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**

**August 8, 2022**
**Date of Report**
**(Date of earliest event reported)**

# BLUCORA, 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 | BCOR | 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 August 8, 2022, Blucora, Inc. (the “Company”) announced its financial results for the quarter ended June 30, 2022. 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 August 8, 2022 |
| 99.2 | Supplemental financial information dated August 8, 2022 |
| 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 and its segments, expectations regarding net flows for its wealth business, and expectations with respect to the current tax season. 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 industries; 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, clients, and customers, as well as our ability to provide strong customer/client service; the impact of the continuing COVID-19 pandemic on our results of operations and our business, including the impact of the resulting economic and market disruption, the extension of tax filing deadlines and other related government actions, and changes in customer behavior related to the foregoing; our future capital requirements and the availability of financing, if necessary; our ability to meet our current and future debt service obligations, including our ability to maintain compliance with our debt covenants; any downgrade of the Company’s credit ratings; 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; 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; any compromise of confidentiality, availability or integrity of information, including cyberattacks; our ability to manage leadership and employee transitions, including costs and time burdens on management and our board of directors related thereto; political and economic conditions and events that directly or indirectly impact the wealth management and tax software industries; 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; 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; risks related to goodwill and acquired intangible asset impairment;

our ability to develop, establish, and maintain strong brands; risks associated with the use and implementation of information technology and the effect of security breaches, computer viruses, and computer hacking attacks; our ability to comply with laws and regulations regarding privacy and protection of user data; the seasonality of our business; 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; and the effects on our business of actions of activist stockholders. 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
August 8, 2022

Exhibit 99.1

BLUCORA

# Blucora Reports Second Quarter 2022 Results

DALLAS, TX — August 8, 2022 — Blucora, Inc. (NASDAQ: BCOR), a leading provider of technology-enabled, tax focused financial solutions, today announced financial results for the second quarter ended June 30, 2022.

## Second Quarter Highlights and Recent Developments

- Avantax added newly recruited assets of $514 million during the second quarter for a total of over $1.0 billion during the first six months of 2022. This exceeds full year 2021 newly recruited assets of $929 million.
- Avantax continued to deliver net positive asset flows with $185 million for the quarter.
- Grew total revenue over 1% year over year to $256.9 million in Q2 2022 compared to $254.3 million during Q2 2021.
- Ended the second quarter with total client assets of $76.5 billion, growing advisory assets to $36.7 billion, or 48.0% of total client assets.
- TaxAct gained market share during the tax season, ending Q2 2022 with an approximate 4.94% market share.
- Continue to expect double-digit top line growth for TaxAct for tax year 2021.
- On August 5th, the Company paid down its term loan balance by $35 million, resulting in an updated principal balance of $525.4 million.

"With our financial results on track for the year, despite a volatile macro picture, we are confident in our ability to deliver even stronger results next year driven by continued strong operating performance as well as favorable interest rate impacts. We expect our positive trajectory to deliver valuable free cash flow in the coming years as we continue to deliver differentiated value and services to our customers and clients. It's an exciting time for the business." commented Chris Walters, Blucora's President and Chief Executive Officer. Mr. Walters continued, "I am proud of our Company's performance this quarter. We have a lot of reasons to be optimistic about our future performance across the company, not just due to a favorable interest rate environment, but also because of the purposeful investments we chose to make leading into this environment that we believe will allow us to take full advantage of the opportunities that come from operating from a position of strength."

