Q2 2024

Shareholder Letter

nerdwallet™

Progress in Growth Pillars

WHERE WE STARTED

LAND & EXPAND

Continued success leveraging organic playbook to scale in new geographies—non-US Monthly Unique Users (MUUs) up 29% year-over-year

VERTICAL INTEGRATION

Extended loan matching technology to provide shoppers with better outcomes, directing personal loans shoppers who could also qualify for a home equity loan to a new cross-sell experience

REGISTRATIONS & DATA-DRIVEN ENGAGEMENT

Ended Q2 2024 with 22 million cumulative Registered Users

WHERE WE'RE GOING

Q2'24 Financial Highlights

23M

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

7%

year-over-year growth in MUUs as we see strong engagement in areas such as travel products, investing and insurance

$150.6M

of revenue delivered

5%

year-over-year revenue growth from growth in insurance and SMB products, partially offset by headwinds in banking and credit cards

$14.3M

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

10%

Adjusted EBITDA margin, down four points versus Q2 2023 as our revenue mix shifted more toward paid media in the quarter

$(2.7)M

Non-GAAP Operating Loss

(2%)

Non-GAAP Operating Loss margin, down two points versus Q2 2023

JULY 31, 2024

Fellow Shareholders:

Over the past several years, I've written to you frequently about NerdWallet's long-term orientation: Our business is cyclical, and headwinds and tailwinds will offset each other over time, so our priority is growing from cycle to cycle—which we've done through a pandemic, a regional banking crisis, a prolonged zero interest period, and a series of rate hikes. A large part of our ability to grow consistently through such a varied set of cycles has been our diversification, since macroeconomic conditions pressuring one area of our business will tend to lift another area of our business.

In Q2, we hit an air pocket in the cycle: The banking market started to decelerate, as consumer demand for products like high-interest savings accounts waned, but the absence of rate cuts and elevated delinquency rates mean we have not yet seen a corresponding uptick in our Loans business. We expect a tailwind in Loans and Credit Cards when widely-anticipated rate cuts materialize and as delinquency rates stabilize then improve. However, this quarter we saw a significant uptick in our insurance business, which grew revenue 196% year-over-year as carriers came back online and consumer demand increased. Because insurance is legally mandated, it is not subject to the same credit cycle drivers as our other verticals, and our results in the category this quarter further highlight the benefit of our diversification.

Through this transition period, we've shown our business's durability: We ended Q2 in line with our expectations for revenue, growing 5% year-over-year despite headwinds, and monthly unique users (MUUs)—while down quarter-over-quarter—still grew 7% year-over-year.

With that said, we fell short of our goal for non-GAAP operating income due to a higher mix of paid marketing-based revenue. We attribute this to two factors: First, in Q2 we saw unexpected headwinds in organic search traffic; although we are seeing early signs of recovery here, our expectations bake in a conservative outlook in terms of the timing and magnitude of a full recovery. Second, we have made significant improvements to our insurance marketplaces that have opened up the ability to scale performance marketing channels while registering a large percentage of traffic, allowing us to proactively re-engage these consumers over time. This contributed to increasing our cumulative registration base to 22 million users in Q2. We've extended these improvements to other verticals, which should increase our ability to pay to acquire users profitably while registering more of our traffic as macro conditions accelerate our Loans business. These registered users should lead to future organic growth since registered users have five times the lifetime value of non-registered users. Moreover, with early signals indicating organic search traffic recovery, I continue to feel we have a path to achieve the mid- and long-term targets we shared in March of this year.

We have made strategic decisions to reduce portions of our cost base. As a result, yesterday we completed a reduction in force that we expect to lead to approximately $30 million in annualized cost savings, inclusive of stock-based compensation.

The primary objective behind our continued push for efficiency is to invest more in our most important long-term strategic initiatives. Previously I've shared our focus on bringing more consumers and SMBs to NerdWallet directly by making it a no-brainer to shop for financial products in our Trusted Financial Ecosystem. We see our Vertical Integration efforts as key to achieving this vision. Earlier this year, we also launched a paid membership offering that will help us make this vision a reality: NerdWallet+, which rewards members for healthy financial behavior and provides access to better rates on certain products from participating financial institutions. This initiative is in its early days, but our increased efficiency will allow us to double-down on improved consumer experiences like this in addition to relentlessly improving our core business.

