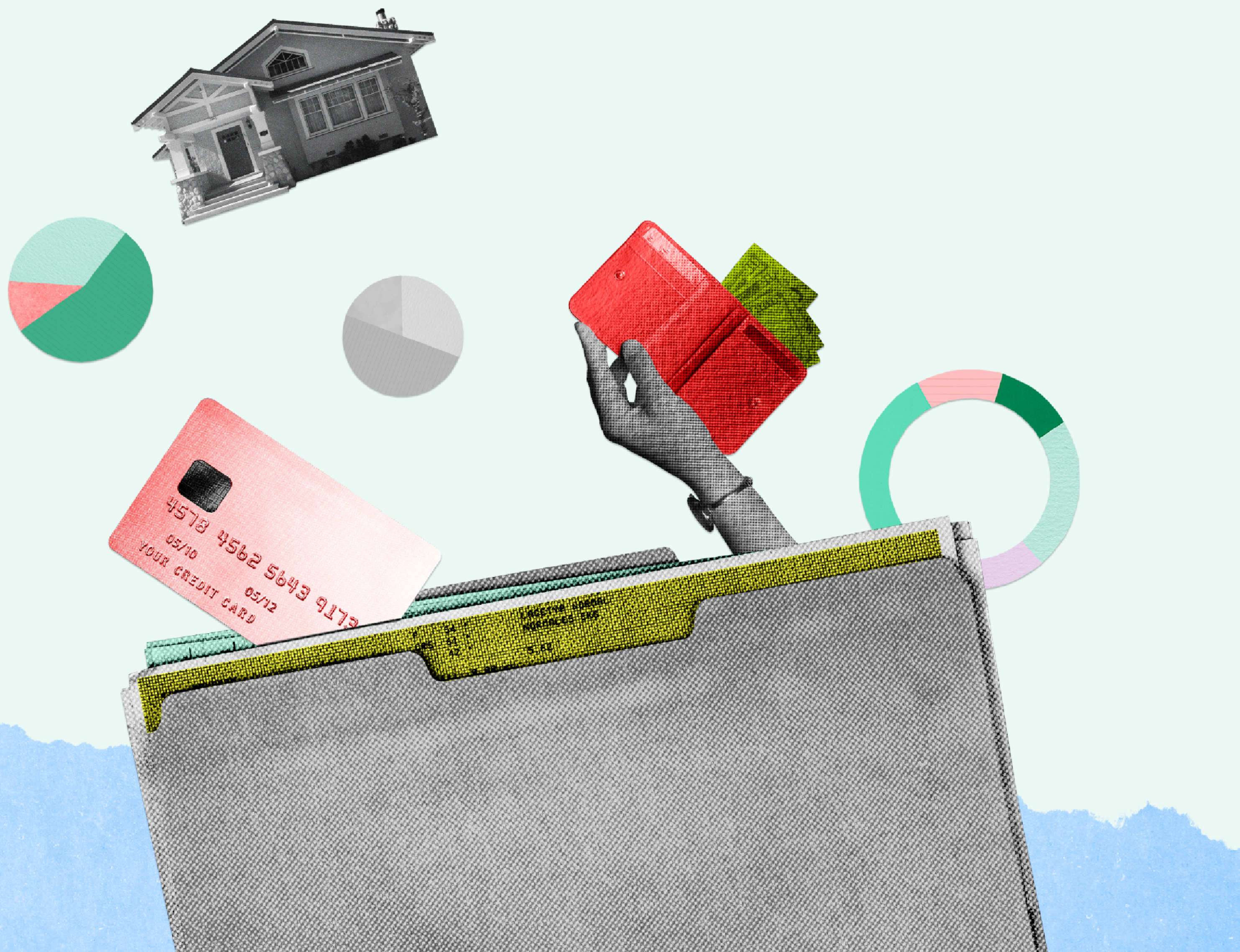
nerdwallet

Q4 2023

Shareholder Letter



PROGRESS IN GROWTH PILLARS

WHERE WE STARTED

LAND & EXPAND

Continued to execute organic playbook with consistent success in Canada with 56% year-over-year Monthly Unique User (MUU) growth

