseminated its paper without ever discussing with Colossus SSP and refused to provide Colossus SSP with the full piece prior to publication.

In an industry that has long struggled with a lack of transparency and bad actors, Colossus SSP believes that the publishing of the Adalytics paper is an attempt to make Colossus SSP a scapegoat for some of these systemic industry issues.

"Technical integrations across a multitude of vendors open up our ecosystem to discrepancies," said Walker. "Our job as an industry is to resolve them. Even the largest, most reputable ad-tech firms must continuously work back-and-forth with partners to ensure that programmatic campaigns are executed correctly. Indeed, some bad actors look to exploit this ecosystem and it will take a holistic industry-wide approach to address these challenges."

"Given the systemic issues involved in this matter, the ad-tech industry should seriously consider why only Direct Digital Holdings' Colossus SSP is being singled out and falsely accused of wrongdoing," added Walker. "Colossus SSP plays a critical role in the ecosystem by fostering a more diverse and equitable media landscape. Its inclusive marketplace includes both big name media brands and independent minority-owned publishers that previously did not have access to the programmatic pipeline. The purpose of Colossus SSP's legal action is to aggressively fight against Adalytics' defamatory statements, and we fully expect that the results will affirm the Company's ethical business practices."

### **Forward-Looking Statements**

This press release may contain forward-looking statements within the meaning of federal securities laws, including the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and which are subject to certain risks, trends and uncertainties.

As used below, "we," "us," and "our" refer to Direct Digital Holdings. We use words such as "could," "would," "may," "might," "will," "expect," "likely," "believe," "continue," "anticipate," "estimate," "intend," "plan," "project" and other similar expressions to identify forward-looking statements, but not all forward-looking statements include these words. All statements contained in this release that do not relate to matters of historical fact should be considered forward-looking statements.

All of our forward-looking statements involve estimates and uncertainties that could cause actual results to differ materially from those expressed in or implied by the forward-looking statements. Our forward-looking statements are based on assumptions that we have made in light of our industry experience and our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. Although we believe that these forward-looking statements are based on reasonable assumptions, many factors could affect our actual operating and financial performance and cause our performance to differ materially from the performance expressed in or implied by the forward-looking statements, including, but not limited to: our dependence

on the overall demand for advertising, which could be influenced by economic downturns; any slow-down or unanticipated development in the market for programmatic advertising campaigns; the effects of health epidemics, such as the ongoing global COVID-19 pandemic; operational and performance issues with our platform, whether real or perceived, including a failure to respond to technological changes or to upgrade our technology systems; any significant inadvertent disclosure or breach of confidential and/or personal information we hold, or of the security of our or our customers', suppliers' or other partners' computer systems; any unavailability or non-performance of the non-proprietary technology, software, products and services that we use or access through our partners; unfavorable publicity and negative public perception about our industry, particularly concerns regarding data privacy and security relating to our industry's technology and practices, and any perceived failure to comply with laws and industry self-regulation; restrictions on the use of third-party "cookies," mobile device IDs or other tracking technologies, which could diminish our platform's effectiveness; any inability to compete in our intensely competitive market; any significant fluctuations caused by our high customer concentration; any violation of legal and regulatory requirements or any misconduct by our employees, subcontractors, agents or business partners; any strain on our resources, diversion of our management's attention or impact on our ability to attract and retain qualified board members as a result of being a public company; our dependence, as a holding company, of receiving distributions from Direct Digital Holdings, LLC to pay our taxes, expenses and dividends; and other factors and assumptions discussed in the "Risk Factors," "Management's Discussion and Analysis of Financial Conditions and Results of Operations" and other sections of our filings with the SEC that we make from time to time. Should one or more of these risks or uncertainties materialize or should any of these assumptions prove to be incorrect, our actual operating and financial performance may vary in material respects from the performance projected in these forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made, and except as required by law, we undertake no obligation to update any forward-looking statement contained in this release to reflect events or circumstances after the date on which it is made or to reflect the occurrence of anticipated or unanticipated events or circumstances, and we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

### **About Direct Digital Holdings**

Direct Digital Holdings (Nasdaq: DRCT), owner of operating companies Colossus SSP, Huddled Masses, and Orange 142, brings state-of-the-art sell- and buy-side advertising platforms together under one umbrella company. Direct Digital Holdings' sell-side platform, Colossus SSP, offers advertisers of all sizes extensive reach within general market and multicultural media properties. The Company's subsidiaries Huddled Masses and Orange142 deliver significant ROI for middle market advertisers by providing data-optimized programmatic solutions at scale for businesses in sectors that range from energy to healthcare to travel to financial services. Direct Digital Holdings' sell- and buy-side solutions manage on average over 125,000 clients monthly, generating over 300 billion impressions per month across display, CTV, in-app and other media channels.

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