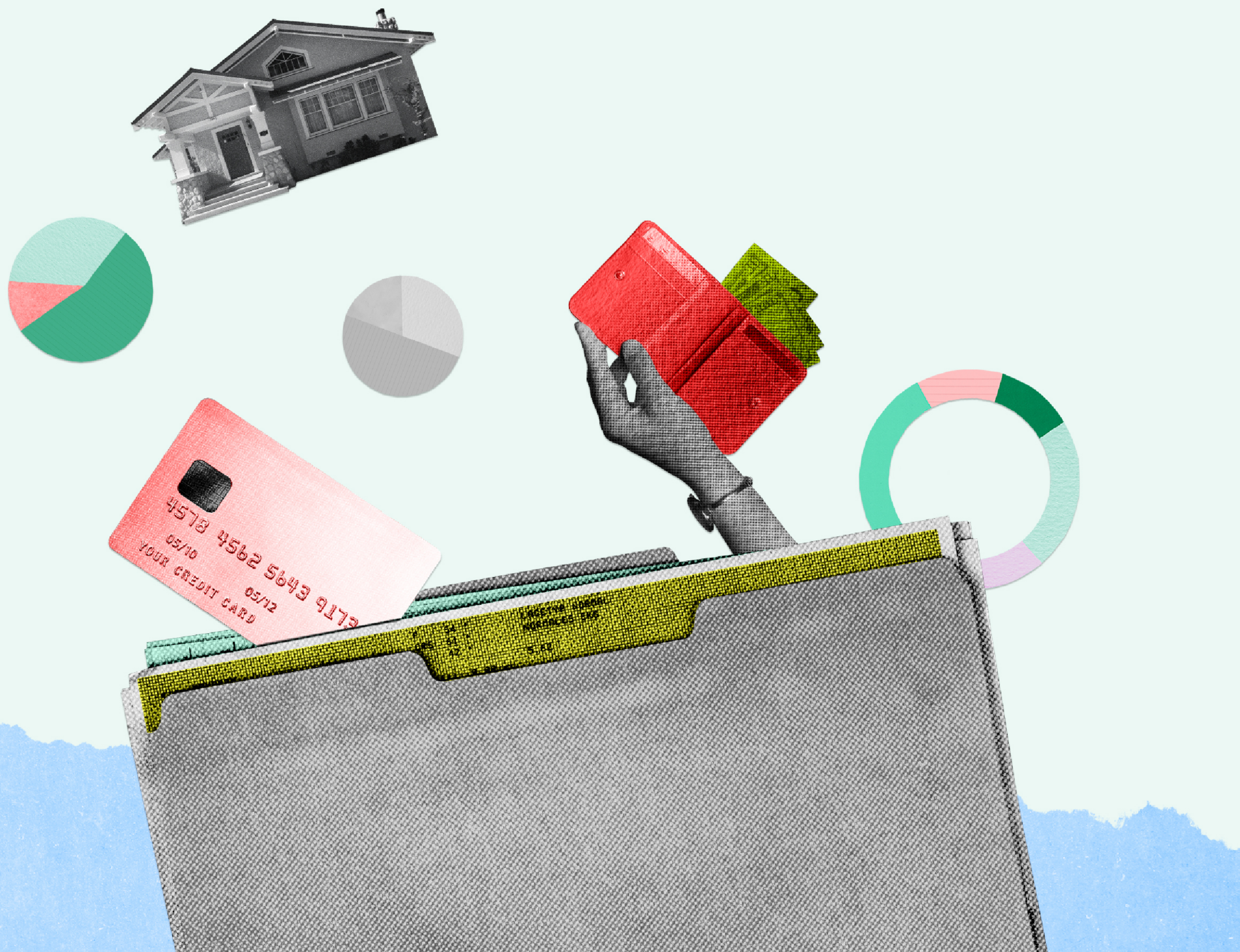
nerdwallet

Q2 2023

Shareholder Letter



PROGRESS IN GROWTH PILLARS

WHERE WE STARTED

LAND & EXPAND

Continued to execute organic playbook with consistent success in Canada with over 150% year-over-year Monthly Unique User (MUU) growth

VERTICAL INTEGRATION

On the Barrelhead (OTB) integration progressing; driving meaningful incremental registrations and monetization in a tough lending environment

REGISTRATIONS & DATA-DRIVEN ENGAGEMENT

37% year-over-year growth in cumulative Registered Users, ending Q2 2023 with over 16 million

WHERE WE'RE GOING

CONNECT DATA • NUDGE • LEARN • SHOP • MANAGE

TRUSTED FINANCIAL ECOSYSTEM

Q2'23 FINANCIAL HIGHLIGHTS

22M

Monthly Unique Users (MUUs) engaging with our content, tools and marketplaces during the quarter

9%

year-over-year growth in MUUs, as we see strong engagement in areas such as banking, insurance and travel as well as increases driven by the inclusion of our OTB acquisition

$143.3M

of revenue delivered during the quarter

14%

year-over-year revenue growth as we saw improved conversion and monetization per MUU across many of our verticals

$20.7M

Adjusted EBITDA delivered while strategically investing in brand awareness, our product vision and our Nerds

14%

Adjusted EBITDA margin, up 4 percentage points versus Q2 2022 as we gained leverage across the majority of our cost base

AUGUST 2, 2023

Fellow Shareholders:

NerdWallet's mission is to provide clarity for all of life's financial decisions. We operate within the larger financial services market, and our strategy is to supply consumers with the most trusted guidance to grow our share of this market, cycle to cycle. Achieving this requires a long-term vision for success: doing right by our customers to build our brand affinity in the long run, rather than operating solely to maximize profits in the short run.

