UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

May 8, 2023
Date of Report
(Date of earliest event reported)

AVANTAX, INC.
(Exact name of registrant as specified in its charter)

Delaware	000-25131	91-1718107
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

3200 Olympus Blvd, Suite 100
Dallas, Texas 75019
(Address of principal executive offices)

(972) 870-6400
Registrant's telephone number, including area code

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.0001 per share	AVTA	NASDAQ Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).
Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On May 8, 2023, Avantax, Inc. (the “Company”) announced its financial results for the quarter ended March 31, 2023. Copies of the press release and supplemental financial information are furnished to, but not filed with, the Securities and Exchange Commission (the "SEC") as Exhibits 99.1 and 99.2 hereto.

The press release and supplemental financial information include non-GAAP financial measures as that term is defined in Regulation G. The press release and supplemental financial information also include the most directly comparable financial measures calculated and presented in accordance with accounting principles generally accepted in the United States (“GAAP”), information reconciling the non-GAAP financial measures to the GAAP financial measures, and a discussion of the reasons why the Company’s management believes that the presentation of the non-GAAP financial measures provides useful information to investors regarding the Company’s results of operations and financial condition. The non-GAAP financial information presented therein should be considered in addition to, not as a substitute for, or superior to, financial measures calculated and presented in accordance with GAAP.

Item 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

Exhibit No	Description
99.1	Press release dated May 8, 2023
99.2	Supplemental financial information dated May 8, 2023
104.1	Cover Page Interactive Data File (embedded within the Inline XBRL Document)

Safe Harbor Statement Under the Private Securities and Litigation Reform Act

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including without limitation, statements regarding the outlook of the Company, the anticipated business strategy and corporate focus of the Company following consummation of the sale of our tax software business (the "TaxAct Sale") and the intended use of proceeds from the TaxAct Sale. Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. Forward-looking statements can also be identified by words such as “anticipates,” “believes,” “plans,” “expects,” “future,” “intends,” “may,” “will,” “would,” “could,” “should,” “estimates,” “predicts,” “potential,” “continues,” “target,” “outlook,” and similar terms and expressions, but the absence of these words does not mean that the statement is not forward-looking. Actual results may differ significantly from management’s expectations due to various risks and uncertainties including, but not limited to: our ability to effectively compete within our industry; our ability to generate strong performance for our clients and the impact of the financial markets on our clients’ portfolios; our expectations concerning the revenues we generate from fees associated with the financial products that we distribute; our ability to attract and retain financial professionals, employees, and clients, as well as our ability to provide strong client service; the impact of significant interest rate changes; our ability to maintain our relationships with third-party partners, providers, suppliers, vendors, distributors, contractors, financial institutions, industry associations, and licensing partners, and our expectations regarding and reliance on the products, tools, platforms, systems, and services provided by these third parties; political and economic conditions and events that directly or indirectly impact the wealth management industry; our ability to respond to rapid technological changes, including our ability to successfully release new products and services or improve upon existing products and services; our future capital requirements and the availability of financing, if necessary; the impact of new or changing legislation and regulations (or interpretations thereof) on our business, including our ability to successfully address and comply with such legislation and regulations (or interpretations thereof) and increased costs, reductions of revenue, and potential fines, penalties, or disgorgement to which we may be subject as a result thereof; risks, burdens, and costs, including fines, penalties, or disgorgement, associated with our business being subjected to regulatory inquiries, investigations, or initiatives, including those of the Financial Industry Regulatory Authority, Inc. and the SEC; any compromise of confidentiality, availability, or integrity of information, including cyberattacks; risks associated with legal proceedings, including litigation and regulatory proceedings; our ability to close, finance, and realize all of the anticipated benefits of acquisitions, as well as our ability to integrate the operations of recently acquired businesses, and the potential impact of such acquisitions on our existing indebtedness and leverage; our ability to retain employees and acquired client assets following acquisitions; our ability to manage leadership and employee transitions, including costs and time burdens on management and our board of directors related thereto; our ability to develop, establish, and maintain strong brands; our ability to comply with laws and regulations regarding privacy and protection of user data; our assessments and estimates that determine our effective tax rate; our ability to protect our intellectual property and the impact of any claim that we infringed on the intellectual property rights of others; risks related to goodwill and acquired intangible asset impairment; our failure to realize the expected benefits of the TaxAct Sale; and disruptions to our business and operations resulting from our compliance with the terms of the transition services agreement entered into in connection with the TaxAct Sale. A more detailed description of these and certain other factors that could affect actual results is included in the Company's most recent Annual Report on Form 10-K and most recent Quarterly Report on Form 10-Q filed with the SEC. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date hereof, except as may be required by law.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BLUCORA, INC.

By /s/ Marc Mehlman

Marc Mehlman
Chief Financial Officer and Treasurer

May 8, 2023

Exhibit 99.1

Avantax®

Avantax Reports First Quarter 2023 Results

Avantax continues to post record results in revenue, net new assets and percentage of total client assets held in advisory accounts. Also, for the first time in 7 years, the Company posted organic growth in our FP counts.