Q2 2024 BUSINESS HIGHLIGHTS

Land and Expand

Land & Expand is a significant driver of our diversification, extending our brand and reach to new categories and geographies, as well as audiences. In Q2, we made progress in international expansion as we launched our first credit cards product overview in Australia. Our Canada team also continues to expand in key categories like mortgages, capitalizing on the Bank of Canada's recent rate cut to drive traffic to our site, growing MUUs by 20% year-over-year. Meanwhile, in the US, we continued to invest in building strong off-page audiences, including on YouTube and TikTok, but most notably with our Smart Money podcast. Since the start of the year, we have more than doubled our podcast follower count, and we ended Q2 consistently ranking as one of Apple's top Investing podcasts.

Vertical Integration

As we look to drive more direct traffic to NerdWallet, we've invested significantly in Vertical Integration with the hypothesis that offering consumers more convenient, personalized shopping experiences will increase their likelihood of registering and overall brand loyalty. In Q2, NerdWallet Advisors expanded to offer NerdWallet Coach, an AI-enhanced financial planning tool, while scaling our digital RIA offering. At the same time, our Loans team continued to extend our loan matching technology to provide shoppers with better outcomes, directing personal loans shoppers who could also qualify for a home equity loan to a new cross-sell experience. In SMB, the team introduced new AI-trained models to replace a third-party processing service with the goal of shaving significant time off our human-assisted brokering process. They also continued to optimize their use of machine learning to route shoppers to the best experience based on their needs, a model that we recently introduced to our auto insurance marketplace with further expansion plans in the future.

Registrations & Data-driven Engagement

As discussed above, in Q2 we increased our cumulative registrations base to 22 million users. We know there is considerable long-term upside to registering users: Registered users are easier for us to re-engage to come back to NerdWallet directly, and they have five times the lifetime value of non-registered visitors. We attribute our growth this quarter to our push to offer more personalized shopping experiences. Additionally, we have made significant progress on our ability to re-engage users with more personalized, targeted cross-sell offers once they've registered with us, bringing more consumers back to us directly. We also made progress in our new paid membership initiative, NerdWallet+: In Q2, we launched our first NerdWallet+ banking offer, providing members with a $100 reward after opening a high-yield savings account and setting up direct deposit. We also introduced "Ask a Nerd," which offers NerdWallet+ members more personalized financial guidance.

Q2 FINANCIAL UPDATE

In Q2, revenue grew 5% year-over-year as we saw growth return, fueled by strength in areas such as Insurance and SMB. The lending environment remained depressed in loans, and prime lending appetite is still affected in capital intensive lending categories like balance transfer cards. While our diversification continues to help during cyclically depressed timeframes, we are seeing continued slowing consumer demand in areas such as banking well ahead of a broader recovery in Loans.

We provided trustworthy guidance to 23 million average Monthly Unique Users (MUUs) in Q2. MUUs increased 7% on a year-over-year basis driven by consumer interest in areas such as travel products, investing and insurance, where rising premiums are driving more consumers to look for the best options for them. The growth deceleration versus Q1'24 is primarily driven by a slow down in consumer demand in areas such as banking as well as tailwinds subsiding in investing.

During Q2, we generated $14 million of adjusted EBITDA, at a 10% margin, and $(3) million of non-GAAP operating loss, at a (2%) loss margin. Revenue growth came with a mix of monetizing traffic that skewed more performance marketing than organic, driving near-term pressure to our margin, though we feel confident that through prudent cost base right-sizing combined with strategic investments in both brand and long-term product enhancements, we still see a path to our mid- and long-term targets we issued in March of this year.

LOOKING AHEAD

Throughout the past 15 years, NerdWallet has weathered a number of cycles, and we have always emerged stronger on the other side thanks to our focus on long-term growth and relentless improvement. While we have recently made some tough decisions, I am energized by the steps we're taking to bring more consumers to NerdWallet directly and feel strongly that we have the focus and capabilities to achieve our vision.