VERTICAL INTEGRATION

On the Barrelhead (OTB) integration progressing; leveraged OTB technology to launch updated consumer mortgage experience in advance of possible interest rate declines

REGISTRATIONS & DATA-DRIVEN ENGAGEMENT

37% year-over-year growth in cumulative Registered Users, ending Q4 2023 with over 19 million

WHERE WE'RE GOING

Q4'23 FINANCIAL HIGHLIGHTS

24M

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

24%

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

$133.7M

of revenue delivered

(6%)

year-over-year revenue decline from headwinds in credit cards and insurance that were partially offset by tailwinds in areas such as personal loans and small and mid-size business (SMB) products

$29.3M

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

22%

Adjusted EBITDA margin, relatively flat versus Q4 2022 as we drove efficiencies in our cost base to hold margins while revenues declined

$12.6M

Non-GAAP Operating Income delivered

9%

Non-GAAP Operating Income margin, down approximately 30 basis points versus Q4 2022

FEBRUARY 14, 2024

Fellow Shareholders:

In 2023, headwinds outweighed tailwinds in our business. In the spring, we faced increasing macroeconomic headwinds following the regional banking crisis, as well as ongoing rate hikes. This affected several verticals, including Loans, Credit cards, and SMB products, and they have not all fully recovered yet. In addition, the strong insurance rebound we saw in Q1 2023 was premature; the industry pulled back through the remainder of the year. While the rising rate environment did create tailwinds in areas like banking, which continued to outperform our expectations through the end of the year, this did not offset the headwinds in other verticals.

We did not meet our revenue or adjusted EBITDA outlook in Q4; this is the first time as a public company when we have fallen short of our outlook. We attribute our Q4 miss to underperformance in Credit cards and personal loans. While consumer demand remained strong for balance transfer products, incremental underwriting tightening and balance sheet constraints limited issuer appetite. We also encountered unexpected growing pains with matching sub- and near-prime consumers with the best products, which required us to take a step back, but we believe we're making progress in routing these consumers to the right offers.

Our business is cyclical. While I believe there are positive signals to suggest that conditions will improve this year, we know that headwinds and tailwinds offset each other over time, so our priority is growing from cycle to cycle. We 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]. And in Q4, we achieved record Monthly Unique Users, up 24% year-over-year, suggesting a significant opportunity for revenue growth as monetization improves.

Also critical, to my mind, are the structural improvements we made to our business in 2023. We are dedicated to relentlessly improving our operations and increasing our efficiency. This past year we made our brand spend work harder, and we also efficiently managed R&D expense growth while still launching several new product initiatives, including NerdAI and NerdUp by NerdWallet. As a result, full-year Non-GAAP Operating income increased $27 million versus the prior year, and in Q4 we maintained relatively similar margins year-over-year despite our declining year-over-year revenue. This work should set us up for improved

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 margin leverage as growth returns.

We build NerdWallet with a long-term orientation, and this means relentlessly improving while executing our strategy: to create a Trusted Financial Ecosystem, or a single platform where consumers and SMBs can learn, shop, connect their data, and make decisions about their money. I continue to believe that this is the right path forward for our consumers, partners, and business.

PROGRESS IN OUR GROWTH PILLARS: 2023 RECAP

- ***Land & Expand*** initiatives extend NerdWallet's guidance to new markets, categories, and audiences. While we cover a range of topics today, we know the financial landscape is vast, and there's still plenty of territory to explore. In 2023, we strengthened our presence in Canada and Australia and in topics including medicare, social security, estate planning, and auto loans.
- ***Vertical Integration*** pairs our competitive advantages in top-of-funnel and brand with best-in-class user experiences, and throughout 2023, this was a significant focus for NerdWallet. We pursued Vertical Integration through continued integration of On the Barrelhead, including introducing their pre-qualification technology to our Credit Cards vertical; by launching a secured credit card, NerdUp by NerdWallet, which is our first-ever branded product, to benefit underserved consumers and our financial institution partners; and by offering NerdWallet Taxes, a tax preparation software product in partnership with Column Tax. Our hypothesis is that investing in best-in-class user experiences will not only provide consumers with new, more personalized ways to shop for products but will also increase our monetization and re-engagement capabilities—ultimately setting us up to capitalize more effectively on our growing audience from cycle to cycle.
- ***Registrations & Data-driven Engagement*** efforts look to provide users with unique value within our Ecosystem to engage and re-engage them over time. In 2023, this work included introducing and optimizing new product features, as well as upleveling our CRM capabilities to more effectively nudge our registered users with targeted insights. As a result, our registered user base is up 37% year-over-year. Our registered users have 5x the lifetime value of visitors, so expanding our Registrations & Data-driven Engagement work to furnish more cross-sell opportunities and build loyalty-based relationships with consumers—where they come to NerdWallet directly for their financial product needs—presents significant growth potential for the business.