## Summary Financial Performance: Q2 2022

| ($ in millions, except per share amounts) | Q2 2022 | Q2 2021 | Change |
|---|---|---|---|
| Revenue: | | | |
| Wealth Management | $ 162.7 | $ 162.4 | 0.2 % |
| Tax Software | 94.2 | 91.9 | 2.5 % |
| Total Revenue | $ 256.9 | $ 254.3 | 1.0 % |
| Segment Operating Income | | | |
| Wealth Management | $ 15.9 | $ 21.4 | (25.7)% |
| Tax Software | 53.9 | 63.4 | (15.0)% |
| Total Segment Operating Income | $ 69.7 | $ 84.8 | (17.8)% |
| Unallocated Corporate-Level General and Administrative Expenses | $ (7.7) | $ (6.3) | (22.2)% |
| ***GAAP:*** | | | |
| Operating Income | $ 50.8 | $ 41.6 | 22.1 % |
| Net Income | $ 39.4 | $ 31.6 | 24.7 % |
| Net Income per share — Diluted | $ 0.81 | $ 0.64 | 26.6 % |
| ***Non-GAAP:*** | | | |
| Adjusted EBITDA (1) | $ 62.1 | $ 78.6 | (21.0)% |
| Net Income (1) | $ 48.0 | $ 63.1 | (23.9)% |
| Net Income per share — Diluted (1) | $ 0.99 | $ 1.28 | (22.7)% |

Note: Totals may not foot due to rounding.
(1) See reconciliations of all non-GAAP to GAAP measures presented in this release in the tables below.

## Full Year 2022 Outlook

| ($ in millions, except per share amounts) | Full Year 2022 Outlook |
|---|---|
| Wealth Management Revenue | $645.0 - $665.0 |
| Tax Software Revenue | $247.5 - $251.0 |
| **Total Revenue** | **$892.5 - $916.0** |
| Wealth Management Segment Operating Income | $90.5 - $94.5 |
| Tax Software Segment Operating Income | $89.0 - $91.0 |
| Unallocated Corporate-Level General and Administrative Expenses | $30.5 - $29.0 |
| ***GAAP:*** | |
| Net Income | $28.5 - $43.5 |
| Net Income per share — Diluted | $0.58 - $0.89 |
| ***Non-GAAP:*** | |
| Adjusted EBITDA (1) | $149.0 - $156.5 |
| Non-GAAP Net Income (1) | $84.0 - $93.5 |
| Non-GAAP Net Income per share — Diluted (1) | $1.71 - $1.90 |

(1) See reconciliations of all non-GAAP to GAAP measures presented in this release in the tables below.

## Conference Call and Webcast

A conference call and live webcast will be held on Tuesday, August 9, 2022 at 8:30 a.m. Eastern Time during which the Company will further discuss second quarter results, its outlook for full year 2022, its tax season update, and other business matters. We will also provide supplemental financial information to our results on the Investor Relations section of the Blucora corporate website at www.blucora.com prior to the call. A replay of the call will be available on our website.

## About Blucora®

Blucora, Inc. (NASDAQ: BCOR) is a provider of data and technology-driven solutions that empower people to improve their financial wellness. Blucora operates in two segments (i) wealth management, through its Avantax Wealth Management and Avantax Planning Partners brands, with a collective $77 billion in total client assets as of June 30, 2022 and (ii) tax software, through its TaxAct business, a market leader in tax software with over 3 million consumer users and approximately 21,000 professional users in 2022. With integrated tax-focused software and wealth management, Blucora is uniquely positioned to assist our customers in achieving better long-term outcomes via holistic, tax-advantaged solutions. For more information on Blucora, visit www.blucora.com.

Source: Blucora

Blucora Investor Relations
Dee Littrell (972) 870-6463
IR@Blucora.com

*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 Blucora, Inc. (the "Company") and its segments, expectations regarding net flows for its wealth business, and expectations with respect to the current tax season. 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 industries; 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, clients, and customers, as well as our ability to provide strong customer/client service; the impact of the continuing COVID-19 pandemic on our results of operations and our business, including the impact of the resulting economic and market disruption, the extension of tax filing deadlines and other related government actions, and* *changes in customer behavior related to the foregoing; our future capital requirements and the availability of financing, if necessary; our ability to meet our current and future debt service obligations, including our ability to maintain compliance with our debt covenants; any downgrade of the Company's credit ratings; 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"**); 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; any compromise of confidentiality, availability or integrity of information, including cyberattacks; our ability to manage leadership and employee transitions, including costs and time burdens on management and our board of directors related thereto; political and economic conditions and events that directly or indirectly impact the wealth management and tax software industries; 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; 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; risks related to goodwill and acquired intangible asset impairment; our ability to develop, establish, and maintain strong brands; risks associated with the use and implementation of information technology and the effect of security breaches, computer viruses, and computer hacking attacks; our ability to comply with laws and regulations regarding privacy and protection of user data; the seasonality of our business; 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; and the effects on our business of actions of activist stockholders. 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.*