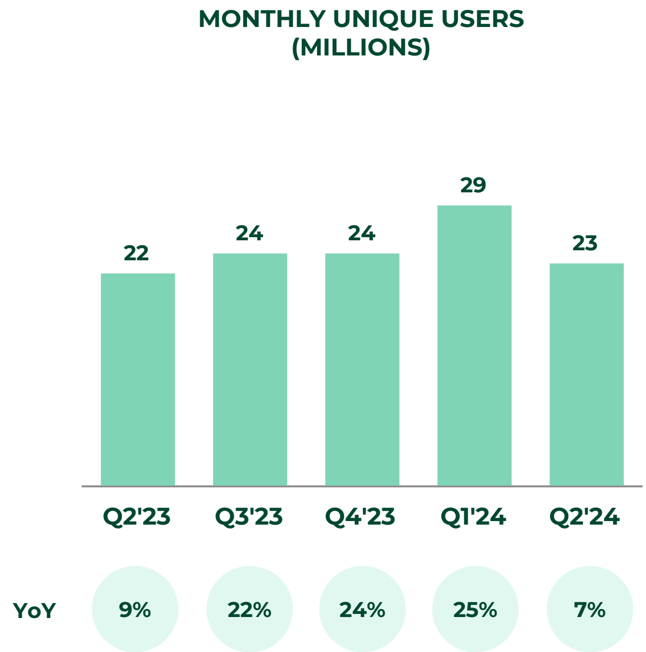
Thank you,

Tim Chen
Co-Founder & CEO

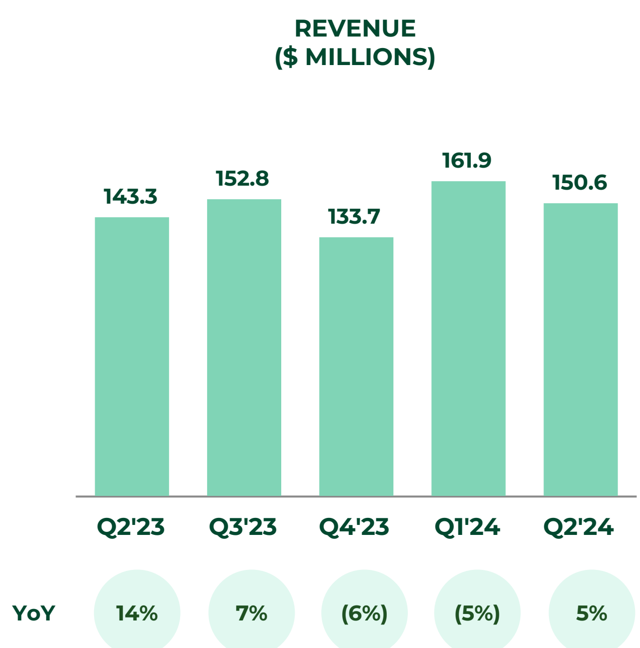
Financial Highlights

Q2 2024 RESULTS
FINANCIAL HIGHLIGHTS

MUUs grew 7% year-over-year driven by engagement in areas such as travel products, investing and insurance. MUUs decreased 20% quarter-over-quarter as we saw our typical seasonal cadence combined with abating demand from idiosyncratic Q1 events in areas such as crypto within investing.



Q2 year-over-year revenue grew 5% with strength in insurance and SMB products, partially offset by pressure in our banking and credit cards verticals.



Q2 2024 RESULTS
SUMMARY FINANCIAL RESULTS

(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)	THREE MONTHS ENDED JUN 30, 2024	THREE MONTHS ENDED JUN 30, 2023	YEAR VS. YEAR
Revenue	**$ 150.6**	**$ 143.3**	**5%**
Credit cards [1]	46.1	51.2	(10%)
Loans [2]	21.7	23.1	(6%)
SMB products [3]	26.1	23.7	10%
Emerging verticals [4]	56.7	45.3	25%
Loss from operations	**$ (9.6)**	**$ (4.2)**	**129%**
Net loss	**$ (9.4)**	**$ (10.7)**	**(12%)**
Net loss per share			
Basic	$ (0.12)	$ (0.14)	(14%)
Diluted	$ (0.12)	$ (0.14)	(14%)
Non-GAAP financial measures [5]			
Non-GAAP operating income (loss)	**$ (2.7)**	**$ 0.5**	**NM**
Adjusted EBITDA	**$ 14.3**	**$ 20.7**	**(31%)**
Cash and cash equivalents	**$ 113.8**	**$ 67.1**	**70%**
Average Monthly Unique Users [6]	**23**	**22**	**7%**

Please refer to our Investor Relations website for a Historical Financial Data spreadsheet that includes access to previously disclosed financial results and metrics. The spreadsheet can be found on the Quarterly Results section of our website and should be viewed in conjunction with our Quarterly and Annual Reports on Form 10-Q and Form 10-K filed with the Securities and Exchange Commission as they provide additional financial results, transaction details and more context on our operations.

