Q1 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 31% year-over-year

VERTICAL INTEGRATION

Small and mid-size business (SMB) products furthered efficiency efforts by leveraging machine learning to more accurately route business owners to the ideal concierge experience

REGISTRATIONS & DATA-DRIVEN ENGAGEMENT

Ended Q1 2024 with over 20 million cumulative Registered Users

WHERE WE'RE GOING

Q1'24 Financial Highlights

29M

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

25%

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

$161.9M

of revenue delivered

(5%)

year-over-year revenue decline from headwinds in credit cards and banking partially offset by tailwinds in SMB products, personal loans and investing

$25.5M

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

16%

Adjusted EBITDA margin, up over three points versus Q1 2023 as we drove efficiencies in our cost base as year-over-year revenues declined

$10.6M

Non-GAAP Operating Income delivered

7%

Non-GAAP Operating Income margin, up more than four points versus Q1 2023

APRIL 25, 2024

Fellow Shareholders:

In late 2023, NerdWallet launched a new national brand campaign, "Don't Make Future You Hate You," reminding consumers that the financial decisions they make today can have an outsized effect on their future well-being—and that they can turn to NerdWallet for trusted guidance. In Q1, we've seen this campaign achieve great results as our aided brand awareness reached record highs despite brand spend being down 30% year-over-year, reinforcing the resonance of our product offering.

Similar to our guidance to consumers, we operate with a long-term orientation. We remain committed to improving our efficiency so it's been great to see our brand marketing spend working harder for us relative to last year. By continuing to bolster efficiency—in Q1 we more than doubled non-GAAP operating income year-over-year—we'll have more capital to reinvest and more resilience throughout the cycle.

We're seeing our long-term orientation bear fruit: Our insurance category has faced inflationary headwinds for most of the past few years, but we continued to invest in improving our marketplaces. This work has paid off with record revenue in Q1, despite an end market that is yet to fully recover. These results are a great example of something I've said before: Our business is cyclical, and over time we know that headwinds and tailwinds will offset each other, so our priority is growing from cycle to cycle.

We also continue to take share in a large and growing market, independent of macroeconomic factors. Our primary addressable market—U.S. financial services digital advertising—is expanding, with a 2023 4-year CAGR of approximately 15%, and NerdWallet's share in this market has also increased, with a 4-year revenue CAGR of 27%[1]. In Q1 specifically, we are proud of our results, exceeding guidance across revenue, adjusted EBITDA, and non-GAAP operating income.

These results not only speak to our relentless self-improvement, but also enable us to invest in NerdWallet's future. Our vision is to build a Trusted Financial Ecosystem, or a single platform where consumers and SMBs can learn, shop, connect their data, and make decisions about their money. In Q1 we drove progress across our growth pillars—Land & Expand, Vertical Integration, and Registrations & Data-driven Engagement—and I feel confident that the decisions we're making today will result in durable value for our consumers and business.

1- CAGR for both metrics represents full year 2019 - 2023; U.S. financial services digital advertising data from Insider Intelligence eMarketer reports: June 2021, July 2022, August 2023

Q1 2024 BUSINESS HIGHLIGHTS

Land and Expand

In Q1, we continued to leverage our trusted brand and playbook to land and expand efficiently in new markets and categories. Internationally, we scaled efforts across the UK, Canada, and Australia: Collectively, MUU growth for these markets outpaced US growth in Q1, at 31% year-over-year, giving us increased conviction in our ability to grow our international presence over the coming years. Meanwhile, our vertical expansion efforts significantly increased our velocity: By repurposing existing assets versus building from scratch with expensive development time, we were able to launch and monetize new home services categories within weeks, while still investing in other nascent categories like medicare, social security, and estate planning.

Vertical Integration

Vertical Integration remains a key focus as we look to grow from cycle to cycle: These efforts pair NerdWallet's trusted brand and reach with best-in-class consumer shopping experiences, a combination that should drive improved monetization over time. This quarter, we focused on improving our services to cater to consumers who want more human guidance when making financial decisions. We've already seen tiered support options work effectively in SMB, which operates a hybrid model including both digital and human-assisted shopping experiences. In Q1 this team furthered their efficiency by leveraging machine learning to more accurately route consumers to the right level of support for their circumstances. Over time, we'll seek to bring this hybrid model to more areas to help people make smarter financial decisions.