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Revenue: | | | | |
| Wealth Management | $ 162,669 | $ 162,395 | $ 329,072 | $ 316,886 |
| Tax Software | 94,214 | 91,917 | 235,364 | 215,809 |
| Total revenue | 256,883 | 254,312 | 564,436 | 532,695 |
| Operating expenses: | | | | |
| Cost of revenue: | | | | |
| Wealth Management | 113,644 | 113,910 | 233,518 | 222,533 |
| Tax Software | 6,873 | 4,429 | 16,299 | 10,007 |
| Total cost of revenue | 120,517 | 118,339 | 249,817 | 232,540 |
| Engineering and technology | 8,620 | 7,231 | 17,124 | 14,359 |
| Sales and marketing | 47,508 | 34,848 | 131,911 | 112,410 |
| General and administrative | 26,646 | 23,832 | 55,721 | 48,517 |
| Acquisition and integration | (6,792) | 18,169 | (5,126) | 26,272 |
| Depreciation | 3,137 | 3,204 | 6,068 | 5,504 |
| Amortization of acquired intangible assets | 6,462 | 7,063 | 13,093 | 14,238 |
| Total operating expenses | 206,098 | 212,686 | 468,608 | 453,840 |
| Operating income | 50,785 | 41,626 | 95,828 | 78,855 |
| Interest expense and other, net (1) | (8,117) | (8,024) | (15,958) | (15,907) |
| Income before income taxes | 42,668 | 33,602 | 79,870 | 62,948 |
| Income tax expense | (3,243) | (1,994) | (5,825) | (3,694) |
| Net income | $ 39,425 | $ 31,608 | $ 74,045 | $ 59,254 |
| | | | | |
| Net income per share: | | | | |
| Basic | $ 0.83 | $ 0.65 | $ 1.54 | $ 1.22 |
| Diluted | $ 0.81 | $ 0.64 | $ 1.50 | $ 1.20 |
| Weighted average shares outstanding: | | | | |
| Basic | 47,582 | 48,508 | 48,048 | 48,384 |
| Diluted | 48,690 | 49,385 | 49,220 | 49,241 |

(1) Interest expense and other, net consisted of the following (in thousands):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Interest expense | $ 7,265 | $ 7,302 | $ 14,395 | $ 14,485 |
| Amortization of debt issuance costs | 399 | 377 | 788 | 740 |
| Amortization of debt discount | 299 | 284 | 591 | 561 |
| Total interest expense | 7,963 | 7,963 | 15,774 | 15,786 |
| Interest income and other | 154 | 61 | 184 | 121 |
| Interest expense and other, net | $ 8,117 | $ 8,024 | $ 15,958 | $ 15,907 |