Q4 2023 BUSINESS HIGHLIGHTS

Looking specifically at Q4, we made meaningful progress across our growth pillars that set us up well to accelerate towards our vision for a Trusted Financial Ecosystem in 2024.

Within Land & Expand, Q4 saw continued success for our efforts in the Canadian market and in underserved topics like medicare: MUUs in Canada were up 56% year-over-year, while traffic to our medicare category was up over 150% year-over-year as we built out our library and enhanced our marketplaces to serve more consumers during the Open Enrollment period.

As we've shared, Vertical Integration has been a key priority for us in 2023, and in Q4 we focused on two organic initiatives. Early in Q4, we launched NerdWallet's first branded product, NerdUp by NerdWallet, which is a secured card designed to provide no file, thin file, and sub-prime consumers with an option to build their credit, while also benefiting our partners. Meanwhile, our team has recently launched NerdWallet Taxes, a tax preparation software, in partnership with Column Tax. This product seeks to capitalize on the significant organic traffic to our taxes category, which previously went largely unmonetized, by leveraging our unit economics to offer consumers a fixed-fee option for preparing their tax returns. We also continued to integrate On the Barrelhead's technology, extending their personalized experience to mortgages in anticipation of increased demand when interest rates decrease.

Our Registrations & Data-driven Engagement work in Q4 included a significant focus on upleveling our cross-sell capabilities. We launched several campaigns to surface personalized product recommendations to registered users based on their data, and we plan to continue developing this program in the quarters to come.

Q4 FINANCIAL UPDATE

In Q4, revenue declined 6% year-over-year as we faced a tough macro environment. Our diversification helped—we had another quarter of continued headwinds in prime lending and insurance but see remaining tailwinds in areas such as banking.

We provided trustworthy guidance to 24 million average Monthly Unique Users (MUUs) in Q4. MUUs increased 24% on a year-over-year basis driven by consumer interest in areas such as travel products, insurance, taxes, and personal loans.

During Q4, we generated $29 million of adjusted EBITDA, at a 22% margin, and $13 million of non-GAAP operating income, at a 9% margin. We saw some increasing headwinds in areas such as Credit cards and personal loans during Q4 but are proud that in a quarter where we saw revenue decline more than we had originally anticipated, cost reductions allowed us to deliver roughly similar margin levels versus the prior year while making disciplined investments in engaging our user base. Our dedication to delivering incremental cost efficiencies should set us up well to drive margin leverage as revenue growth returns.

LOOKING AHEAD

By now, 2024 is well underway, and I am looking forward to sharing our results with you over the next four quarters as we continue to execute our strategy. As in 2023, we will embrace relentless self-improvement, a long-term orientation, and our commitment to consumers to drive results.

In the meantime, on March 4th, we plan to release a video presentation for investors sharing more detail on our business and vision for NerdWallet as well as our mid- to long-term financial goals. You will be able to find the video on our Investor Relations website, and I look forward to hearing your thoughts.