Registrations & Data-driven Engagement

As we've achieved record MUU growth over the past several quarters, we've doubled down on our registration efforts: By registering users, we can more easily engage and re-engage them over time with thoughtful, personalized cross-sell opportunities, increasing their loyalty to NerdWallet and making it a no-brainer for consumers to turn to us directly for their financial product needs. Already, we've seen that our active registered users visit us more than three times a month on average, signaling the potential value of our registered user base. In Q1, we drove a significant increase in registered users, ending the quarter with over 20 million cumulative registered users, which we attribute to work in areas such as optimizing registration prompts as part of our larger insurance shopping funnel. We also continued to relentlessly improve how we re-engage users over time: Much like our Vertical Integration work in SMB seeks to route consumers to the right experience for them, our CRM work has focused on increasingly personalized campaigns that match registered users with content and offers tailored to their profiles.

Q1 FINANCIAL UPDATE

In Q1, revenue declined 5% year-over-year as we faced a tough year-over-year comparison from the period leading up to the 2023 regional banking crisis. The ensuing lending environment became more cautious in loans, and prime lending appetite was also affected in capital intensive lending categories like balance transfer cards. Our diversification helped—another quarter of these continued headwinds was partially offset by tailwinds in areas like insurance and SMB products.

We provided trustworthy guidance to 29 million average Monthly Unique Users (MUUs) in Q1. MUUs increased 25% on a year-over-year basis driven by consumer interest in areas such as investing, which was bolstered by interest in the stock market as well as bitcoin strength, and insurance, where rising premiums are driving more consumers to look for the best options for them. We believe this is above trend line MUU growth given the idiosyncratic nature of some of these tailwinds.

During Q1, we generated $26 million of adjusted EBITDA, at a 16% margin, and $11 million of non-GAAP operating income, at a 7% margin. Despite continued headwinds in areas such as Credit cards and Loans during Q1, we are proud that in a quarter where revenue declined year-over-year, efficiency improvements in sales & marketing allowed us to deliver roughly 4 points of margin accretion versus the prior year across our profitability metrics, while achieving record MUUs and aided brand awareness. Our dedication to delivering incremental cost efficiencies will allow us to deliver margin leverage across cycles.

WHAT'S NEXT

I am proud of our results in Q1 and the progress we've made toward our vision for consumers. Elevated delinquency rates and high interest rates are contributing to a tough lending environment, despite seemingly positive economic indicators. We believe these are normal cyclical dynamics, so we are focused on the long-term to grow from cycle to cycle. For more detailed information on our plans, I'd encourage you to check out the investor video presentation we released in March, which can be found on our investor relations website along with other helpful resources.