We see evidence that our strategy is effectively enabling us to increase our share of a large and growing market: Our primary addressable market, U.S. financial services digital advertising, is expanding, with a 3-year CAGR of approximately 23%, and NerdWallet's share of this market has also increased, with a 3-year CAGR of 33% alongside robust top-of-funnel gains and all-time highs in aided brand awareness.[1]

In Q2, our diversification helped mitigate severe cyclical headwinds in consumer loans and carrier profitability challenges in insurance driven by inflation, and we achieved year-over-year revenue and Adjusted EBITDA growth in spite of those factors.

We attribute our growing market share to our track record of providing the most trusted financial guidance. Across verticals, including those experiencing headwinds, we continue to provide trusted financial guidance for all of consumers' questions, and we've seen significant consumer engagement in credit cards, travel, home, investing and small- and medium-sized business (SMB). At the same time, our team has recognized the new ways many consumers find financial information. We are growing the audience for our Smart Money podcast, developing content for platforms like TikTok, and embracing emerging technologies: In late Q2, we launched a beta test of NerdAI, a chatbot trained on NerdWallet content, on a subset of personal finance pages to give our consumers a new way to engage with our guidance.

Increasing our consumer mindshare will fuel our long-term vision: a Trusted Financial Ecosystem, or a single platform where consumers and SMBs can learn, shop, and make decisions about their money.

1- CAGR for both metrics represents full calendar year 2019 - 2022; U.S. financial services digital advertising data from Insider Intelligence eMarketer reports: June 2021, July 2022

Q2 2023 BUSINESS HIGHLIGHTS

In Q2, we made meaningful progress across our three growth pillars—Land & Expand, Vertical Integration, and Registration & Data-Driven Engagement—to move us closer to our vision.

In addition to the strong traffic we've seen across verticals this quarter, we leveraged our reach and brand to further our expansion in emerging verticals and serve more consumers. In Canada, we launched a number of new consumer experiences and grew MUUs over 150% year-over-year. For U.S. consumers, we've made progress in auto loans, medicare, and social security, and we launched an estate planning marketplace. These Land & Expand wins cross-pollinate our other strategic objectives: For instance, our investment in social security content has not only grown our traffic, it also contributes to our registration goals, with a social security page now a top driver of daily registrations.

Vertical Integration refers to the alchemy we achieve by pairing NerdWallet's brand and reach with best-in-class consumer experiences. In Q2, our On the Barrelhead (OTB) integration continued, with a focus on cross-sell: The Loans team, where OTB is primarily integrated, is able to leverage OTB's technology to identify when a personal loans customer would be better served by a balance transfer credit card, funneling these consumers to our Credit Cards experience instead. Meanwhile, our SMB team (itself another example of Vertical Integration) has begun testing redirecting business owners who might be better suited to a personal loans product to those shopping flows. In doing this, we believe we can provide consumers with an improved experience—they can explore alternative products that may be better for them or that they wouldn't have considered—while laying the groundwork for more effective monetization. We look forward to relentlessly improving cross-sell experiences and bringing our learnings to other NerdWallet shopping funnels.

As we grow our percentage of consumer mindshare, we are motivated to register and engage NerdWallet users: This will allow us to build relationships with our consumers that ensure they turn and return to NerdWallet for all their money questions. In Q2, we drove a 37% year-over-year increase in our registered user base. At the same time, we have invested in enhanced consumer experiences that give our users a reason to return to us again and again: We launched additional search and categorization functionality in our app, allowing users to track their financial health over time. As a result of this work, we have driven improvements to our user engagement.

Q2 FINANCIAL UPDATE

In Q2, we delivered 14% year-over-year revenue growth in the face of a tough macro environment. Our diversification helped—we faced headwinds in prime lending but benefited from tailwinds in areas such as banking.

We provided trustworthy guidance to 22 million average Monthly Unique Users (MUUs) in Q2. MUUs increased 9% on a year-over-year basis driven by consumer interest in areas such as banking, insurance and travel as well as the addition of our OTB acquisition, partially offset by continued headwinds in mortgage.

During Q2, we generated $21 million of Adjusted EBITDA, at a 14% margin, which is 4 points higher than our Q2'22 margin. We are making further progress in returning to our historical Adjusted EBITDA margin levels while making disciplined investments in building our brand awareness and engaging our user base. Our focus will be on driving incremental efficiencies combined with optimizing for investment levels that balance both shorter-term profitability considerations with longer-term growth opportunities.

RELENTLESSLY IMPROVING

Through this credit cycle and the next, we remain committed to executing on our strategy by investing opportunistically in our business and building on our significant reach to capture more consumer mindshare in our growing market. I look forward to sharing more highlights and examples of our relentless improvement in Q3.