(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) SMB products revenue consists of revenue from loans, credit cards and other financial products and services intended for small and mid-sized businesses.
(4) Emerging verticals revenue includes revenue from other product sources, including banking, insurance, investing and international.
(5) Non-GAAP operating income (loss) and adjusted EBITDA are non-GAAP measures. See “Non-GAAP Financial Measures” for more information.
(6) 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 $46 million of Q2 revenue, a 10% decrease year-over-year. Issuer balance sheet constraints, which began during last year's banking crisis, and tight underwriting due to elevated delinquency rates continued to weigh on our Q2 year-over-year results. We believe the dynamics we are currently facing are temporal rather than structural and remain confident that as issuer appetite returns we will see an eventual recovery.

REVENUE

LOANS

Loans revenue consists of personal, mortgage, student and auto loans. Loans delivered revenue of $22 million in Q2, down 6% year-over-year. Mortgage loans were up 7% year-over-year, driven by home equity products as consumers accessed the near record levels of equity in their homes. Student loans were up 33% year-over-year as marketplace improvements allowed us to extend the peak shopping season of consumer interest. These increases were more than offset by personal loans, which were down 17% year-over-year, as we lapped a difficult comparison period in the prior year, though we saw quarter-over-quarter growth and we're optimistic that we can carry forward improvements into future quarters. Personal Loans remained the largest component of Loans revenue. We will continue to invest in these interest rate-sensitive areas of our business while we await a more favorable rate environment.

REVENUE

SMB PRODUCTS

SMB products revenue increased 10% year-over-year to $26 million in Q2. SMB products revenue consists of loans, credit cards and other financial products and services intended for small and mid-sized businesses. Despite facing macroeconomic headwinds for the loans industry, we delivered a quarter of strong growth in SMB products as we have continued to scale loan renewals as well as our additional product offerings for small and mid-sized businesses, including credit cards, banking and software. We believe this serves as a further proof point that we have a substantial runway for subcategories outside of SMB loans that can provide incremental tailwinds over the long run.

REVENUE

EMERGING VERTICALS

Emerging verticals revenue increased 25% year-over-year to $57 million in Q2. Emerging verticals (previously named Other verticals) consists of banking, insurance and investing verticals as well as international. Insurance revenue grew 196% year-over-year as carriers expanded customer acquisition budgets after pulling back in the prior year and is now the largest component of Emerging verticals as a result. Partially offsetting this increase, banking revenue decreased 26% year-over-year as consumer demand continued to moderate as interest rates have stabilized.

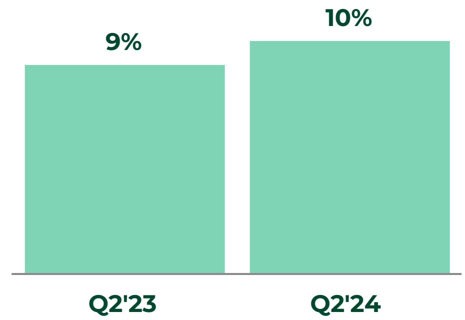
OPERATING EXPENSES

($ MILLIONS)		Q2'23		Q2'24	% CHANGE
Cost of revenue	$	13.1	$	14.9	14%
Research & development		20.0		22.7	13%
Sales & marketing		98.8		106.1	7%
General & administrative		15.6		16.5	6%
Total costs & expenses	$	147.5	$	160.2	9%

COST OF REVENUE

Cost of Revenue expenses increased 14% year-over-year and were 1 point higher as a percentage of our Revenue. The increase versus prior year was primarily driven by an increase in the amortization of internally developed software to support our key growth opportunities.