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

| | June 30, 2022 | December 31, 2021 |
|---|---|---|
| | (Unaudited) | |
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 171,297 | $ 134,824 |
| Accounts receivable, net | 20,351 | 21,906 |
| Commissions and advisory fees receivable | 21,214 | 25,073 |
| Prepaid expenses and other current assets | 17,697 | 18,476 |
| Total current assets | 230,559 | 200,279 |
| Long-term assets: | | |
| Property, equipment, and software, net | 75,741 | 73,638 |
| Right-of-use assets, net | 19,879 | 20,466 |
| Goodwill, net | 454,821 | 454,821 |
| Acquired intangible assets, net | 291,540 | 302,289 |
| Other long-term assets | 26,547 | 20,450 |
| Total long-term assets | 868,528 | 871,664 |
| Total assets | $ 1,099,087 | $ 1,071,943 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Accounts payable | $ 6,962 | $ 8,216 |
| Commissions and advisory fees payable | 13,814 | 17,940 |
| Accrued expenses and other current liabilities | 54,707 | 65,678 |
| Current deferred revenue | 6,328 | 13,180 |
| Current lease liabilities | 5,025 | 4,896 |
| Current portion of long-term debt | 1,812 | 1,812 |
| Total current liabilities | 88,648 | 111,722 |
| Long-term liabilities: | | |
| Long-term debt, net | 553,476 | 553,134 |
| Long-term lease liabilities | 31,795 | 33,267 |
| Deferred tax liabilities, net | 19,125 | 20,124 |
| Long-term deferred revenue | 4,859 | 5,322 |
| Other long-term liabilities | 11,731 | 6,752 |
| Total long-term liabilities | 620,986 | 618,599 |
| Total liabilities | 709,634 | 730,321 |
| | | |
| Stockholders' equity: | | |
| Common stock, par value $0.0001 per share—900,000 authorized shares; 50,921 shares issued and 47,740 shares outstanding as of June 30, 2022; 50,137 shares issued and 48,831 shares outstanding as of December 31, 2021 | 5 | 5 |
| Additional paid-in capital | 1,628,591 | 1,619,805 |
| Accumulated deficit | (1,175,744) | (1,249,789) |
| Treasury stock, at cost—3,181 shares at June 30, 2022 and 1,306 shares at December 31, 2021 | (63,399) | (28,399) |
| Total stockholders' equity | 389,453 | 341,622 |
| Total liabilities and stockholders' equity | $ 1,099,087 | $ 1,071,943 |

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

| | Six Months Ended June 30, | |
|---|---|---|
| | 2022 | 2021 |
| Operating activities: | | |
| Net income | $ 74,045 | $ 59,254 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization of acquired intangible assets | 22,769 | 21,583 |
| Stock-based compensation | 11,423 | 10,770 |
| Change in the fair value of acquisition-related contingent consideration | (5,320) | 17,800 |
| Reduction of right-of-use lease assets | 715 | 1,420 |
| Deferred income taxes | (999) | (963) |
| Amortization of debt discount and issuance costs | 1,379 | 1,301 |
| Accretion of lease liabilities | 1,020 | 1,046 |
| Other non-cash items | 2,574 | 481 |
| Changes in operating assets and liabilities, net of acquisitions and disposals: | | |
| Accounts receivable, net | 1,666 | (5,948) |
| Commissions and advisory fees receivable | 3,859 | (530) |
| Prepaid expenses and other current assets | 1,776 | (4,057) |
| Other long-term assets | (8,804) | (9,239) |
| Accounts payable | (1,254) | 874 |
| Commissions and advisory fees payable | (4,316) | 149 |
| Lease liabilities | (2,491) | (431) |
| Deferred revenue | (7,315) | (7,677) |
| Accrued expenses and other current and long-term liabilities | (5,064) | 11,438 |
| Net cash provided by operating activities | 85,663 | 97,271 |
| Investing activities: | | |
| Purchases of property, equipment, and software | (11,790) | (13,544) |
| Asset acquisitions | (1,858) | (881) |
| Net cash used by investing activities | (13,648) | (14,425) |
| Financing activities: | | |
| Proceeds from credit facilities, net of debt discount and issuance costs | — | (502) |
| Payments on credit facilities | (906) | (906) |
| Acquisition-related contingent consideration payments | (98) | — |
| Stock repurchases | (35,000) | — |
| Proceeds from stock option exercises | 174 | 284 |
| Proceeds from issuance of stock through employee stock purchase plan | 2,324 | 1,845 |
| Tax payments from shares withheld for equity awards | (2,036) | (1,329) |
| Net cash used by financing activities | (35,542) | (608) |
| Net increase in cash, cash equivalents, and restricted cash | 36,473 | 82,238 |
| Cash, cash equivalents, and restricted cash, beginning of period | 134,824 | 150,762 |
| Cash, cash equivalents, and restricted cash, end of period | $ 171,297 | $ 233,000 |
| | | |
| Supplemental cash flow information: | | |
| Cash paid for income taxes | $ 1,958 | $ 596 |
| Cash paid for interest | $ 14,301 | $ 14,324 |