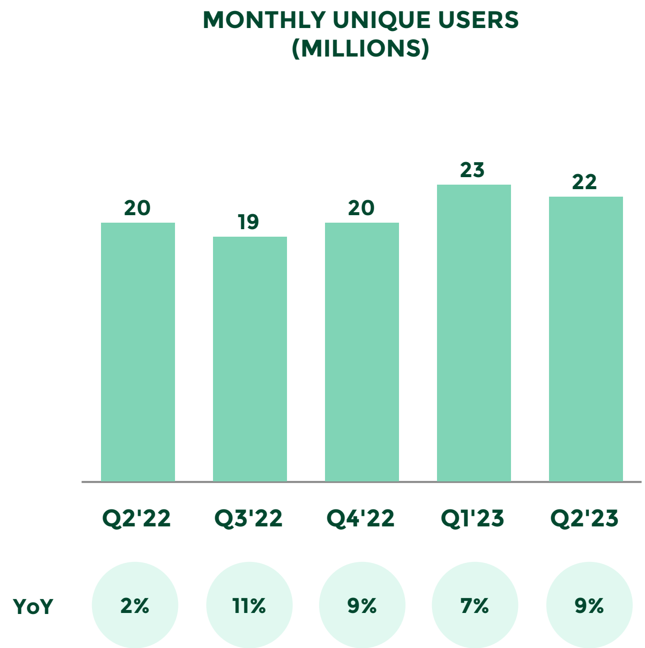
Thank you,

Tim Chen
Co-Founder & CEO

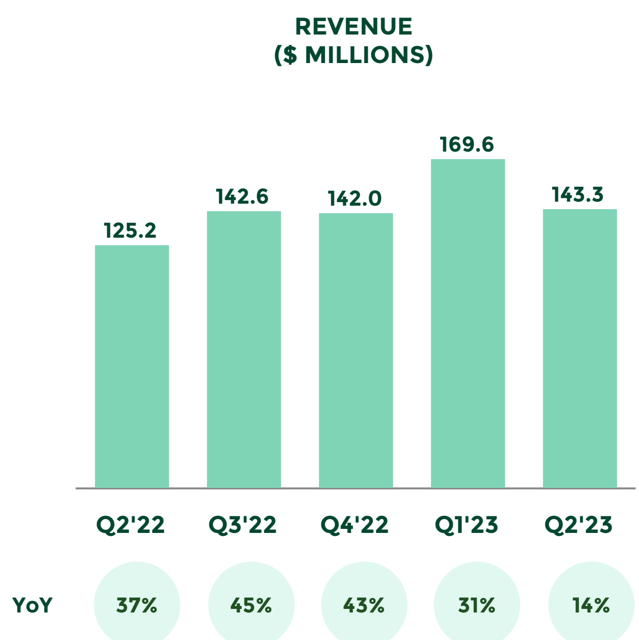
Financial Highlights

Q2 2023 RESULTS
FINANCIAL HIGHLIGHTS

MUUs grew 9% year-over-year during the quarter driven by engagement in areas such as banking, insurance and travel, as well as the addition of our acquisition of OTB, but were pressured by a continued challenging macro environment in mortgages. MUUs decreased 7% quarter-over-quarter in line with typical seasonal cadence in consumer engagement.



Q2 year-over-year revenue grew 14% with strength in banking and insurance, partially offset by pressure in our Credit Cards and Loans verticals.



Q2 2023 RESULTS
SUMMARY FINANCIAL RESULTS

	THREE MONTHS ENDED		
(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)	JUN 30, 2023	JUN 30, 2022	YEAR VS. YEAR
Revenue	**$ 143.3**	**$ 125.2**	**14%**
Credit cards [1]	51.2	54.6	(6%)
Loans [2]	23.1	24.0	(4%)
Other verticals [3]	69.0	46.6	48%
Loss from operations	**$ (4.2)**	**$ (9.0)**	**(54%)**
Net loss	**$ (10.7)**	**$ (9.3)**	**16%**
Net loss per share			
Basic	$ (0.14)	$ (0.14)	0%
Diluted	$ (0.14)	$ (0.14)	0%
Non-GAAP financial measures [4]			
Adjusted EBITDA	**$ 20.7**	**$ 12.7**	**63%**
Non-GAAP operating income (loss)	**$ 0.5**	**$ (5.8)**	**NM**
Cash and cash equivalents	**$ 67.1**	**$ 125.8**	**(47%)**
Average monthly unique users [5]	**22**	**20**	**9%**

(1) Credit cards revenue consists of revenue from consumer credit cards.
(2) Loans revenue includes revenue from personal loans, mortgages, student loans and auto loans.
(3) Other verticals revenue includes revenue from other product sources, including SMB products, banking, insurance, investing and NerdWallet UK.
(4) Adjusted EBITDA and non-GAAP operating income (loss) are non-GAAP measures. See “Non-GAAP Financial Measures” for more information.
(5) We define a Monthly Unique User (MUU) as a unique user with at least one session in a given month as determined by unique device identifiers.

REVENUE

CREDIT CARDS

Credit Cards delivered $51 million of Q2 revenue, a 6% decrease year-over-year. Our typical seasonal cadence of a decline from Q1 to Q2 was magnified by the increasingly cautious underwriting environment that has extended into products typically aimed at prime consumers. We successfully leveraged our improved user experiences combined with our latest brand campaigns to drive continued strength in matches to financial services partners. The increase in overall consumer demand was more than offset by headwinds, especially in areas such as balance transfer products with long introductory zero-interest periods, as a result of conservatism from banks with deploying capital.