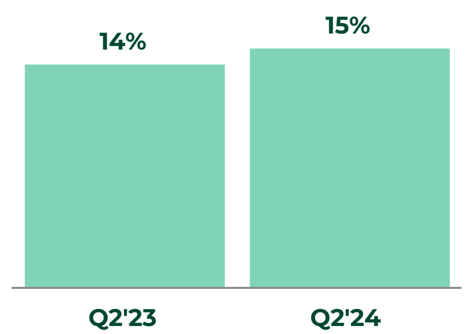
COST OF REVENUE AS % OF REVENUE



RESEARCH & DEVELOPMENT

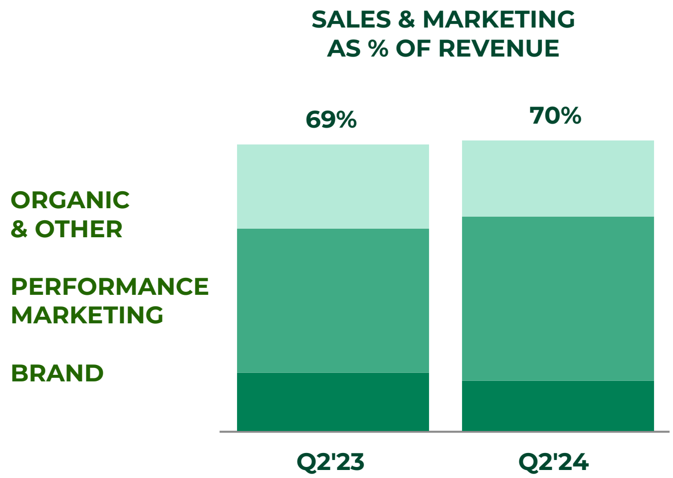
Research & Development expenses were up 13% year-over-year and were 1 point higher as a percentage of our Revenue. The increase versus prior year was primarily driven by our investments in product and engineering to support our continued growth and key platform capabilities.

RESEARCH & DEVELOPMENT AS % OF REVENUE



OPERATING EXPENSES

SALES & MARKETING



Sales & Marketing expenses increased 7% year-over-year and were 1 point higher as a percentage of our Revenue. Sales & Marketing expense was comprised of approximately 18% Brand marketing, 56% Performance marketing, and 26% Organic & other. Our Brand marketing creates a "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. Year to date, over 70% of our traffic came from direct or unpaid sources.

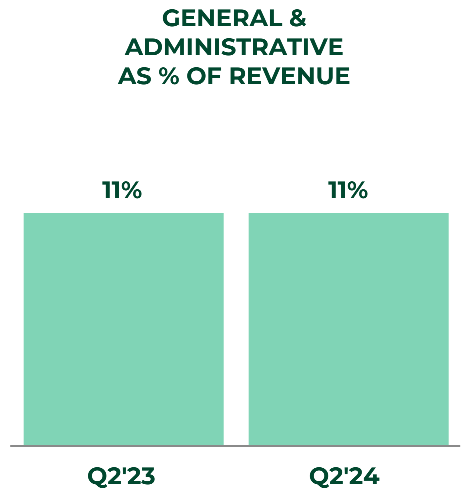
Organic & other expenses, primarily personnel-related costs, decreased versus the prior year as we efficiently execute on both our "Land and Expand" and "Vertical Integration" strategies.

Taking a broader look at our Sales & Marketing investments through the lens of fixed versus variable costs: Slightly less than half of our full year 2023 Sales & Marketing investments were fixed in nature, mainly comprising headcount and Brand expenses. Generally, our fixed costs drive organic traffic, which has a high incremental margin; given that there is little cost associated with serving an incremental organic visitor, there should be meaningful margin leverage as organic traffic scales and these costs remain relatively fixed. Conversely, the other half was variable in nature, mainly comprising performance marketing costs. Paid visitors have a lower incremental margin, but we strive to be in-quarter profitable on average.

OPERATING EXPENSES

GENERAL & ADMINISTRATIVE

General & Administrative expenses increased 6% year-over-year and were flat as a percentage of our Revenue as we efficiently managed our cost base.



BALANCE SHEET, LIQUIDITY & CAPITAL ALLOCATION

Our balance sheet and liquidity position remain strong. We ended the second quarter with $113.8 million of cash on hand and no debt. We also ended the second quarter with $28.9 million remaining in share repurchase authorization.

FINANCIAL OUTLOOK

Q3 revenue: $172-$180 million; representing 15% increase year-over-year at the midpoint
Q3 GAAP operating income (loss): $(1)-$5 million
Q3 non-GAAP operating income: $17-$21 million
Q3 adjusted EBITDA: $30.5-$34.5 million

We expect a 2024 annual GAAP operating income (loss) margin in the range of (0.5%)-1.1% and non-GAAP operating income margin in the range of 5.75%-7%. We also expect a 2024 annual adjusted EBITDA margin in the range of 14.75%-15.75%.