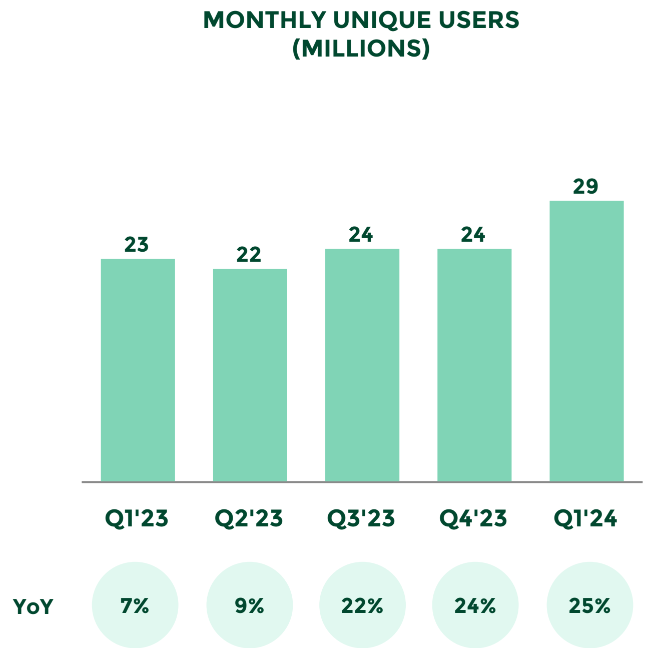
Thank you,

Tim Chen
Co-Founder & CEO

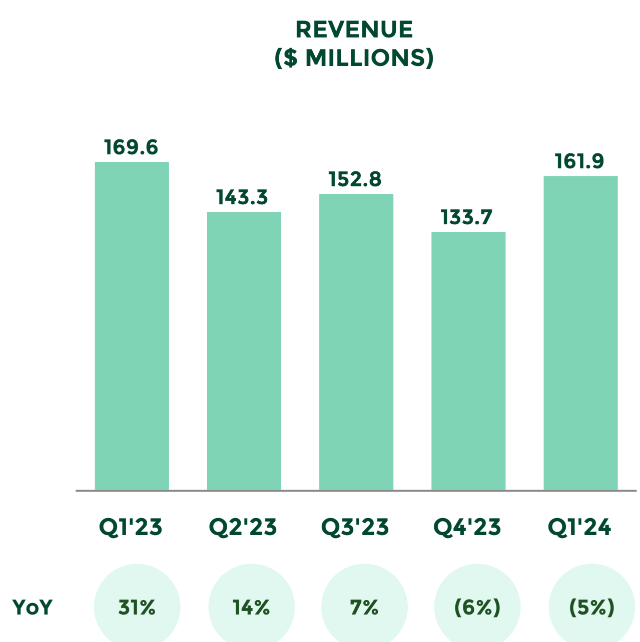
Financial Highlights

Q1 2024 RESULTS
FINANCIAL HIGHLIGHTS

MUUs grew 25% year-over-year driven by engagement in areas such as investing, travel products, taxes and insurance. MUUs increased 21% quarter-over-quarter as we see our typical seasonal cadence combined with above trend line growth given certain idiosyncratic tailwinds.



Q1 year-over-year revenue decreased 5% with strength in SMB products, personal loans and investing more than offset by pressure in our Credit cards and banking verticals.



Q1 2024 RESULTS
SUMMARY FINANCIAL RESULTS

	THREE MONTHS ENDED		
(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)	MAR 31, 2024	MAR 31, 2023	YEAR VS. YEAR
Revenue	**$ 161.9**	**$ 169.6**	**(5%)**
Credit cards [1]	50.0	61.3	(19%)
Loans [2]	21.4	22.0	(3%)
SMB products [3]	30.4	25.2	21%
Emerging verticals [4]	60.1	61.1	(2%)
Income (Loss) from operations	**$ 3.7**	**$ (0.8)**	**NM**
Net income	**$ 1.1**	**$ 1.7**	**(34%)**
Net income per share			
Basic	$ 0.01	$ 0.02	(50%)
Diluted	$ 0.01	$ 0.02	(50%)
Non-GAAP financial measures [5]			
Non-GAAP operating income	**$ 10.6**	**$ 3.8**	**176%**
Adjusted EBITDA	**$ 25.5**	**$ 20.9**	**22%**
Cash and cash equivalents	**$ 110.9**	**$ 100.8**	**10%**
Average Monthly Unique Users [6]	**29**	**23**	**25%**

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-size businesses.
(4) Emerging verticals revenue includes revenue from other product sources, including banking, insurance, investing and international.
(5) Non-GAAP operating income 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 $50 million of Q1 revenue, a 19% decrease year-over-year. Issuer balance sheet constraints and conservatism, which began during last year's banking crisis, continued to weigh on our Q1 year-over-year results. However, we still saw our seasonal cadence of a quarter-over-quarter increase from Q4 to Q1. 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 $21 million in Q1, down 3% year-over-year. Personal loans delivered another quarter of growth, up 12% year-over-year, and remained the largest component of Loans revenue. This growth was partially offset by year-over-year declines in mortgage and student loans, as we are comparing to a stronger prior year when prevailing interest rates were lower. 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 21% year-over-year to $30 million in Q1. SMB products revenue consists of loans, credit cards and other financial products and services intended for small and mid-sized businesses. During prior reporting periods, SMB products was a component of our previously named "Other verticals" revenue category disclosure, but given the relative size and long-term opportunity, we now disclose the contribution of SMB products as a separate revenue product category. Despite facing macroeconomic headwinds for the loans industry, we delivered a quarter of strong growth in SMB products as we have continued to scale 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 of additional subcategories outside of SMB loans that can provide tailwinds over the long-run.