DALLAS, TX — May 8, 2023 — Avantax, Inc. (NASDAQ: AVTA), a leading provider of technology-enabled, tax focused financial solutions, today announced financial results for the first quarter ended March 31, 2023.

First Quarter Highlights and Recent Developments

- Avantax reported total revenue of $178.0 million, a new record, for the quarter. This represents an increase of 7% versus the first quarter of the prior year.
- Avantax continued to deliver net positive asset flows with $932 million for the first quarter, a new record.
- Avantax ended the first quarter with total client assets of $80.6 billion, $40.6 billion of which were advisory assets, representing 50.3% of total client assets, a new record.
- Avantax added $228 million of newly recruited assets during the quarter.
- The Company ended the first quarter with $145.0 million in cash and cash equivalents and $170.0 million outstanding indebtedness under its term loan, compared to $263.9 million in cash and cash equivalents and no outstanding indebtedness under its credit facility at December 31, 2022.

Chris Walters, Chief Executive Officer of Avantax said, “During the first quarter, we continued to see record setting net asset flows with minimal attrition and continued positive momentum in newly recruited assets.” Mr. Walters continued, “Our acquisition pipeline with independent Financial Professionals currently affiliated with Avantax remains strong. I am also excited to report that we are now expanding our acquisitions to wealth management firms not currently affiliated with Avantax and expect to close at least two external deals this year.”

Summary Financial Performance: Q1 2023

($ in millions, except per share amounts)	Q1 2023	Q1 2022	Change
GAAP:			
Revenue	$ 178.0	$ 166.4	7.0 %
Income (loss) from continuing operations, net of income taxes	$ (0.2)	$ 3.6	(105.6)%
Income from discontinued operations, net of income taxes	1.9	31.1	(93.9)%
Net Income	$ 1.7	$ 34.6	(95.1)%
Net Income (Loss) per share — Basic:			
Continuing operations	$ (0.01)	$ 0.07	(114.3)%
Discontinued operations	0.05	0.64	(92.2)%
Net Income per share — Basic	$ 0.04	$ 0.71	(94.4)%
Net Income (Loss) per share — Diluted:			
Continuing operations	$ (0.01)	$ 0.07	(114.3)%
Discontinued operations	0.05	0.63	(92.1)%
Net Income per share — Diluted	$ 0.04	$ 0.70	(94.3)%
Non-GAAP:			
Adjusted EBITDA [(1)]	$ 28.1	$ 5.7	393.0 %

Note: Totals may not foot due to rounding.

(1) Adjusted EBITDA is a non-GAAP measure. See reconciliations of all non-GAAP to GAAP measures presented in this release in the tables below, including the definitions in the notes to such tables.

Full Year 2023 Outlook

($ in millions, except per share amounts)	Full Year 2023 Outlook
GAAP:	
Revenue	\$750.0 - \$758.0
Net Income	\$25.5 - \$40.1
Net Income per share — Diluted	\$0.63 - \$0.96
Non-GAAP:	
Adjusted EBITDA [(1)]	\$124.5 - \$135.5

(1) Adjusted EBITDA is a non-GAAP measure. See reconciliations of all non-GAAP to GAAP measures presented in this release in the tables below, including the definitions in the notes to such tables.

Our expectations for 2023 financial performance assume 1% market growth per quarter from the end of Q1 2023. We assume no additional Fed Funds rate hikes or cuts subsequent to the May meeting decision. Our guidance assumes that we will drive meaningful cost efficiencies in the business, that will be realized throughout the year, with a larger amount following completion of the provision of transition services in connection with the TaxAct sale, which we believe will mostly be completed by the end of the third quarter 2023.

Conference Call and Webcast

A conference call and live webcast will be held on Tuesday, May 9, 2023 at 8:30 a.m. Eastern Time during which the Company will further discuss first quarter results and its outlook for full year 2023. We will also provide supplemental financial information to our results on the Investor Relations section of the Avantax corporate website at www.avantax.com prior to the call. A replay of the call will be available on our website.

About Avantax®

Avantax, Inc. (NASDAQ: AVTA) delivers tax-focused wealth management solutions for Financial Professionals, tax professionals and CPA firms, supporting our goal of minimizing clients' tax burdens through comprehensive tax-focused financial planning. We have two distinct, but related, models within our business: the independent Financial Professional model and the employee-based model. We refer to our independent Financial Professional model as Avantax Wealth Management®. Avantax Wealth Management offers services through its registered broker-dealer, registered investment advisor (RIA), and insurance agency subsidiaries and is a leading U.S. tax-focused independent broker-dealer that works with a nationwide network of Financial Professionals operating as independent contractors. We refer to our employee-based model as Avantax Planning Partners℠. Avantax Planning Partners offers services through its RIA and insurance agency by partnering with CPA firms to provide their consumer and small-business clients with holistic financial planning and advisory services. Collectively, we had \$80.6 billion in total client assets as of March 31, 2023. For more information on Avantax, visit www.avantax.com.