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 income (loss) margin to forecasted non-GAAP operating income margin for forecasted full year 2024, and forecasted operating income (loss) to forecasted non-GAAP operating income for forecasted third quarter is as follows:

	FORECASTED FULL YEAR 2024	FORECASTED THIRD QUARTER 2024
(in millions)	Operating Income (Loss) Margin [1]	Operating Income (Loss)
GAAP	**(0.5)-1.1%**	**$(1)-$5**
Estimated adjustments for:		
Depreciation and amortization	7.25-7.75%	12
Acquisition-related retention	0.7%	1
Restructuring	1.2-1.6%	8-10
Capitalized internally developed software costs	(3.25)-(3.75%)	(5)
Non-GAAP	**5.75-7%**	**$17-$21**

(1) Operating income (loss) margin represents forecasted operating income (loss) as a percentage of forecasted revenue. Non-GAAP operating income margin 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 2024 financial results will be webcast live today, July 31, 2024 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, high 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;
- our share repurchase plan, including expectations regarding the amount, timing and manner of repurchases made under the plan; and
- the effect and scope of our workforce reduction, the amount and timing of related charges thereto, our ability to realize the expected cost savings and the expectations regarding the impact of said reduction on our business results of operations and future investment opportunities.

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, 2024	THREE MONTHS ENDED JUN 30, 2023	% CHANGE
Revenue	**$ 150.6**	**$ 143.3**	**5%**
Costs and Expenses:			
Cost of revenue	14.9	13.1	14%
Research and development	22.7	20.0	13%
Sales and marketing	106.1	98.8	7%
General and administrative	16.5	15.6	6%
Total costs and expenses	160.2	147.5	9%
Loss From Operations	**(9.6)**	**(4.2)**	**129%**
Other income, net:			
Interest income	1.5	0.8	98%
Interest expense	(0.2)	(0.2)	13%
Total other income, net	1.3	0.6	112%
Loss before income taxes	(8.3)	(3.6)	132%
Income tax provision	1.1	7.1	(84%)
Net Loss	**$ (9.4)**	**$ (10.7)**	**(12%)**
Net Loss Per Share Attributable to Common Stockholders			
Basic	$ (0.12)	$ (0.14)	(14%)
Diluted	$ (0.12)	$ (0.14)	(14%)
Weighted-average Shares Used in Computing Net Loss Per Share Attributable to Common Stockholders			
Basic	77.9	76.8	
Diluted	77.9	76.8	

NON-GAAP FINANCIAL MEASURES

We use non-GAAP operating income (loss) and adjusted EBITDA 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.

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) impairment of right-of-use asset, (2) losses (gains) on disposals of assets, (3) change in fair value of contingent consideration related to earnouts, (4) deferred compensation related to earnouts, and (5) acquisition-related costs. We also reduce income from operations, or increase loss from operations, for capitalized internally developed software costs.

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) impairment of right-of-use asset, (2) losses (gains) on disposals of assets, (3) change in fair value of contingent consideration related to earnouts, (4) deferred compensation related to earnouts, (5) stock-based compensation, and (6) acquisition-related costs.

The above items are excluded from our non-GAAP operating income (loss) and adjusted EBITDA measures because these items are non-cash in nature, or because the amounts are 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 non-GAAP operating income (loss) and adjusted EBITDA provide useful information to investors and others in understanding and evaluating our operating results and in comparing operating results across periods. Moreover, non-GAAP operating income (loss) and adjusted EBITDA 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. Non-GAAP operating income (loss) and adjusted EBITDA 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:

- Non-GAAP operating income (loss) and adjusted EBITDA exclude certain recurring, non-cash charges, such as amortization of software, depreciation of property and equipment, amortization of intangible assets, impairment of right-of-use asset, 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 non-GAAP operating income (loss) and adjusted EBITDA do not reflect all cash requirements for such replacements or for new capital expenditure requirements;
- Non-GAAP operating income (loss) and adjusted EBITDA 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;
- 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 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).