REVENUE

EMERGING VERTICALS

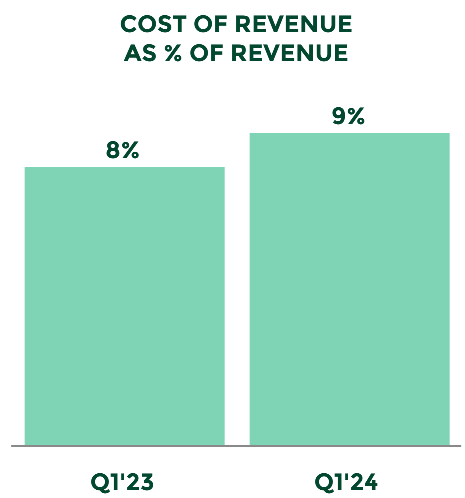
Emerging verticals revenue decreased 2% year-over-year to $60 million in Q1. Emerging verticals (previously named Other verticals) consists of banking, insurance and investing verticals as well as international. Banking revenue, which remains the largest component of Emerging verticals, decreased 9% year-over-year as we lapped our toughest comparison period in 2023 and saw moderating consumer demand. Partially offsetting this, our investing vertical increased 30% year-over-year as a strong stock market drove consumer demand. Insurance also grew 5% year-over-year as carriers demonstrated a willingness to expand customer acquisition budgets as profitability concerns eased.

OPERATING EXPENSES

($ MILLIONS)		Q1'23		Q1'24	% CHANGE
Cost of revenue	$	13.8	$	14.2	3%
Research & development		19.5		20.7	6%
Sales & marketing		121.7		107.9	(11%)
General & administrative		15.4		15.4	(1%)
Total costs & expenses	$	170.4	$	158.2	(7%)

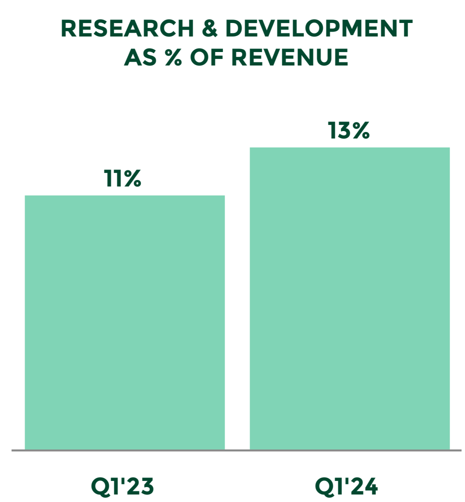
COST OF REVENUE

Cost of Revenue expenses increased 3% 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.



RESEARCH & DEVELOPMENT

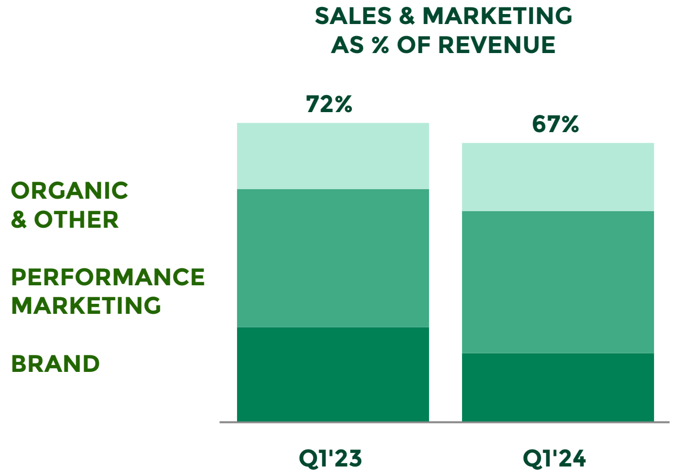
Research & Development expenses were up 6% year-over-year and were 2 points higher as a percentage of our Revenue. The increase versus prior year was primarily driven by our investments in product and engineering to support our continued growth and key platform capabilities.