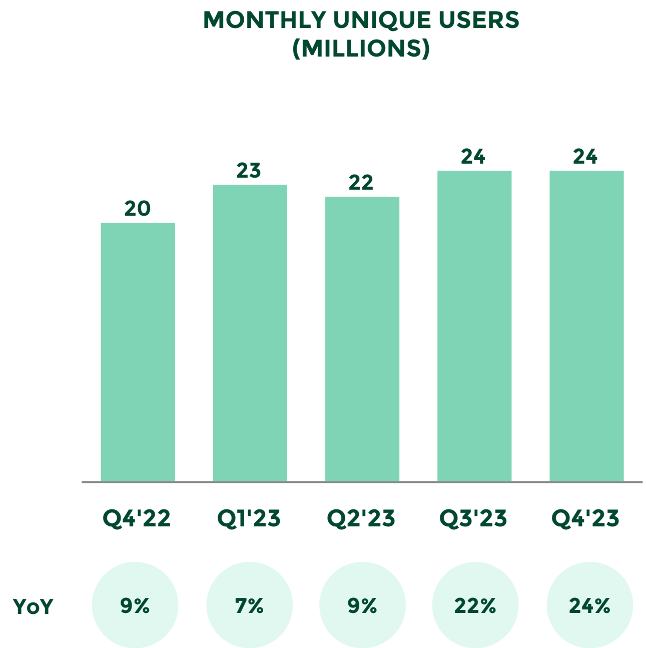
Thank you,

Tim Chen
Co-Founder & CEO

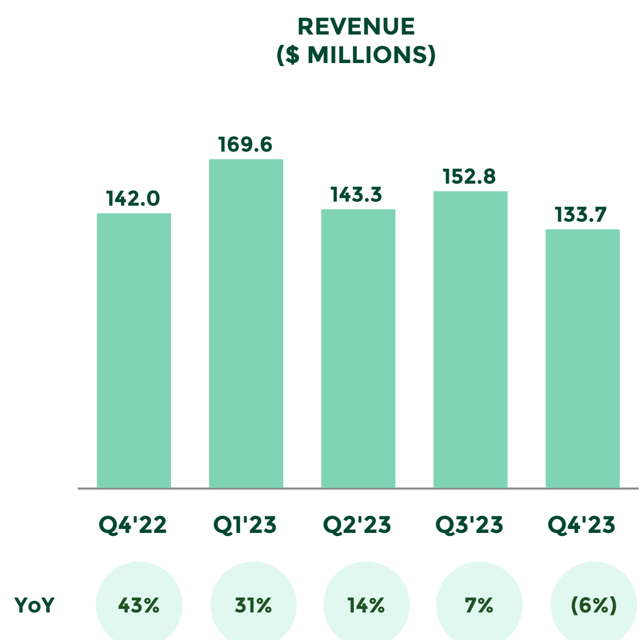
Financial Highlights

Q4 2023 RESULTS
FINANCIAL HIGHLIGHTS

MUUs grew 24% year-over-year driven by engagement in areas such as travel, personal loans and insurance. MUUs increased 3% quarter-over-quarter as we see strong engagement during a complex macro environment for many consumers and SMBs. During 2023, MUUs averaged 23 million, growing 15% year-over-year vs 2022 driven by travel, banking, personal loans and insurance.



Q4 year-over-year revenue decreased 6% with strength in personal loans, SMB products and banking more than offset by pressure in our Credit cards and insurance verticals. 2023 Full Year Revenue of $599.4 million grew 11% year-over-year vs 2022.



Q4 2023 RESULTS

SUMMARY FINANCIAL RESULTS

(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)	THREE MONTHS ENDED DEC 31, 2023	THREE MONTHS ENDED DEC 31, 2022	YEAR VS. YEAR
Revenue	**$ 133.7**	**$ 142.0**	**(6%)**
Credit cards [1]	43.2	53.1	(18%)
Loans [2]	23.6	22.4	5%
SMB products [3]	27.6	25.9	6%
Emerging verticals [4]	39.3	40.6	(3%)
Income from operations	**$ 4.6**	**$ 7.9**	**(42%)**
Net income (loss)	**$ (2.3)**	**$ 8.9**	**NM**
Net income (loss) per share			
Basic	$ (0.03)	$ 0.12	NM
Diluted	$ (0.03)	$ 0.12	NM
Non-GAAP financial measures [5]			
Non-GAAP operating income	**$ 12.6**	**$ 13.7**	**(9%)**
Adjusted EBITDA	**$ 29.3**	**$ 31.0**	**(6%)**
Cash and cash equivalents	**$ 100.4**	**$ 83.9**	**20%**
Average Monthly Unique Users [6]	**24**	**20**	**24%**

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 consist 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 NerdWallet UK.
(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 $43 million of Q4 revenue, a 18% decrease year-over-year. We experienced a higher than typical seasonal decline from Q3 to Q4 driven by moderately increased levels of issuer conservatism. Headwinds continued during the quarter, especially in areas such as balance transfer products with long introductory zero-interest periods, as a result of bank conservatism deploying capital. We will continue to leverage our strong top of funnel and maintain the discipline to lean back into profitable paid acquisition once we see issuer demand and monetization recover. Full Year 2023 Credit cards revenue reached $210 million, relatively flat compared to 2022.