## BLUCORA, INC.
## Segment Information and Revenue
(Unaudited) (In thousands)

Information on reportable segments currently presented to our Chief Executive Officer (our chief operating decision maker) and a reconciliation to consolidated net income are presented below:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Revenue: | | | | |
| Wealth Management | $ 162,669 | $ 162,395 | $ 329,072 | $ 316,886 |
| Tax Software | 94,214 | 91,917 | 235,364 | 215,809 |
| Total revenue | 256,883 | 254,312 | 564,436 | 532,695 |
| Operating income (loss): | | | | |
| Wealth Management | 15,873 | 21,396 | 32,294 | 40,792 |
| Tax Software | 53,859 | 63,448 | 111,889 | 114,336 |
| Corporate-level activity | (18,947) | (43,218) | (48,355) | (76,273) |
| Total operating income | 50,785 | 41,626 | 95,828 | 78,855 |
| Interest expense and other, net | (8,117) | (8,024) | (15,958) | (15,907) |
| Income before income taxes | 42,668 | 33,602 | 79,870 | 62,948 |
| Income tax expense | (3,243) | (1,994) | (5,825) | (3,694) |
| Net income | $ 39,425 | $ 31,608 | $ 74,045 | $ 59,254 |

Revenues by major category within each segment are presented below:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Wealth Management: | | | | |
| Advisory | $ 104,155 | $ 96,508 | $ 211,324 | $ 187,627 |
| Commission | 42,835 | 51,702 | 90,490 | 104,236 |
| Asset-based | 6,964 | 5,526 | 12,627 | 10,855 |
| Transaction and fee | 8,715 | 8,659 | 14,631 | 14,168 |
| Total Wealth Management revenue | $ 162,669 | $ 162,395 | $ 329,072 | $ 316,886 |
| Tax Software: | | | | |
| Consumer | $ 91,027 | $ 88,846 | $ 216,288 | $ 199,413 |
| Professional | 3,187 | 3,071 | 19,076 | 16,396 |
| Total Tax Software revenue | $ 94,214 | $ 91,917 | $ 235,364 | $ 215,809 |

Corporate-level activity included the following:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| allocated corporate-level general and administrative expenses | $ 7,680 | $ 6,259 | $ 14,972 | 11,953 |
| ck-based compensation | 5,198 | 5,160 | 11,423 | 10,770 |
| quisition and integration | (6,792) | 18,169 | (5,126) | 26,272 |
| preciation | 5,002 | 4,102 | 9,676 | 7,345 |
| Amortization of acquired intangible assets | 6,462 | 7,063 | 13,093 | 14,238 |
| Contested proxy and other legal and consulting costs | 1,397 | 2,465 | 4,317 | 5,695 |
| Total corporate-level activity | $ 18,947 | $ 43,218 | $ 48,355 | 76,273 |

## BLUCORA, INC.
## Reconciliations of Non-GAAP Financial Measures to the Nearest Comparable GAAP Measures [1]
(Unaudited) (In thousands, except per share amounts)

### Adjusted EBITDA Reconciliation [1]

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Net income [2] | $ 39,425 | $ 31,608 | $ 74,045 | $ 59,254 |
| Stock-based compensation | 5,198 | 5,160 | 11,423 | 10,770 |
| Depreciation and amortization of acquired intangible assets | 11,464 | 11,165 | 22,769 | 21,583 |
| Interest expense and other, net | 8,117 | 8,024 | 15,958 | 15,907 |
| Acquisition and integration—Excluding change in the fair value of HKFS Contingent Consideration | 228 | 6,669 | 194 | 8,472 |
| Acquisition and integration—Change in the fair value of HKFS Contingent Consideration | (7,020) | 11,500 | (5,320) | 17,800 |
| Contested proxy and other legal and consulting costs | 1,397 | 2,465 | 4,317 | 5,695 |
| Income tax expense | 3,243 | 1,994 | 5,825 | 3,694 |
| Adjusted EBITDA [1] | $ 62,052 | $ 78,585 | $ 129,211 | $ 143,175 |