REVENUE

LOANS

Loans revenue consists of personal, mortgage, student and auto loans. Loans delivered revenue of $23 million in Q2, down 4% year-over-year. Personal loans, benefiting from the inclusion of our OTB acquisition, delivered re-accelerating growth during the quarter and remained the largest component of Loans revenue. These gains were unable to offset year-over-year declines in mortgage, though we see those growth headwinds subsiding as we begin to compare to slightly easier timeframes from the prior year.

During this quarter of integrating our acquisition of OTB, the largest impact to revenue continues to be within personal loans, given headwinds in areas such as mortgages. We will begin to lap the anniversary of the acquisition during Q3 2023.

REVENUE

OTHER VERTICALS

Other Verticals revenue increased 48% year-over-year to $69 million in Q2. Other Verticals consists of SMB products, banking, insurance and investing verticals as well as NerdWallet UK. We saw another strong quarter of growth in both banking and insurance, while SMB growth decelerated. Banking, which continues to be the largest component of Other Verticals, delivered 139% year-over-year growth, benefiting from high consumer and partner interest though we currently believe we are over-earning in this vertical. Our insurance vertical had another quarter of solid growth, up 41% year-over-year, which grew as a result of our recently improved consumer experiences despite a challenging carrier profitability environment. SMB revenue grew 13% year-over-year as higher rates muted loan demand; while this growth is at lower levels to previous quarters, it continues to validate our vertical integration strategy.

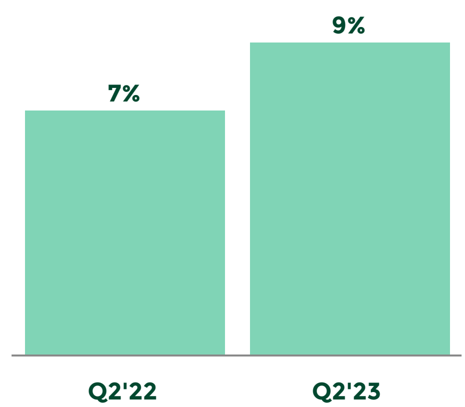
OPERATING EXPENSES

($ MILLIONS)	Q2'22	Q2'23	% CHANGE
Cost of revenue	$ 8.2	$ 13.1	61%
Research & development	20.1	20.0	(0%)
Sales & marketing	88.8	98.8	11%
General & administrative	15.3	15.6	1%
Change in fair value of contingent consideration related to earnouts	1.8	—	(100%)
Total costs & expenses	$ 134.2	$ 147.5	10%

COST OF REVENUE

Cost of Revenue expenses increased 61% year-over-year and were 2 points higher as a percentage of our Revenue. The increase versus prior year was primarily driven by the increase in amortization of acquired intangibles as a result of our OTB acquisition.

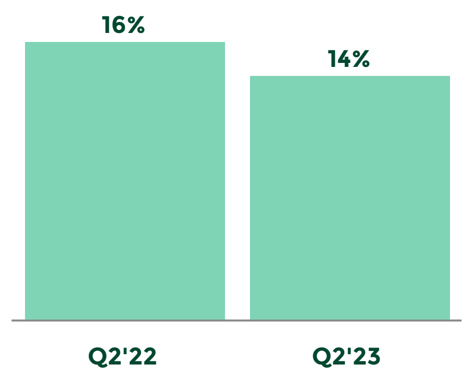
COST OF REVENUE
AS % OF REVENUE



RESEARCH & DEVELOPMENT

Research & Development expenses were relatively flat year-over-year and were 2 points lower as a percentage of our Revenue. We are efficiently investing in product and engineering to support our continued growth and key platform capabilities.

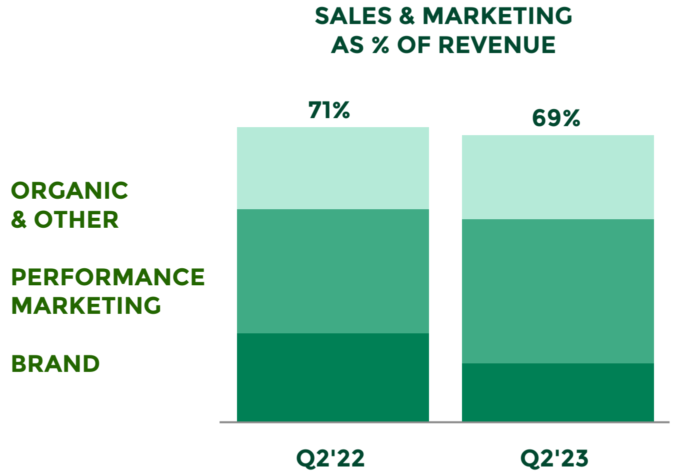
RESEARCH & DEVELOPMENT
AS % OF REVENUE



OPERATING EXPENSES

SALES & MARKETING

Sales & Marketing expenses increased 11% year-over-year and were 2 points lower as a percentage of our Revenue. Sales & Marketing expense was comprised of approximately 21% Brand marketing, 50% Performance marketing, and 29% Organic & other. Sales & Marketing expense consists of: Brand marketing, primarily advertising costs to increase awareness; Performance marketing, primarily costs to drive traffic directly to our platform; and Organic & other, primarily personnel-related costs for content and other marketing and sales teams.