REVENUE

LOANS

Loans revenue consists of personal, mortgage, student and auto loans. Loans delivered revenue of $24 million in Q4, up 5% year-over-year. Personal loans delivered another quarter of growth, up 21% year-over-year, and remained the largest component of Loans revenue. These gains more than offset year-over-year declines in mortgage, as we see those growth headwinds subsiding while continuing to compare to slightly easier timeframes from the prior year. There was also a quarter-over-quarter decline in student loans, primarily due to lapping the Q3 seasonal loan originations. Full Year 2023 Loans revenue reached $102 million, a 7% decrease from 2022.

During mid-July, we surpassed the one-year anniversary of the acquisition of OTB. While the largest impact to revenue continues to be within personal loans, given headwinds in areas such as mortgages we are now leveraging OTB's technology and expertise in verticals such as mortgages and Credit cards and will look to further expand the use of that technology over time.

REVENUE

SMB PRODUCTS

SMB products revenue increased 6% year-over-year to $28 million in Q4. SMB products consists of loans, credit cards and other financial products and services intended for small and mid-size 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 have now begun to disclose the contribution of SMB products as a separate revenue product category disclosure. We delivered a quarter of growth in SMB products despite facing macroeconomic headwinds for the loans industry broadly, as we have also been scaling our additional product offerings for small and mid-size businesses, including credit cards, banking and software. While recent growth may be at lower levels to previous timeframes, our ability to grow through a volatile macroeconomic environment continues to serve as a validation point to our vertical integration growth pillar. Full Year 2023 SMB products revenue reached $101 million, an 11% increase from 2022.

REVENUE

EMERGING VERTICALS

Emerging verticals revenue decreased 3% year-over-year to $39 million in Q4. Emerging verticals (previously named Other verticals) consists of banking, insurance and investing verticals as well as international. We saw another quarter of growth in banking, which is the largest component of Emerging verticals, delivering 5% year-over-year growth and benefiting from continued high consumer and partner interest. More than offsetting the growth in banking, our insurance vertical had a challenging quarter, down 22% year-over-year, primarily driven by ongoing carrier profitability issues. Full Year 2023 Emerging verticals revenue reached $187 million, a 46% increase from 2022.

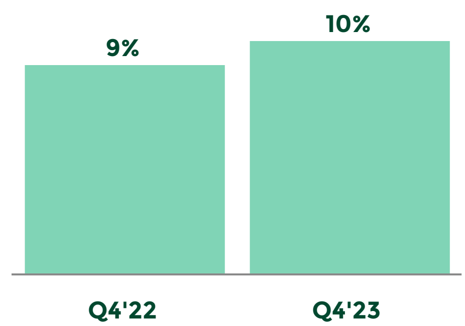
OPERATING EXPENSES

($ MILLIONS)	Q4'22	Q4'23	% CHANGE
Cost of revenue	$ 12.2	$ 13.8	14%
Research & development	19.4	20.3	4%
Sales & marketing	87.5	80.4	(8%)
General & administrative	14.4	14.6	2%
Change in fair value of contingent consideration related to earnouts	0.6	—	(100%)
Total costs & expenses	$ 134.1	$ 129.1	(4%)

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. Full Year 2023 Cost of Revenue expenses increased 36% versus 2022 and were 9% of revenue.