OPERATING EXPENSES

SALES & MARKETING

Sales & Marketing expenses decreased 11% year-over-year and were 5 points lower as a percentage of our Revenue. Sales & Marketing expense was comprised of approximately 25% Brand marketing, 51% Performance marketing, and 24% Organic & other. 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 quarter, over 70% of our traffic came from direct or unpaid sources.

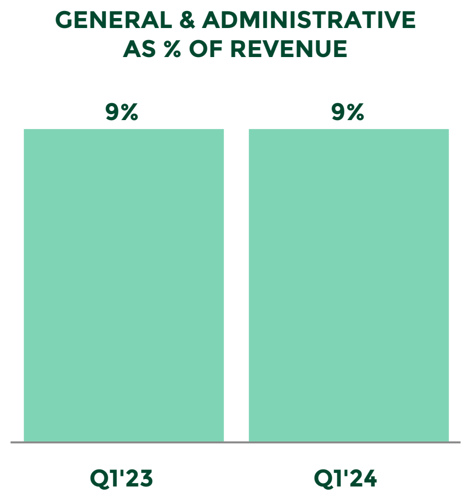
Organic & other expenses, primarily personnel-related costs, decreased versus the prior year as we efficiently execute on both our "Land and Expand" and "Vertical Integration" strategies.

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 decreased 1% 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 first quarter with $110.9 million of cash on hand and no debt. We also ended the first quarter with $30.0 million remaining in share repurchase authorization.

FINANCIAL OUTLOOK

Q2 revenue: $147-$152 million; representing 4% increase year-over-year at the midpoint
Q2 GAAP operating loss: $(7)-$(4) million
Q2 non-GAAP operating income (loss): $(1.5)-$1.5 million
Q2 adjusted EBITDA: $16.5-$19.5 million

We expect a 2024 annual GAAP operating income margin in the range of 3-4.5% and non-GAAP operating income margin in the range of 6.5-8%. We also expect a 2024 annual adjusted EBITDA margin in the range of 18-19.5%.

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

	FORECASTED FULL YEAR 2024	FORECASTED SECOND QUARTER 2024
(in millions)	Operating Income Margin [1]	Operating Income (Loss)
GAAP	**3-4.5%**	**$(7)-$(4)**
Estimated adjustments for:		
Depreciation and amortization	7-7.5%	11.5
Acquisition-related retention	0.75%	1
Capitalized internally developed software costs	(4.25)-(4.75%)	(7)
Non-GAAP	**6.5-8%**	**$(1.5)-$1.5**

(1) Operating income margin represents forecasted operating income 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 first quarter 2024 financial results will be webcast live today, April 25, 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, 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

	THREE MONTHS ENDED		
(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)	MAR 31, 2024	MAR 31, 2023	% CHANGE
Revenue	**$ 161.9**	**$ 169.6**	**(5%)**
Costs and Expenses:			
Cost of revenue	14.2	13.8	3%
Research and development	20.7	19.5	6%
Sales and marketing	107.9	121.7	(11%)
General and administrative	15.4	15.4	(1%)
Total costs and expenses	158.2	170.4	(7%)
Income (Loss) From Operations	**3.7**	**(0.8)**	**NM**
Other income, net:			
Interest income	1.4	1.0	33%
Interest expense	(0.2)	(0.2)	(4%)
Other losses, net	(0.1)	(0.1)	(41%)
Total other income, net	1.1	0.7	56%
Income (loss) before income taxes	4.8	(0.1)	NM
Income tax provision (benefit)	3.7	(1.8)	NM
Net Income	**$ 1.1**	**$ 1.7**	**(34%)**
Net Income Per Share Attributable to Common Stockholders			
Basic	$ 0.01	$ 0.02	(50%)
Diluted	$ 0.01	$ 0.02	(50%)
Weighted-average Shares Used in Computing Net Income Per Share Attributable to Common Stockholders			
Basic	77.2	75.8	
Diluted	80.5	79.7	