Source: Avantax

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*This release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including without limitation, statements regarding the outlook of Avantax, Inc. (the "**Company**"), the anticipated business strategy and corporate focus of the Company following consummation of the sale of our tax software business (the **"TaxAct Sale"**) and the intended use of proceeds from the TaxAct Sale. Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. Forward-looking statements can also be identified by words such as "anticipates," "believes," "plans," "expects," "future," "intends," "may," "will," "would," "could," "should," "estimates," "predicts," "potential," "continues," "target," "outlook," and similar terms and expressions, but the absence of these words does not mean that the statement is not forward-looking. Actual results may differ significantly from management's expectations due to various risks and uncertainties including, but not limited to: our ability to effectively compete within our industry; our ability to generate strong performance for our clients and the impact of the financial markets on our clients' portfolios; our expectations concerning the revenues we generate from fees associated with the financial products that we distribute; our ability to attract and retain financial professionals, employees, and clients, as well as our ability to provide strong client service; the impact of significant interest rate changes; our ability to maintain our relationships with third-party partners, providers, suppliers, vendors, distributors, contractors, financial institutions, industry associations, and licensing partners, and our expectations regarding and reliance on the products, tools, platforms, systems, and services provided by these third parties; political and economic conditions and events that directly or indirectly impact the wealth management industry; our ability to respond to rapid technological changes, including our ability to successfully release new products and services or improve upon existing products and services; our future capital requirements and the availability of financing, if necessary; the impact of new or changing legislation and regulations (or interpretations thereof) on our business, including our ability to successfully address and comply with such legislation and regulations (or interpretations thereof) and increased costs, reductions of revenue, and potential fines, penalties, or disgorgement to which we may be subject as a result thereof; risks, burdens, and costs, including fines, penalties, or disgorgement, associated with our business being subjected to regulatory inquiries, investigations, or initiatives, including those of the Financial Industry Regulatory Authority, Inc. and the Securities and Exchange Commission (the **"SEC"**); any compromise of confidentiality, availability, or integrity of information, including cyberattacks; risks associated with legal proceedings, including litigation and regulatory proceedings; our ability to close, finance, and realize all of the anticipated benefits of acquisitions, as well as our ability to integrate the operations of recently acquired businesses, and the potential impact of such acquisitions on our existing indebtedness and leverage; our ability to retain employees and acquired client assets following acquisitions; our ability to manage leadership and employee transitions, including costs and time burdens on management and our board of directors related thereto; our ability to develop, establish, and maintain strong brands; our ability to comply with laws and regulations regarding privacy and protection of user data; our assessments and estimates that determine our effective tax rate; our ability to protect our intellectual property and the impact of any claim that we infringed on the intellectual property rights of others; risks related to goodwill and acquired intangible asset impairment; our failure to realize the expected benefits of the TaxAct Sale; and disruptions to our business and operations resulting from our compliance with the terms of the transition services agreement entered into in connection with the TaxAct Sale. A more detailed description of these and certain other factors that could affect actual results is included in the Company's most recent Annual Report on Form 10-K and most recent Quarterly Report on Form 10-Q filed with the SEC. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date hereof, except as may be required by law.*

AVANTAX, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited) (In thousands, except per share amounts)

	Three Months Ended March 31,	
	2023	2022
Revenue	$ 177,980	$ 166,403
Operating expenses:		
Cost of revenue	108,252	121,188
Engineering and technology	2,721	1,814
Sales and marketing	26,181	22,174
General and administrative	32,401	23,875
Acquisition and integration	122	1,666
Depreciation	3,588	2,443
Amortization of acquired intangible assets	6,338	6,631
Total operating expenses	179,603	179,791
Operating loss from continuing operations	(1,623)	(13,388)
Interest expense and other, net	894	(53)
Loss from continuing operations before income taxes	(729)	(13,441)
Income tax benefit	481	16,993
Income (loss) from continuing operations	(248)	3,552
Discontinued operations		
Income from discontinued operations before gain on disposal and income taxes	—	50,643
Pre-tax gain on disposal	2,539	—
Income from discontinued operations before income taxes	2,539	50,643
Income tax expense	(618)	(19,575)
Income from discontinued operations	1,921	31,068
Net income	$ 1,673	$ 34,620
Basic net income (loss) per share:		
Continuing operations	$ (0.01)	$ 0.07
Discontinued operations	0.05	0.64
Basic net income per share	$ 0.04	$ 0.71
Diluted net income (loss) per share:		
Continuing operations	$ (0.01)	$ 0.07
Discontinued operations	0.05	0.63
Diluted net income per share	$ 0.04	$ 0.70
Weighted average shares outstanding:		
Basic	44,645	48,513
Diluted	44,645	49,747

AVANTAX, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except per share amounts)