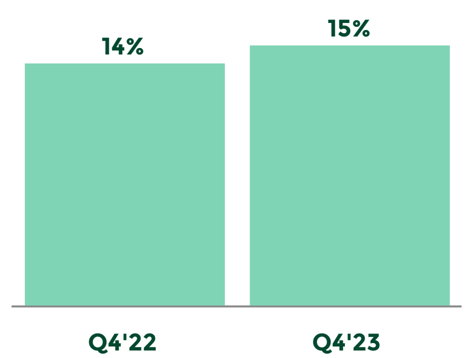
COST OF REVENUE AS % OF REVENUE



RESEARCH & DEVELOPMENT

Research & Development expenses were up 4% year-over-year and were 1 point higher as a percentage of our Revenue. We are efficiently investing in product and engineering to support our continued growth and key platform capabilities. Full Year 2023 R&D expenses increased 4% versus 2022 and were 13% of revenue.

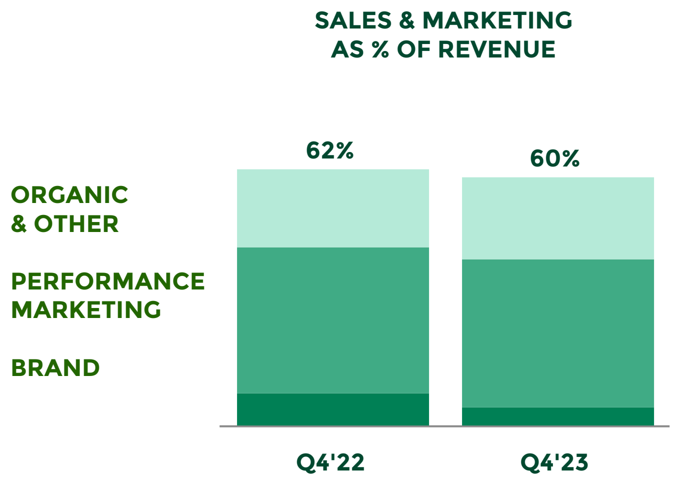
RESEARCH & DEVELOPMENT AS % OF REVENUE



OPERATING EXPENSES

SALES & MARKETING

Sales & Marketing expenses decreased 8% year-over-year and were 2 points lower as a percentage of our Revenue. Sales & Marketing expense was comprised of approximately 8% Brand marketing, 59% Performance marketing, and 33% 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 year, over 70% of our traffic came from direct or unpaid sources.

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

Looking 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 is 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.

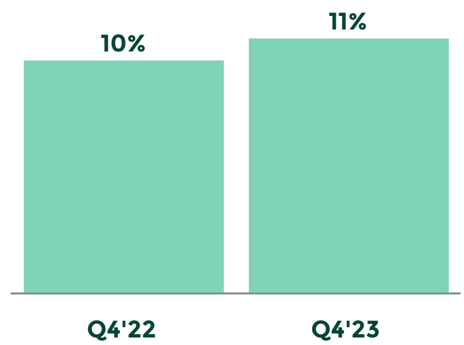
Full Year 2023 Sales & Marketing expenses increased 7% versus 2022 and were 67% of Revenue.

OPERATING EXPENSES

GENERAL & ADMINISTRATIVE

General & Administrative expenses increased 2% year-over-year and were 1 point higher as a percentage of our Revenue. The increase versus prior year was primarily due to the impairment of a right-of-use asset. Full Year 2023 G&A expenses increased 3% versus 2022 and were 10% of revenue.

GENERAL & ADMINISTRATIVE AS % OF REVENUE



BALANCE SHEET, LIQUIDITY & CAPITAL ALLOCATION

Our balance sheet and liquidity position remain strong. We ended the fourth quarter with $100.4 million of cash on hand and no debt. Of our cash and cash equivalents, $89.8 million were held in money market funds. We also ended the fourth quarter with $30.0 million remaining in share repurchase authorization.

FINANCIAL OUTLOOK

Q1 revenue: $155 - $160 million; representing (7%) year-over-year at the midpoint
Q1 GAAP operating income: $0 - $3 million
Q1 non-GAAP operating income: $5 - $8 million
Q1 adjusted EBITDA: $21 - $24 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, and forecasted operating income to forecasted non-GAAP operating income is as follows:

	FORECASTED FULL YEAR 2024	FORECASTED FIRST QUARTER 2024
(in millions)	Operating Income Margin [1]	Operating Income
GAAP	**3-4.5%**	**$0-$3**
Estimated adjustments for:		
Depreciation and amortization	7-7.5%	11.5
Acquisition-related retention	1%	1
Capitalized internally developed software costs	(4.5)-(5%)	(7.5)
Non-GAAP	**6.5-8%**	**$5-$8**