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)	MAR 31, 2024	MAR 31, 2023	% CHANGE
Income (loss) from operations	**$ 3.7**	**$ (0.8)**	**NM**
Depreciation and amortization	11.9	11.7	1%
Acquisition-related retention	1.2	1.4	(11%)
Capitalized internally developed software costs	(6.2)	(8.5)	(27%)
Non-GAAP operating income	**$ 10.6**	**$ 3.8**	**176%**
Operating income (loss) margin	2%	(0%)	
Non-GAAP operating income margin [1]	7%	2%	
Net income	**$ 1.1**	**$ 1.7**	**(34%)**
Depreciation and amortization	11.9	11.7	1%
Stock-based compensation	8.7	8.6	1%
Acquisition-related retention	1.2	1.4	(11%)
Interest income, net	(1.2)	(0.8)	42%
Other losses, net	0.1	0.1	(41%)
Income tax provision (benefit)	3.7	(1.8)	NM
Adjusted EBITDA	**$ 25.5**	**$ 20.9**	**22%**
Stock-based compensation	(8.7)	(8.6)	1%
Capitalized internally developed software costs	(6.2)	(8.5)	(27%)
Non-GAAP operating income	**$ 10.6**	**$ 3.8**	**176%**
Net income margin	1%	1%	
Adjusted EBITDA margin [2]	16%	12%	

(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)	MAR 31, 2024	DEC 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 110.9	$ 100.4
Accounts receivable—net	93.9	75.5
Prepaid expenses and other current assets	19.4	22.5
Total current assets	224.2	198.4
Property, equipment and software—net	50.6	52.6
Goodwill	111.5	111.5
Intangible assets—net	43.5	46.9
Right-of-use assets	6.5	7.2
Other assets	9.8	2.0
Total Assets	**$ 446.1**	**$ 418.6**
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 15.3	$ 1.7
Accrued expenses and other current liabilities	38.5	35.6
Total current liabilities	53.8	37.3
Other liabilities—noncurrent	13.6	14.4
Total liabilities	67.4	51.7
Commitments and contingencies		
Stockholders' equity	378.7	366.9
Total Liabilities and Stockholders' Equity	**$ 446.1**	**$ 418.6**

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS UNAUDITED

(IN MILLIONS) THREE MONTHS ENDED MARCH 31,	2024	2023
Operating Activities:		
Net income	$ 1.1	$ 1.7
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	11.9	11.7
Stock-based compensation	8.7	8.6
Deferred taxes	(0.1)	(0.1)
Non-cash lease costs	0.5	0.7
Other, net	0.2	1.4
Changes in operating assets and liabilities:		
Accounts receivable	(18.5)	(11.8)
Prepaid expenses and other assets	3.0	(2.6)
Accounts payable	13.4	8.6
Accrued expenses and other current liabilities	3.0	(0.8)
Operating lease liabilities	(0.8)	(0.7)
Other liabilities	0.3	(0.3)
Net cash provided by operating activities	22.7	16.4
Investing Activities:		
Purchase of investment	(8.1)	—
Capitalized software development costs	(5.4)	(7.3)
Purchase of property and equipment	—	(0.3)
Net cash used in investing activities	(13.5)	(7.6)
Financing Activities:		
Proceeds from line of credit	—	7.5
Payments on line of credit	—	(7.5)
Proceeds from exercise of stock options	1.7	8.4
Tax payments related to net-share settlements on restricted stock units	(0.4)	(0.3)
Net cash provided by financing activities	1.3	8.1
Net increase in cash and cash equivalents	10.5	16.9
Cash and Cash Equivalents:		
Beginning of period	100.4	83.9
End of period	$ 110.9	$ 100.8

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