	March 31, 2023 (Unaudited)	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 144,955	$ 263,928
Accounts receivable, net	25,671	24,117
Commissions and advisory fees receivable	21,115	20,679
Prepaid expenses and other current assets	19,754	15,027
Total current assets	211,495	323,751
Long-term assets:		
Property, equipment, and software, net	51,996	53,041
Right-of-use assets, net	18,962	19,361
Goodwill, net	266,279	266,279
Acquired intangible assets, net	261,072	266,002
Other long-term assets	37,466	35,081
Total long-term assets	635,775	639,764
Total assets	$ 847,270	$ 963,515
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 4,319	$ 7,531
Commissions and advisory fees payable	13,528	13,829
Accrued expenses and other current liabilities	111,569	111,212
Current deferred revenue	6,729	4,583
Current lease liabilities	5,160	5,139
Current portion of long-term debt	5,313	—
Total current liabilities	146,618	142,294
Long-term liabilities:		
Long-term debt, net	157,680	—
Long-term lease liabilities	29,483	30,332
Deferred tax liabilities, net	21,013	20,819
Long-term deferred revenue	4,164	4,396
Other long-term liabilities	20,268	22,476
Total long-term liabilities	232,608	78,023
Total liabilities	379,226	220,317
Stockholders' equity:		
Common stock, par value $0.0001 per share—900,000 shares authorized; 43,234 shares issued and 39,095 shares outstanding as of March 31, 2023; 51,260 shares issued and 48,079 shares outstanding as of December 31, 2022	4	5
Additional paid-in capital	1,384,331	1,636,134
Accumulated deficit	(827,869)	(829,542)
Treasury stock, at cost—4,139 shares as of March 31, 2023 and 3,181 shares as of December 31, 2022	(88,422)	(63,399)
Total stockholders' equity	468,044	743,198
Total liabilities and stockholders' equity	$ 847,270	$ 963,515

AVANTAX, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited) (In thousands)

	Three Months Ended March 31, 2023	2022
Operating activities:		
Net income	$ 1,673	$ 34,620
Less: Income from discontinued operations, net of income taxes	1,921	31,068
Income (loss) from continuing operations	(248)	3,552
Adjustments to reconcile income (loss) from continuing operations to net cash from operating activities:		
Depreciation and amortization of acquired intangible assets	9,926	9,074
Stock-based compensation	7,802	5,380
Change in the fair value of acquisition-related contingent consideration	—	1,700
Reduction of right-of-use lease assets	399	353
Deferred income taxes	194	(652)
Amortization of debt discount and issuance costs	153	—
Accretion of lease liabilities	479	514
Other non-cash items	1,891	1,101
Changes in operating assets and liabilities, net of acquisitions and disposals:		
Accounts receivable, net	(1,543)	5,489
Commissions and advisory fees receivable	(436)	2,183
Prepaid expenses and other current assets	(4,381)	(4,280)
Other long-term assets	(3,337)	(3,354)
Accounts payable	(3,212)	(2,302)
Commissions and advisory fees payable	(301)	(2,553)
Lease liabilities	(1,307)	(1,229)
Deferred revenue	1,914	1,892
Accrued expenses and other current and long-term liabilities	(7,005)	(9,815)
Net cash provided by operating activities from continuing operations	988	7,053
Investing activities:		
Purchases of property, equipment, and software	(2,543)	(3,846)
Asset acquisitions	(2,018)	(751)
Net cash used by investing activities from continuing operations	(4,561)	(4,597)
Financing activities:		
Proceeds from credit facilities, net of debt discount and issuance costs	161,543	—
Payments on credit facilities	—	(453)
Acquisition-related fixed and contingent consideration payments	(223)	—
Stock repurchases	(276,953)	(30,537)
Proceeds from stock option exercises	1,135	96
Tax payments from shares withheld for equity awards	(3,114)	(1,569)
Net cash used by financing activities from continuing operations	(117,612)	(32,463)
Net cash used by continuing operations	(121,185)	(30,007)
Net cash provided by operating activities from discontinued operations	—	10,788
Net cash provided (used) by investing activities from discontinued operations	2,212	(885)
Net cash provided by financing activities from discontinued operations	—	—
Net cash provided by discontinued operations	2,212	9,903
Net decrease in cash and cash equivalents	(118,973)	(20,104)
Cash and cash equivalents, beginning of period	263,928	100,629
Cash and cash equivalents, end of period	$ 144,955	$ 80,525
Supplemental cash flow information:		
Cash paid for income taxes	$ —	$ 850
Cash paid for interest	$ 108	$ 7,107

AVANTAX, INC.
Revenue Recognition
(Unaudited) (In thousands)

Revenues by major category are presented below:

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Total revenue:		
Advisory	$ 97,525	$ 107,169
Commission	41,472	47,655
Asset-based	33,887	5,663
Transaction and fee	5,096	5,916
Total revenue	$ 177,980	$ 166,403

AVANTAX, INC.
Reconciliations of Non-GAAP Financial Measures to the Nearest Comparable GAAP Measures [1]
(Unaudited) (In thousands)

Adjusted EBITDA Reconciliation [1]