(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 fourth quarter 2023 financial results will be webcast live today, February 14, 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			YEAR ENDED		
(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)	DEC 31, 2023	DEC 31, 2022	% CHANGE	DEC 31, 2023	DEC 31, 2022	% CHANGE
Revenue	**$ 133.7**	**$ 142.0**	**(6%)**	**$ 599.4**	**$ 538.9**	**11%**
Costs and Expenses:						
Cost of revenue	13.8	12.2	14%	54.0	39.8	36%
Research and development	20.3	19.4	4%	80.5	77.6	4%
Sales and marketing	80.4	87.5	(8%)	401.5	375.6	7%
General and administrative	14.6	14.4	2%	59.8	58.2	3%
Change in fair value of contingent consideration related to earnouts	—	0.6	(100%)	—	6.7	(100%)
Total costs and expenses	129.1	134.1	(4%)	595.8	557.9	7%
Income (Loss) From Operations	**4.6**	**7.9**	**(42%)**	**3.6**	**(19.0)**	**NM**
Other income (expense), net:						
Interest income	0.9	0.9	0%	3.6	1.5	135%
Interest expense	(0.2)	(1.2)	(86%)	(0.8)	(2.5)	(69%)
Other losses, net	–	–	(27%)	(0.1)	–	85%
Total other income (expense), net	0.7	(0.3)	NM	2.7	(1.0)	NM
Income (loss) before income taxes	5.3	7.6	(30%)	6.3	(20.0)	NM
Income tax provision (benefit)	7.6	(1.3)	NM	18.1	(9.8)	NM
Net Income (Loss)	**$ (2.3)**	**$ 8.9**	**NM**	**$ (11.8)**	**$ (10.2)**	**16%**
Net Income (Loss) Per Share Attributable to Common Stockholders						
Basic	$ (0.03)	$ 0.12	NM	$ (0.15)	$ (0.14)	7%
Diluted	$ (0.03)	$ 0.12	NM	$ (0.15)	$ (0.14)	7%
Weighted-Average Shares Used in Computing Net Income (Loss) Per Share Attributable to Common Stockholders						
Basic	76.5	74.6		76.7	70.6	
Diluted	76.5	76.9		76.7	70.6	