Our Brand marketing creates a virtuous cycle and “halo effect” across all marketing channels as we aim to improve our ability to remain top-of-mind with consumers. As a reminder, our investment in Brand marketing will have significant seasonal margin impacts as optimal timing for campaign effectiveness is not consistent across our fiscal quarters.

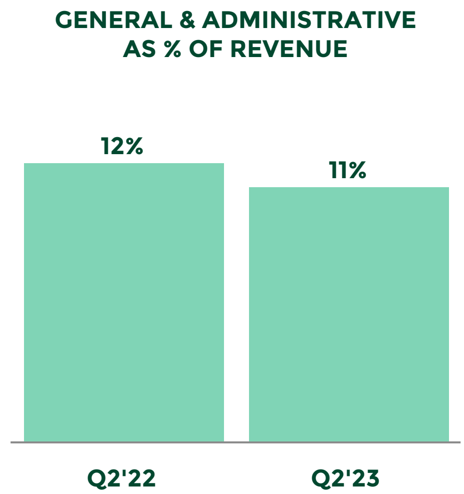
Performance marketing continues to be an effective channel for us to drive traffic and engagement to the NerdWallet platform, diversifying from our strong organic traffic base. During the first half of the year, over 70% of our traffic came from direct or unpaid sources.

Organic & other expenses increased year-over-year as we execute on both our “Land and Expand” and “Vertical Integration” strategies with scaling acquisitions, primarily through incremental personnel costs.

OPERATING EXPENSES

GENERAL & ADMINISTRATIVE

General & Administrative expenses increased 1% year-over-year and were 1 point lower as a percentage of our Revenue. The increase versus prior year was primarily driven by increased personnel costs.



BALANCE SHEET AND LIQUIDITY

Our balance sheet and liquidity position remain strong. We ended the second quarter with $67.1 million of cash on hand and no debt. Of our cash and cash equivalents, $51.6 million were held in money market funds. We also ended the second quarter with $18.7 million remaining in share repurchase authorization.

FINANCIAL OUTLOOK

Q3 Revenue: $142 - $147 million; representing 1% year-over-year growth at the midpoint
Q3 Adjusted EBITDA: $18 - $20 million

There will be variability in our quarterly margins, but we expect a 2023 annual Adjusted EBITDA margin of over 15%, a year-over-year increase of approximately three percentage points. We also expect 2023 annual GAAP operating loss margin of approximately (1%) and Non-GAAP operating income margin of approximately 2%.

NerdWallet has not provided a quantitative reconciliation of forecasted GAAP net income (loss) to forecasted Adjusted EBITDA within this communication because the company is unable, without making unreasonable efforts, to calculate certain reconciling items with confidence. These items include, but are not limited to, income taxes which are directly impacted by unpredictable fluctuations in the market price of the company's capital stock. These items, which could materially affect the computation of forward-looking GAAP net income (loss), are inherently uncertain and depend on various factors, many of which are outside of NerdWallet's control.

A reconciliation of forecasted operating loss margin to forecasted non-GAAP operating income margin is as follows:

	FORECASTED FULL YEAR 2023
Operating loss margin[1]	**(1%)**
Impact on margin of:	
Depreciation and amortization	8%
Acquisition-related retention	1%
Capitalized internally developed software costs	(6%)
Non-GAAP operating income margin[2]	**2%**

(1) Represents forecasted operating loss as a percentage of forecasted revenue.
(2) Represents forecasted non-GAAP operating income as a percentage of forecasted revenue.

For more information regarding the non-GAAP financial measures discussed in this communication, please see "Non-GAAP Financial Measures" below.

QUARTERLY CONFERENCE CALL

A conference call to discuss NerdWallet's second quarter 2023 financial results will be webcast live today, August 2, 2023 at 1:30 PM Pacific Time (PT). The live webcast is open to the public and will be available on NerdWallet's investor relations website at https://investors.nerdwallet.com. Following completion of the call, a recorded replay of the webcast will be available on NerdWallet's investor relations website.

Appendix

FORWARD-LOOKING STATEMENTS

This letter to shareholders contains forward-looking statements about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this letter are forward-looking statements, including, but not limited to, the statements in the section titled "Financial Outlook." In some cases, you can identify forward-looking statements because they contain words such as "anticipate," "believe," "contemplate," "continue," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "should," "target," "will" or "would" or the negative of these words or other similar terms or expressions. These forward-looking statements include, but are not limited, statements concerning the following:

- the effect of macroeconomic developments, including but not limited to, inflation, rising interest rates, tightening credit markets and general macroeconomic uncertainty on our business results of operations, financial condition and stock price;
- our expectations regarding our future financial and operating performance, including total revenue, cost of revenue, Adjusted EBITDA, non-GAAP operating income (loss) and MUUs;
- our ability to grow traffic and engagement on our platform;
- our expected returns on marketing investments and brand campaigns;
- our expectations about consumer demand for the products on our platform;
- our ability to convert users into Registered Users and improve repeat user rates;
- our ability to convert consumers into matches with financial services partners;
- our ability to grow within existing and new verticals;
- our ability to expand geographically;
- our ability to maintain and expand our relationships with our existing financial services partners and to identify new financial services partners;
- our ability to build efficient and scalable technical capabilities to deliver personalized guidance and nudge users;
- our ability to maintain and enhance our brand awareness and consumer trust;
- our ability to generate high quality, engaging consumer resources;
- our ability to adapt to the evolving financial interests of consumers;
- our ability to compete with existing and new competitors in existing and new market verticals;
- our ability to maintain the security and availability of our platform;
- our ability to maintain, protect and enhance our intellectual property;
- our ability to identify, attract and retain highly skilled, diverse personnel;
- our ability to stay in compliance with laws and regulations that currently apply or become applicable to our business;
- the sufficiency of our cash, cash equivalents, and investments to meet our liquidity needs;
- our ability to effectively manage our growth and expand our infrastructure and maintain our corporate culture;
- our ability to successfully identify, manage, and integrate any existing and potential acquisitions;
- our ability to achieve expected synergies, accretive value and other benefits from completed acquisitions; and
- our share repurchase plan, including expectations regarding the amount, timing and manner of repurchases made under the plan.