	Three Months Ended March 31,	
	2023	2022
Net income [2]	$ 1,673	$ 34,620
Less: Income from discontinued operations, net of income taxes	1,921	31,068
Income (loss) from continuing operations, net of income taxes	(248)	3,552
Stock-based compensation	7,802	5,380
Depreciation and amortization of acquired intangible assets	9,926	9,074
Interest expense and other, net	709	53
Acquisition and integration—Excluding change in the fair value of acquisition-related contingent consideration	122	(34)
Acquisition and integration—Change in the fair value of acquisition-related contingent consideration	—	1,700
Contested proxy and other legal and consulting costs	646	2,920
Executive transition costs	5,227	—
TaxAct transaction related costs	2,631	—
Reorganization costs	1,739	—
Income tax benefit	(481)	(16,993)
Adjusted EBITDA [1]	$ 28,073	$ 5,652

Adjusted EBITDA Reconciliation for Forward-Looking Guidance [1]

	Ranges for year ending December 31, 2023	
	Low	High
Net income	$ 25,500	$ 40,050
Stock-based compensation	22,500	21,500
Depreciation and amortization of acquired intangible assets	39,500	39,000
Interest expense and other, net	13,500	12,700
Restructuring	13,000	7,000
Acquisition, integration, and contested proxy, and other legal and consulting costs [3]	1,500	750
Income tax expense	9,000	14,500
Adjusted EBITDA [1]	$ 124,500	$ 135,500

Notes to Reconciliations of Non-GAAP Financial Measures to the Nearest Comparable GAAP Measures

(1) We define Adjusted EBITDA as net income, determined in accordance with GAAP, excluding the effects of discontinued operations, stock-based compensation, depreciation and amortization of acquired intangible assets, interest expense and other, net, acquisition and integration costs, contested proxy and other legal and consulting costs, executive transition costs, TaxAct transaction related costs, reorganization costs, and income tax benefit. Interest expense and other, net primarily consists of interest expense, net, and other non-operating income. It does not include the income associated with the transition services agreement signed in connection with the TaxAct Sale as this income offsets costs included within income from continuing operations. Acquisition and integration costs primarily relate to the acquisitions of Avantax Planning Partners and 1st Global.

We believe that Adjusted EBITDA provides meaningful supplemental information regarding our performance. We use this non-GAAP financial measure for internal management and compensation purposes, when publicly providing guidance on possible future results, and as a means to evaluate period-to-period comparisons. We believe that Adjusted EBITDA is a common measure used by investors and analysts to evaluate our performance, that it provides a more complete understanding of the results of operations and trends affecting our business when viewed together with GAAP results, and that management and investors benefit from referring to this non-GAAP financial measure. Items excluded from Adjusted EBITDA are significant and necessary components to the operations of our business and, therefore, Adjusted EBITDA should be considered as a supplement to, and not as a substitute for or superior to, GAAP net income (loss). Other companies may calculate Adjusted EBITDA differently and, therefore, our Adjusted EBITDA may not be comparable to similarly titled measures of other companies.

(2) As presented in the condensed consolidated statements of operations (unaudited).

(3) The breakout of components cannot be determined on a forward-looking basis without unreasonable efforts.

Exhibit 99.2

Avantax, Inc.
Supplemental Information
March 31, 2023

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Avantax Condensed Consolidated Financial Results

(Unaudited, in thousands, except per share amounts and Net Leverage Ratio. Rounding differences may exist.)	2022					2023
	1Q	**2Q**	**3Q**	**4Q**	**FY 12/31**	**1Q**
Revenue	$ 166,403	$ 162,669	$ 165,032	$ 172,392	$ 666,496	$ 177,980
Operating expenses:						
Cost of revenue	121,188	114,446	105,809	103,475	444,918	108,252
Engineering and technology	1,814	2,302	2,617	1,968	8,701	2,721
Sales and marketing	22,174	24,882	23,770	27,088	97,914	26,181
General and administrative	23,875	21,721	23,792	23,367	92,755	32,401
Acquisition and integration	1,666	(6,792)	416	524	(4,186)	122
Depreciation	2,443	2,642	3,343	3,454	11,882	3,588
Amortization of acquired intangible assets	6,631	6,462	6,342	6,415	25,850	6,338
Total operating expenses	179,791	165,663	166,089	166,291	677,834	179,603
Operating income (loss) from continuing operations	(13,388)	(2,994)	(1,057)	6,101	(11,338)	(1,623)
Interest expense and other, net	(53)	(212)	(158)	(52)	(475)	894
Income (loss) from continuing operations before income taxes	(13,441)	(3,206)	(1,215)	6,049	(11,813)	(729)
Income tax benefit (expense)	16,993	4,053	1,536	(7,648)	14,934	481
Income (loss) from continuing operations	3,552	847	321	(1,599)	3,121	(248)
Income (loss) from discontinued operations before gain on disposal and income taxes [1]	50,643	45,874	(22,352)	(21,673)	52,492	—
Pre-tax gain on disposal [1]	—	—	—	472,237	472,237	2,539
Income tax benefit (expense) [1]	(19,575)	(7,296)	190	(80,922)	(107,603)	(618)
Income (loss) from discontinued operations [1]	31,068	38,578	(22,162)	369,642	417,126	1,921
Net income (loss)	$ 34,620	$ 39,425	$ (21,841)	$ 368,043	$ 420,247	$ 1,673
Basic net income (loss) per share:						
Continuing operations	$ 0.07	$ 0.02	$ 0.01	$ (0.03)	$ 0.07	$ (0.01)
Discontinued operations [1]	0.64	0.81	(0.47)	7.69	8.69	0.05
Basic net income (loss) per share:	$ 0.71	$ 0.83	$ (0.46)	$ 7.66	$ 8.76	$ 0.04
Diluted net income (loss) per share:						
Continuing operations	$ 0.07	$ 0.02	$ 0.01	$ (0.03)	$ 0.06	$ (0.01)
Discontinued operations [1]	0.63	0.79	(0.46)	7.69	8.48	0.05
Diluted net income (loss) per share:	$ 0.70	$ 0.81	$ (0.45)	$ 7.66	$ 8.54	$ 0.04
Weighted average shares outstanding:						
Basic	48,513	47,582	47,847	48,034	47,994	44,645
Diluted	49,747	48,690	49,016	48,034	49,183	44,645
Non-GAAP Financial Results:						
Adjusted EBITDA [2]	$ 5,652	$ 5,153	$ 16,995	$ 25,875	$ 53,675	$ 28,073
Net Leverage Ratio [2] [3]						0.3 x