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			YEAR ENDED		
(IN MILLIONS)	DEC 31, 2023	DEC 31, 2022	% CHANGE	DEC 31, 2023	DEC 31, 2022	% CHANGE
Income (loss) from operations	**$ 4.6**	**$ 7.9**	**(42%)**	**$ 3.6**	**$ (19.0)**	**NM**
Depreciation and amortization	12.2	11.4	8%	48.2	37.0	30%
Acquisition-related retention	1.3	1.4	(11%)	5.3	2.8	89%
Deferred compensation related to earnouts	—	0.5	(100%)	—	1.7	(100%)
Impairment of right-of-use asset	1.4	—	NM	1.4	—	NM
Loss on disposal of assets	0.2	—	NM	0.2	—	NM
Change in fair value of contingent consideration related to earnouts	—	0.6	(100%)	—	6.7	(100%)
Acquisition-related expenses	0.1	0.1	52%	0.1	3.5	(96%)
Capitalized internally developed software costs	(7.2)	(8.2)	(11%)	(32.4)	(33.7)	(4%)
Non-GAAP operating income (loss)	**$ 12.6**	**$ 13.7**	**(9%)**	**$ 26.4**	**$ (1.0)**	**NM**
Operating income (loss) margin	3%	6%		1%	(4%)	
Non-GAAP operating income (loss) margin [1]	9%	10%		4%	0%	
Net income (loss)	**$ (2.3)**	**$ 8.9**	**NM**	**$ (11.8)**	**$ (10.2)**	**16%**
Depreciation and amortization	12.2	11.4	8%	48.2	37.0	30%
Stock-based compensation	9.5	9.1	4%	38.8	34.4	13%
Acquisition-related retention	1.3	1.4	(11%)	5.3	2.8	89%
Deferred compensation related to earnouts	—	0.5	(100%)	—	1.7	(100%)
Impairment of right-of-use asset	1.4	—	NM	1.4	—	NM
Loss on disposal of assets	0.2	—	NM	0.2	—	NM
Change in fair value of contingent consideration related to earnouts	—	0.6	(100%)	—	6.7	(100%)
Acquisition-related expenses	0.1	0.1	52%	0.1	3.5	(96%)
Interest (income) expense, net	(0.7)	0.3	NM	(2.8)	1.0	NM
Other losses, net	—	—	NM	0.1	—	85%
Income tax provision (benefit)	7.6	(1.3)	NM	18.1	(9.8)	NM
Adjusted EBITDA	**$ 29.3**	**$ 31.0**	**(6%)**	**$ 97.6**	**$ 67.1**	**45%**
Stock-based compensation	(9.5)	(9.1)	4%	(38.8)	(34.4)	13%
Capitalized internally developed software costs	(7.2)	(8.2)	(11%)	(32.4)	(33.7)	(4%)
Non-GAAP operating income (loss)	**$ 12.6**	**$ 13.7**	**(9%)**	**$ 26.4**	**$ (1.0)**	**NM**
Net income (loss) margin	(2%)	6%		(2%)	(2%)	
Adjusted EBITDA margin [2]	22%	22%		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)	DEC 31, 2023	DEC 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 100.4	$ 83.9
Accounts receivable—net	75.5	87.0
Prepaid expenses and other current assets	22.5	18.3
Total current assets	198.4	189.2
Property, equipment and software—net	52.6	49.1
Goodwill	111.5	111.2
Intangible assets—net	46.9	64.1
Right-of-use assets	7.2	11.3
Other assets	2.0	0.8
Total Assets	**$ 418.6**	**$ 425.7**
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 1.7	$ 3.6
Accrued expenses and other current liabilities	35.6	37.9
Contingent consideration—current	—	30.9
Total current liabilities	37.3	72.4
Other liabilities—noncurrent	14.4	11.6
Total liabilities	51.7	84.0
Commitments and contingencies		
Stockholders' equity	366.9	341.7
Total Liabilities and Stockholders' Equity	**$ 418.6**	**$ 425.7**

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS UNAUDITED

(IN MILLIONS)

TWELVE MONTHS ENDED DECEMBER 31,	2023	2022
Operating Activities:		
Net loss	$ (11.8)	$ (10.2)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	48.2	37.0
Stock-based compensation	38.8	34.4
Change in fair value of contingent consideration related to earnouts	—	6.7
Deferred taxes	(0.5)	(12.6)
Non-cash lease costs	2.8	2.6
Other, net	2.9	1.3
Changes in operating assets and liabilities, net of business combination:		
Accounts receivable	10.7	(18.7)
Prepaid expenses and other assets	(4.4)	(0.7)
Accounts payable	(1.8)	(5.6)
Accrued expenses and other current liabilities	(2.4)	5.8
Payment of contingent consideration	(14.0)	(11.5)
Operating lease liabilities	(3.1)	(2.4)
Other liabilities	6.7	(1.1)
Net cash provided by operating activities	72.1	25.0
Investing Activities:		
Capitalized software development costs	(28.8)	(27.6)
Purchase of property and equipment	(0.7)	(4.6)
Business combination, net of cash acquired	—	(68.1)
Net cash used in investing activities	(29.5)	(100.3)
Financing Activities:		
Payment of contingent consideration	(16.9)	(19.0)
Proceeds from line of credit	7.5	70.0
Payments on line of credit	(7.5)	(70.0)
Payment of debt issuance costs	(1.4)	—
Proceeds from exercise of stock options	10.2	7.7
Issuance of Class A common stock under Employee Stock Purchase Plan	3.0	4.5
Payment of offering costs related to the initial public offering	—	(1.0)
Repurchase of Class A common stock	(20.0)	—
Tax payments related to net-share settlements on restricted stock units	(1.1)	(0.6)
Net cash used in financing activities	(26.2)	(8.4)
Effect of exchange rate changes on cash and cash equivalents	0.1	(0.2)
Net increase (decrease) in cash and cash equivalents	16.5	(83.9)
Cash and Cash Equivalents:		
Beginning of period	83.9	167.8
End of period	$ 100.4	$ 83.9

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