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

NON-GAAP FINANCIAL MEASURES

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

	THREE MONTHS ENDED		
(IN MILLIONS)	JUN 30, 2024	JUN 30, 2023	% CHANGE
Loss from operations	**$ (9.6)**	**$ (4.2)**	**129%**
Depreciation and amortization	12.2	12.2	1%
Acquisition-related retention	1.3	1.4	(11%)
Acquisition-related expenses	0.1	—	NM
Capitalized internally developed software costs	(6.7)	(8.9)	(24%)
Non-GAAP operating income (loss)	**$ (2.7)**	**$ 0.5**	**NM**
Operating loss margin	(6%)	(3%)	
Non-GAAP operating income (loss) margin [1]	(2%)	0%	
Net loss	**$ (9.4)**	**$ (10.7)**	**(12%)**
Depreciation and amortization	12.2	12.2	1%
Stock-based compensation	10.3	11.3	(9%)
Acquisition-related retention	1.3	1.4	(11%)
Acquisition-related expenses	0.1	—	NM
Interest income, net	(1.3)	(0.6)	122%
Income tax provision	1.1	7.1	(84%)
Adjusted EBITDA	**$ 14.3**	**$ 20.7**	**(31%)**
Stock-based compensation	(10.3)	(11.3)	(9%)
Capitalized internally developed software costs	(6.7)	(8.9)	(24%)
Non-GAAP operating income (loss)	**$ (2.7)**	**$ 0.5**	**NM**
Net loss margin	(6%)	(7%)	
Adjusted EBITDA margin [2]	10%	14%	

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

(2) Represents adjusted EBITDA as a percentage of revenue.

CONDENSED CONSOLIDATED BALANCE SHEETS
UNAUDITED

(IN MILLIONS)	JUN 30, 2024	DEC 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 113.8	$ 100.4
Accounts receivable—net	93.7	75.5
Prepaid expenses and other current assets	22.5	22.5
Total current assets	230.0	198.4
Property, equipment and software—net	48.9	52.6
Goodwill	111.5	111.5
Intangible assets—net	40.0	46.9
Right-of-use assets	6.0	7.2
Other assets	9.8	2.0
Total Assets	**$ 446.2**	**$ 418.6**
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 10.1	$ 1.7
Accrued expenses and other current liabilities	43.8	35.6
Total current liabilities	53.9	37.3
Other liabilities—noncurrent	12.9	14.4
Total liabilities	66.8	51.7
Commitments and contingencies		
Stockholders' equity	379.4	366.9
Total Liabilities and Stockholders' Equity	**$ 446.2**	**$ 418.6**

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS UNAUDITED

(IN MILLIONS) SIX MONTHS ENDED JUNE 30,	2024	2023
Operating Activities:		
Net loss	$ (8.3)	$ (9.0)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	24.1	23.9
Stock-based compensation	19.0	19.9
Deferred taxes	(0.2)	(0.3)
Non-cash lease costs	1.1	1.4
Other, net	0.3	1.2
Changes in operating assets and liabilities:		
Accounts receivable	(18.4)	(6.4)
Prepaid expenses and other assets	0.2	(3.2)
Accounts payable	8.0	(1.9)
Accrued expenses and other current liabilities	8.3	(4.6)
Payment of contingent consideration	—	(14.0)
Operating lease liabilities	(1.7)	(1.5)
Other liabilities	0.5	0.9
Net cash provided by operating activities	32.9	6.4
Investing Activities:		
Purchase of investment	(8.1)	—
Capitalized software development costs	(10.8)	(14.9)
Purchase of property and equipment	(0.3)	(0.4)
Net cash used in investing activities	(19.2)	(15.3)
Financing Activities:		
Payment of contingent consideration	—	(16.9)
Proceeds from line of credit	—	7.5
Payments on line of credit	—	(7.5)
Proceeds from exercise of stock options	2.1	8.8
Issuance of Class A common stock under Employee Stock Purchase Plan	—	1.9
Repurchase of Class A common stock	(1.1)	(1.3)
Tax payments related to net-share settlements on restricted stock units	(1.4)	(0.5)
Net cash used in financing activities	(0.4)	(8.0)
Effect of exchange rate changes on cash and cash equivalents	0.1	0.1
Net increase (decrease) in cash and cash equivalents	13.4	(16.8)
Cash and Cash Equivalents:		
Beginning of period	100.4	83.9
End of period	$ 113.8	$ 67.1