You should not rely on forward-looking statements as predictions or guarantees of future events. We have based the forward-looking statements contained in this letter primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition and operating results. These forward-looking statements are subject to risks, uncertainties and other factors that may cause actual results or outcomes to be materially different from any future results expressed or implied by these forward-looking statements, including those factors described in filings we make with the SEC from time to time.

The forward-looking statements made in this letter speak only as of the date hereof. We undertake no obligation to update any forward-looking statements made in this letter to reflect events or circumstances after the date of this letter or to reflect new information or the occurrence of unanticipated events, except as required by law.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS UNAUDITED

(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)	THREE MONTHS ENDED JUN 30, 2023	JUN 30, 2022	% CHANGE
Revenue	**$ 143.3**	**$ 125.2**	**14%**
Costs and Expenses:			
Cost of revenue	13.1	8.2	61%
Research and development	20.0	20.1	(0%)
Sales and marketing	98.8	88.8	11%
General and administrative	15.6	15.3	1%
Change in fair value of contingent consideration related to earnouts	—	1.8	(100%)
Total costs and expenses	147.5	134.2	10%
Loss From Operations	**(4.2)**	**(9.0)**	**(54%)**
Other income (expense), net:			
Interest income	0.8	0.1	701%
Interest expense	(0.2)	(0.2)	4%
Other losses, net	—	—	NM
Total other income (expense), net	0.6	(0.1)	NM
Loss before income taxes	(3.6)	(9.1)	(61%)
Income tax provision	7.1	0.2	NM
Net Loss	**$ (10.7)**	**$ (9.3)**	**16%**
Net Loss Per Share Attributable to Common Stockholders			
Basic	$ (0.14)	$ (0.14)	0%
Diluted	$ (0.14)	$ (0.14)	0%
Weighted-Average Shares Used in Computing Net Loss Per Share Attributable to Common Stockholders			
Basic	76.8	67.4	
Diluted	76.8	67.4	

NON-GAAP FINANCIAL MEASURES

We use Adjusted EBITDA and non-GAAP operating income (loss) in conjunction with GAAP measures as part of our overall assessment of our performance, including the preparation of our annual operating budget and quarterly forecasts, to evaluate the effectiveness of our business strategies, and to communicate with our Board of Directors concerning our financial performance.

Adjusted EBITDA: We define Adjusted EBITDA as net income (loss) from continuing operations adjusted to exclude depreciation and amortization, interest income (expense), net, provision (benefit) for income taxes, and further exclude (1) losses (gains) on disposals of assets, (2) change in fair value of contingent consideration related to earnouts, (3) deferred compensation related to earnouts, (4) stock-based compensation, and (5) acquisition-related costs.

Non-GAAP operating income (loss): We define non-GAAP operating income (loss) as income (loss) from operations adjusted to exclude depreciation and amortization, and further exclude (1) losses (gains) on disposals of assets, (2) change in fair value of contingent consideration related to earnouts, (3) deferred compensation related to earnouts, and (4) acquisition-related costs. We also reduce income (loss) from operations for capitalized internally developed software costs.

The above items are excluded from our Adjusted EBITDA and non-GAAP operating income (loss) measures because these items are non-cash in nature, or because the amount is not driven by core operating results and renders comparisons with prior periods less meaningful. We deduct capitalized internally developed software costs in our non-GAAP operating income (loss) measure to reflect the cash impact of personnel costs incurred within the time period.

We believe that Adjusted EBITDA and non-GAAP operating income (loss) provide useful information to investors and others in understanding and evaluating our operating results and in comparing operating results across periods. Moreover, Adjusted EBITDA and non-GAAP operating income (loss) are key measurements used by our management internally to make operating decisions, including those related to analyzing operating expenses, evaluating performance, and performing strategic planning and annual budgeting. However, the use of these non-GAAP measures have certain limitations because they do not reflect all items of income and expense that affect our operations. Adjusted EBITDA and non-GAAP operating income (loss) have limitations as financial measures, should be considered as supplemental in nature, and are not meant as substitutes for the related financial information prepared in accordance with GAAP. These limitations include the following:

- Adjusted EBITDA does not reflect interest income (expense) and other gains (losses), net, which include unrealized and realized gains and losses on foreign currency exchange, as well as certain nonrecurring gains (losses);
- Adjusted EBITDA and non-GAAP operating income (loss) exclude certain recurring, non-cash charges, such as amortization of software, depreciation of property and equipment, amortization of intangible assets, and (losses) gains on disposals of assets. Although these are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA and non-GAAP operating income (loss) do not reflect all cash requirements for such replacements or for new capital expenditure requirements;
- Adjusted EBITDA excludes stock-based compensation, including for acquisition-related inducement awards, which has been, and will continue to be for the foreseeable future, a significant recurring expense in our business and an important part of our compensation strategy; and
- Adjusted EBITDA and non-GAAP operating income (loss) exclude acquisition-related costs, including acquisition-related retention compensation under compensatory retention agreements with certain key employees, acquisition-related transaction expenses, contingent consideration fair value adjustments related to earnouts, and deferred compensation related to earnouts.