(1) On October 31, 2022, we entered into a Stock Purchase Agreement (the ***"Purchase Agreement"***) with TaxAct Holdings, Inc. (f/k/a Avantax Holdings, Inc.), a Delaware corporation and a direct subsidiary of Blucora, Inc., Franklin Cedar Bidco, LLC, a Delaware limited liability company (the ***"Buyer"***), and, solely for purposes of certain provisions thereof, DS Admiral Bidco, LLC, a Delaware limited liability company, pursuant to which we sold our tax software business to Buyer for an aggregate purchase price of $720.0 million in cash, subject to customary purchase price adjustments set forth in the Purchase Agreement (the ***"TaxAct Sale"***). This transaction subsequently closed on December 19, 2022. Our results of operations have been recast to reflect TaxAct as a discontinued operation in accordance with ASC 205, *Presentation of Financial Statements*.

(2) Refer to the subsequent pages for reconciliations of these non-GAAP financial measures to their nearest comparable GAAP financial measures.

(3) On January 24, 2023, we entered into a restatement agreement which provides for a delayed draw term loan facility up to a maximum principal amount of $270.0 million and a revolving credit facility with a commitment amount of $50.0 million. We have not included Net Leverage Ratio calculations for periods prior to the TaxAct Sale due the material difference in leverage and operating structures.

Avantax Reconciliation of Certain Non-GAAP Financial Measures to the Nearest Comparable GAAP Financial Measures (1) (2)

	2022					2023
(Unaudited, in thousands. Rounding differences may exist.)	1Q	2Q	3Q	4Q	FY 12/31	1Q
Adjusted EBITDA (1)						
Net income (loss) (2)	$ 34,620	$ 39,425	$ (21,841)	$ 368,043	$ 420,247	$ 1,673
Less: Income (loss) from discontinued operations, net of income taxes	31,068	38,578	(22,162)	369,642	417,126	1,921
Income (loss) from continuing operations, net of income taxes	3,552	847	321	(1,599)	3,121	(248)
Stock-based compensation	5,380	4,438	4,964	6,371	21,153	7,802
Depreciation and amortization of acquired intangible assets	9,074	9,104	9,685	9,869	37,732	9,926
Interest expense and other, net	53	212	158	52	475	709
Acquisition and integration—Excluding change in the fair value of acquisition-related contingent consideration	(34)	228	416	524	1,134	122
Acquisition and integration—Change in the fair value of acquisition-related contingent consideration	1,700	(7,020)	—	—	(5,320)	—
Contested proxy and other legal and consulting costs	2,920	1,195	(250)	400	4,265	646
Executive transition costs	—	—	—	—	—	5,227
TaxAct transaction related costs	—	202	3,237	1,821	5,260	2,631
Reorganization costs	—	—	—	789	789	1,739
Income tax (benefit) expense	(16,993)	(4,053)	(1,536)	7,648	(14,934)	(481)
Adjusted EBITDA (1)	$ 5,652	$ 5,153	$ 16,995	$ 25,875	$ 53,675	$ 28,073

(1) We define Adjusted EBITDA as net income (loss), determined in accordance with GAAP, excluding (if applicable) the effects of discontinued operations, stock-based compensation, depreciation and amortization of acquired intangible assets, interest expense and other, net, acquisition and integration costs, contested proxy and other legal and consulting costs, executive transition costs, TaxAct transaction related costs, reorganization costs, and income tax (benefit) expense. Interest expense and other, net primarily consists of interest expense, net, and other non-operating income. It does not include the income associated with the transition services agreement signed in connection with the TaxAct Sale as this income offsets costs included within income from continuing operations. Acquisition and integration costs primarily relate to the acquisitions of Avantax Planning Partners and 1st Global.