In addition, Adjusted EBITDA and non-GAAP operating income (loss) as we define them may not be comparable to similarly titled measures used by other companies. Because of these limitations, you should consider Adjusted EBITDA and non-GAAP operating income (loss) alongside other financial performance measures, including net income (loss), income (loss) from operations, and our other GAAP results.

NON-GAAP FINANCIAL MEASURES

We compensate for the limitations on the prior page by reconciling Adjusted EBITDA to net loss, and non-GAAP operating income (loss) to loss from operations, the most comparable respective GAAP financial measures, as follows:

	THREE MONTHS ENDED		
(IN MILLIONS)	**JUN 30, 2023**	**JUN 30, 2022**	**% CHANGE**
Net loss	**$ (10.7)**	**$ (9.3)**	**16%**
Depreciation and amortization	12.2	7.6	59%
Stock-based compensation	11.3	9.7	17%
Acquisition-related retention	1.4	—	NM
Deferred compensation related to earnouts	—	0.4	(100%)
Change in fair value of contingent consideration related to earnouts	—	1.8	(100%)
Acquisition-related expenses	—	2.2	(100%)
Interest (income) expense, net	(0.6)	0.1	NM
Income tax provision	7.1	0.2	NM
Adjusted EBITDA	**$ 20.7**	**$ 12.7**	**63%**
Stock-based compensation	(11.3)	(9.7)	17%
Capitalized internally developed software costs	(8.9)	(8.8)	0%
Non-GAAP operating income (loss)	**$ 0.5**	**$ (5.8)**	**NM**
Net loss margin	(7%)	(7%)	
Adjusted EBITDA margin [1]	14%	10%	
Loss from operations	**$ (4.2)**	**$ (9.0)**	**(54%)**
Depreciation and amortization	12.2	7.6	59%
Acquisition-related retention	1.4	—	NM
Deferred compensation related to earnouts	—	0.4	(100%)
Change in fair value of contingent consideration related to earnouts	—	1.8	(100%)
Acquisition-related expenses	—	2.2	(100%)
Capitalized internally developed software costs	(8.9)	(8.8)	0%
Non-GAAP operating income (loss)	**$ 0.5**	**$ (5.8)**	**NM**
Operating loss margin	(3%)	(7%)	
Non-GAAP operating income (loss) margin [2]	0%	(5%)	

(1) Represents Adjusted EBITDA as a percentage of revenue.
(2) Represents non-GAAP operating income (loss) as a percentage of revenue.

NON-GAAP FINANCIAL MEASURES

The following table provides our historical Adjusted EBITDA and non-GAAP operating income (loss), along with reconciliations to net income (loss) and income (loss) from operations, the most comparable respective GAAP financial measures:

	THREE MONTHS ENDED									
(IN MILLIONS)	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021
Net income (loss)	**$(10.7)**	**$ 1.7**	**$ 8.9**	**$ 0.7**	**$ (9.3)**	**$(10.5)**	**$ (7.9)**	**$ (7.8)**	**$(13.9)**	**$(12.9)**
Depreciation and amortization	12.2	11.7	11.4	10.8	7.6	7.2	7.2	7.1	6.6	6.2
Stock-based compensation	11.3	8.6	9.1	9.1	9.7	6.5	7.1	4.3	4.2	2.3
Acquisition-related retention	1.4	1.4	1.4	1.4	—	—	—	—	—	—
Deferred compensation related to earnouts	—	—	0.5	0.4	0.4	0.4	0.6	0.6	0.4	0.5
Loss on disposal of assets	—	—	—	—	—	—	—	0.5	—	0.3
Change in fair value of contingent consideration related to earnouts	—	—	0.6	0.4	1.8	3.9	8.0	2.4	0.7	7.0
Acquisition-related expenses	—	—	0.1	1.2	2.2	—	—	—	—	0.1
Interest (income) expense, net	(0.6)	(0.8)	0.3	0.4	0.1	0.2	0.2	0.4	0.4	0.3
Other losses (gains), net	—	0.1	—	—	—	—	(1.5)	0.1	(1.3)	0.1
Income tax provision (benefit)	7.1	(1.8)	(1.3)	(9.9)	0.2	1.2	(0.2)	13.6	(7.9)	(0.7)
Adjusted EBITDA	**$20.7**	**$20.9**	**$ 31.0**	**$ 14.5**	**$ 12.7**	**$ 8.9**	**$ 13.5**	**$ 21.2**	**$(10.8)**	**$ 3.2**
Stock-based compensation	(11.3)	(8.6)	(9.1)	(9.1)	(9.7)	(6.5)	(7.1)	(4.3)	(4.2)	(2.3)
Capitalized internally developed software costs	(8.9)	(8.5)	(8.2)	(8.8)	(8.8)	(7.9)	(6.4)	(5.8)	(6.1)	(5.7)
Non-GAAP operating income (loss)	**$ 0.5**	**$ 3.8**	**$ 13.7**	**$ (3.4)**	**$ (5.8)**	**$ (5.5)**	**$ –**	**$ 11.1**	**$ (21.1)**	**$ (4.8)**
Net income (loss) margin	(7%)	1%	6%	0%	(7%)	(8%)	(8%)	(8%)	(15%)	(14%)
Adjusted EBITDA margin [1]	14%	12%	22%	10%	10%	7%	14%	21%	(12%)	4%
Income (loss) from operations	**$ (4.2)**	**$ (0.8)**	**$ 7.9**	**$ (8.8)**	**$ (9.0)**	**$ (9.1)**	**$ (9.4)**	**$ 6.3**	**$(22.7)**	**$(13.2)**
Depreciation and amortization	12.2	11.7	11.4	10.8	7.6	7.2	7.2	7.1	6.6	6.2
Acquisition-related retention	1.4	1.4	1.4	1.4	—	—	—	—	—	—
Deferred compensation related to earnouts	—	—	0.5	0.4	0.4	0.4	0.6	0.6	0.4	0.5
Loss on disposal of assets	—	—	—	—	—	—	—	0.5	—	0.3
Change in fair value of contingent consideration related to earnouts	—	—	0.6	0.4	1.8	3.9	8.0	2.4	0.7	7.0
Acquisition-related expenses	—	—	0.1	1.2	2.2	—	—	—	—	0.1
Capitalized internally developed software costs	(8.9)	(8.5)	(8.2)	(8.8)	(8.8)	(7.9)	(6.4)	(5.8)	(6.1)	(5.7)
Non-GAAP operating income (loss)	**$ 0.5**	**$ 3.8**	**$ 13.7**	**$ (3.4)**	**$ (5.8)**	**$ (5.5)**	**$ –**	**$ 11.1**	**$ (21.1)**	**$ (4.8)**
Operating income (loss) margin	(3%)	0%	6%	(6%)	(7%)	(7%)	(9%)	6%	(25%)	(15%)
Non-GAAP operating income (loss) margin [2]	0%	2%	10%	(2%)	(5%)	(4%)	0%	11%	(23%)	(5%)

(1) Represents Adjusted EBITDA as a percentage of revenue.

(2) Represents non-GAAP operating income (loss) as a percentage of revenue.

CONDENSED CONSOLIDATED BALANCE SHEETS
UNAUDITED

(IN MILLIONS)	JUN 30, 2023	DEC 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 67.1	$ 83.9
Accounts receivable—net	92.4	87.0
Prepaid expenses and other current assets	21.7	18.3
Total current assets	181.2	189.2
Property, equipment and software—net	52.5	49.1
Goodwill	111.5	111.2
Intangible assets—net	54.9	64.1
Right-of-use assets	9.9	11.3
Other assets	0.6	0.8
Total Assets	**$ 410.6**	**$ 425.7**
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 1.6	$ 3.6
Accrued expenses and other current liabilities	33.4	37.9
Contingent consideration—current	—	30.9
Total current liabilities	35.0	72.4
Other liabilities—noncurrent	10.6	11.6
Total liabilities	45.6	84.0
Commitments and contingencies		
Stockholders' equity	365.0	341.7
Total Liabilities and Stockholders' Equity	**$ 410.6**	**$ 425.7**

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS UNAUDITED

(IN MILLIONS)

SIX MONTHS ENDED JUNE 30,	2023	2022
Operating Activities:		
Net loss	$ (9.0)	$ (19.8)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	23.9	14.8
Stock-based compensation	19.9	16.2
Change in fair value of contingent consideration related to earnouts	—	5.7
Deferred taxes	(0.3)	(1.3)
Non-cash lease costs	1.4	1.3
Other, net	1.2	0.5
Changes in operating assets and liabilities:		
Accounts receivable	(6.4)	(19.3)
Prepaid expenses and other assets	(3.2)	(3.1)
Accounts payable	(1.9)	2.0
Accrued expenses and other current liabilities	(4.6)	2.4
Payment of contingent consideration	(14.0)	(11.5)
Operating lease liabilities	(1.5)	(0.9)
Other liabilities	0.9	(1.4)
Net cash provided by (used in) operating activities	6.4	(14.4)
Investing Activities:		
Capitalized software development costs	(14.9)	(13.0)
Purchase of property and equipment	(0.4)	(2.9)
Net cash used in investing activities	(15.3)	(15.9)
Financing Activities:		
Payment of contingent consideration	(16.9)	(19.0)
Proceeds from line of credit	7.5	—
Payments on line of credit	(7.5)	—
Proceeds from exercise of stock options	8.8	4.3
Issuance of Class A common stock under Employee Stock Purchase Plan	1.9	3.2
Repurchase of Class A common stock	(1.3)	—
Tax payments related to net-share settlements on restricted stock units	(0.5)	—
Net cash used in financing activities	(8.0)	(11.5)
Effect of exchange rate changes on cash and cash equivalents	0.1	(0.2)
Net decrease in cash and cash equivalents	(16.8)	(42.0)
Cash and Cash Equivalents:		
Beginning of period	83.9	167.8
End of period	$ 67.1	$ 125.8