We believe that Adjusted EBITDA provides meaningful supplemental information regarding our performance. We use this non-GAAP financial measure for internal management and compensation purposes, when publicly providing guidance on possible future results, and as a means to evaluate period-to-period comparisons. We believe that Adjusted EBITDA is a common measure used by investors and analysts to evaluate our performance, that it provides a more complete understanding of the results of operations and trends affecting our business when viewed together with GAAP results, and that management and investors benefit from referring to this non-GAAP financial measure. Items excluded from Adjusted EBITDA are significant and necessary components to the operations of our business and, therefore, Adjusted EBITDA should be considered as a supplement to, and not as a substitute for or superior to, GAAP net income (loss). Other companies may calculate Adjusted EBITDA differently and, therefore, our Adjusted EBITDA may not be comparable to similarly titled measures of other companies.

(2) See the Condensed Consolidated Financial Results on page 2.

	2022					2023
(Unaudited, in thousands. Rounding differences may exist.)	1Q	2Q	3Q	4Q	FY 12/31	1Q
Operating Free Cash Flow (3)						
Net cash provided by (used in) operating activities from continuing operations	$ 7,053	$ 7,855	$ (4,999)	$ 107,165	$ 117,074	$ 988
Purchases of property, equipment, and software	(3,846)	(5,173)	(3,582)	(2,291)	(14,892)	(2,543)
Operating Free Cash Flow (3)	$ 3,207	$ 2,682	$ (8,581)	$ 104,874	$ 102,182	$ (1,555)

(3) We define Operating Free Cash Flow, a non-GAAP financial measure, as net cash provided by (used in) operating activities from continuing operations less purchases of property, equipment, and software. We believe Operating Free Cash Flow is an important liquidity measure that reflects the cash generated by our businesses, after the purchases of property, equipment, and software, that can then be used for, among other things, strategic acquisitions and investments in the businesses, stock repurchases, and funding ongoing operations.

Avantax Reconciliation of Trailing Twelve Month ("TTM") Adjusted EBITDA [1] [2]

(Unaudited, in thousands. Rounding differences may exist.)		2023 TTM 1Q
Adjusted EBITDA [1] [2]		
Net income (loss)	$	387,300
Less: Income (loss) from discontinued operations, net of income taxes		387,979
Income (loss) from continuing operations, net of income taxes		(679)
Stock-based compensation		23,575
Depreciation and amortization of acquired intangible assets		38,584
Interest expense and other, net		1,131
Acquisition and integration—Excluding change in the fair value of acquisition-related contingent consideration		1,290
Acquisition and integration—Change in the fair value of acquisition-related contingent consideration		(7,020)
Contested proxy and other legal and consulting costs		1,991
Executive transition costs		5,227
TaxAct transaction related costs		7,891
Reorganization costs		2,528
Income tax (benefit) expense		1,578
Adjusted EBITDA[1] [2]	$	76,096

Avantax Net Leverage Ratio [1] [3] [4]

(Unaudited, in thousands except Net Leverage Ratio. Rounding differences may exist.)		2023 1Q
Net Debt [3]		
Delayed Draw Term Loan Facility	$	170,000
Less: Cash and cash equivalents		144,955
Net Debt [3]	$	25,045
Adjusted EBITDA [1] [2]	$	76,096
Net Leverage Ratio [1] [3] [4]		0.3 x

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(1) Non-GAAP measure using Adjusted EBITDA for the trailing twelve-month period. Adjusted EBITDA for the trailing twelve-month period is reconciled to the nearest comparable GAAP measure, net income (loss).

(2) For additional information on Adjusted EBITDA and its use as a non-GAAP measure, see page 3.

(3) We define Net Debt, a non-GAAP financial measure, as the outstanding principal of debt less cash and cash equivalents. We believe that the presentation of this non-GAAP financial measure provides useful information to investors because it is an important liquidity measurement that reflects our ability to service our debt. Our definition of Net Debt differs from the definition in our Amended and Restated Credit Facility, which caps the amount of cash and cash equivalents that may reduce our outstanding indebtedness at $100.0 million.

(4) Net Leverage Ratio is calculated by dividing Net Debt by Adjusted EBITDA for the trailing twelve-month period. Our definition of Net Leverage Ratio differs from the definition in our Amended and Restated Credit Facility primarily because the definition in the Amended and Restated Credit Facility includes additional adjustments for Adjusted EBITDA, including amortization of financial professional loans and certain pro-forma adjustments related to acquisitions and divestitures completed during the associated measurement period.

Operating Metrics

(In thousands, except percentages. Rounding differences may exist.)	2022					2023
	1Q	2Q	3Q	4Q	FY 12/31	1Q
Revenue	$ 166,403	$ 162,669	$ 165,032	$ 172,392	$ 666,496	$ 177,980
Less: Financial professional commission payout	(116,704)	(110,958)	(102,760)	(99,118)	(429,540)	(104,493)
Revenue Not Remitted to Financial Professionals (1)	$ 49,699	$ 51,711	$ 62,272	$ 73,274	$ 236,956	$ 73,487
Payout Rate (2)	75.4 %	75.5 %	75.1 %	74.2 %	75.1 %	75.2 %

(In thousands, except percentages. Rounding differences may exist.)			2022					2023
	Sources of Revenue	Primary Drivers	1Q	2Q	3Q	4Q	FY 12/31	1Q
Financial professional-driven	Advisory	- Advisory asset levels	$ 107,169	$ 104,155	$ 95,070	$ 92,445	$ 398,839	$ 97,525
	Commission	- Transactions - Asset levels - Product mix	47,655	42,835	41,788	41,153	173,431	41,472
Other revenue	Asset-based	- Cash balances - Interest rates - Number of accounts - Client asset levels	5,663	6,964	21,147	31,269	65,043	33,887
	Transaction and fee	- Account activity - Number of clients - Number of financial professionals - Number of accounts	5,916	8,715	7,027	7,525	29,183	5,096
	Total revenue		$ 166,403	$ 162,669	$ 165,032	$ 172,392	$ 666,496	$ 177,980
	Total recurring revenue (3)		$ 143,737	$ 141,935	$ 144,512	$ 150,457	$ 580,641	$ 157,628
	Recurring revenue rate (3)		86.4 %	87.3 %	87.6 %	87.3 %	87.1 %	88.6 %

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(1) We define Revenue Not Remitted to Financial Professionals, a non-GAAP financial measure, as GAAP revenue less financial professional commission payout. Financial professional commission payout represents commissions owed to financial professionals based on their advisory and commission revenues generated during the respective period. Financial professional commission payout does not include charges associated with financial professional stock-based compensation or the amortization of financial professional forgivable loans. We believe that the presentation of this non-GAAP financial measure provides useful information to investors because it reflects the portion of our segment revenue that is not remitted to financial professionals in the form of cash. We and investors utilize this non-GAAP financial measure when evaluating our performance relative to total client assets.

(2) We define Payout Rate as financial professional commission payout as a percentage of financial professional-driven revenue from the tables above.

(3) Recurring revenue consists of advisory fees, trailing commissions, fees from cash sweep programs, and certain transaction and fee revenue.

Operating Metrics (continued)

(In thousands, except percentages. Rounding differences may exist.)	2022 1Q	2022 2Q	2022 3Q	2022 4Q	2022 FY 12/31	2023 1Q
Total client assets [(1)]	$ 86,144,055	$ 76,522,066	$ 72,592,882	$ 76,939,096	$ 76,939,096	$ 80,632,955
Brokerage assets [(1)]	$ 45,222,763	$ 39,776,018	$ 37,150,327	$ 38,656,763	$ 38,656,763	$ 40,052,062
Advisory assets [(1)]	$ 40,921,292	$ 36,746,048	$ 35,442,555	$ 38,282,333	$ 38,282,333	$ 40,580,893
% of total client assets [(1)]	47.5 %	48.0 %	48.8 %	49.8 %	49.8 %	50.3 %
Number of financial professionals (in ones)	3,409	3,349	3,347	3,109	3,109	3,123
Advisory and commission revenue per financial professional [(2)]	$ 45.4	$ 43.9	$ 40.9	$ 43.0	$ 184.1	$ 44.5
Quarterly Production Retention Rate: [(3)]						
TTM Financial professional-driven revenue [(4)]	$ 617,648	$ 616,428	$ 596,785	$ 572,270	$ 572,270	$ 556,443
TTM Financial professional-driven revenue related to independent financial professionals who departed in the quarter [(4)]	2,201	3,836	8,356	4,122	4,122	943
TTM Financial professional-driven revenue, less that related to independent financial professionals who departed in the quarter [(4)]	$ 615,447	$ 612,592	$ 588,429	$ 568,148	$ 568,148	$ 555,500
Quarterly Production Retention Rate [(3)]	99.6 %	99.4 %	98.6 %	99.3 %	99.3 %	99.8 %

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(1) In connection with our ongoing integration of acquisitions, as of December 31, 2021, we refined the methodology by which we calculate client assets to align the methodologies within our Wealth Management segment for calculating such metrics. Specifically, such changes to the methodology include alignment to one third party data aggregator for assets not placed in custody with our clearing firm and to one consistent set of logic for all assets and transaction types. We have not recast client assets for prior periods to conform to our current presentation as we believe the changes to the calculation to be immaterial.

(2) Calculations are based on the ending number of financial professionals and advisory and commission revenue for each respective period.

(3) Quarterly Production Retention Rate is a non-GAAP financial measure. We believe Quarterly Production Retention Rate is an important measure of our quarterly retention of financial professional-driven revenue (which consists of advisory revenue and commission revenue). We use Quarterly Production Retention Rate to measure the impact of financial professional departures on our business. Quarterly Production Retention Rate is calculated by dividing (x) the difference of (i) total financial professional-driven revenue for the trailing twelve-month period then ended minus (ii) financial professional-driven revenue for the trailing twelve-month period then ended related to independent financial professionals that departed in the quarter by (y) total financial professional-driven revenue for the trailing twelve-month period then ended. As Quarterly Production Retention Rate is a measure of retention during a quarter, it also includes quarterly production from independent financial professionals who departed in prior quarters in the trailing twelve-month period, and therefore does not show production retention rate over longer periods of time.

(4) For the trailing twelve-month period then ended.