### Non-GAAP Net Income and Non-GAAP Net Income Per Share Reconciliation [1]

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Net income [2] | $ 39,425 | $ 31,608 | $ 74,045 | $ 59,254 |
| Stock-based compensation | 5,198 | 5,160 | 11,423 | 10,770 |
| Amortization of acquired intangible assets | 6,462 | 7,063 | 13,093 | 14,238 |
| Acquisition and integration—Excluding change in the fair value of HKFS Contingent Consideration | 228 | 6,669 | 194 | 8,472 |
| Acquisition and integration—Change in the fair value of HKFS Contingent Consideration | (7,020) | 11,500 | (5,320) | 17,800 |
| Contested proxy and other legal and consulting costs | 1,397 | 2,465 | 4,317 | 5,695 |
| Cash tax impact of adjustments to GAAP net income | (353) | (649) | (1,312) | (1,192) |
| Non-cash income tax (benefit) expense | 2,655 | (694) | 4,161 | (963) |
| Non-GAAP Net Income [1] | $ 47,992 | $ 63,122 | $ 100,601 | $ 114,074 |
| *Per diluted share:* | | | | |
| Net income [2][4] | $ 0.81 | $ 0.64 | $ 1.50 | $ 1.20 |
| Stock-based compensation | 0.11 | 0.10 | 0.23 | 0.22 |
| Amortization of acquired intangible assets | 0.14 | 0.14 | 0.28 | 0.29 |
| Acquisition and integration—Excluding change in the fair value of HKFS Contingent Consideration | — | 0.14 | — | 0.17 |
| Acquisition and integration—Change in the fair value of HKFS Contingent Consideration | (0.14) | 0.23 | (0.11) | 0.36 |
| Contested proxy and other legal and consulting costs | 0.03 | 0.05 | 0.09 | 0.12 |
| Cash tax impact of adjustments to GAAP net income | (0.01) | (0.01) | (0.03) | (0.02) |
| Non-cash income tax (benefit) expense | 0.05 | (0.01) | 0.08 | (0.02) |
| Non-GAAP Net Income per share — Diluted [1] | $ 0.99 | $ 1.28 | $ 2.04 | $ 2.32 |
| Diluted weighted average shares outstanding | 48,690 | 49,385 | 49,220 | 49,241 |

## BLUCORA, INC.
## Reconciliations of Non-GAAP Financial Measures to the Nearest Comparable GAAP Measures [1]
(Unaudited) (In thousands, except per share amounts)

### Adjusted EBITDA Reconciliation for Forward-Looking Guidance [1]

| | Ranges for year ending December 31, 2022 | |
|---|---|---|
| | Low | High |
| Net income | $ 28,500 | $ 43,500 |
| Stock-based compensation | 22,500 | 21,500 |
| Depreciation and amortization of acquired intangible assets | 49,000 | 48,000 |
| Interest expense and other, net | 36,000 | 35,000 |
| Acquisition, integration, and contested proxy and other legal and consulting costs [3] | 9,500 | 5,500 |
| Income tax expense | 3,500 | 3,000 |
| Adjusted EBITDA [1] | $ 149,000 | $ 156,500 |

### Non-GAAP Net Income and Non-GAAP Net Income Per Share Reconciliation for Forward-Looking Guidance [1]

| | Ranges for year ending December 31, 2022 | |
|---|---|---|
| | Low | High |
| Net income | $ 28,500 | $ 43,500 |
| Stock-based compensation | 22,500 | 21,500 |
| Amortization of acquired intangible assets | 26,000 | 25,500 |
| Acquisition, integration, and contested proxy and other legal and consulting costs [3] | 9,500 | 5,500 |
| Cash tax impact of adjustments to net income | (2,000) | (2,000) |
| Non-cash income tax (benefit) expense | (500) | (500) |
| Non-GAAP Net Income [1] | $ 84,000 | $ 93,500 |
| *Per diluted share:* | | |
| Net income | $ 0.58 | $ 0.89 |
| Stock-based compensation | 0.46 | 0.44 |
| Amortization of acquired intangible assets | 0.53 | 0.51 |
| Acquisition, integration, and contested proxy and other legal and consulting costs [3] | 0.19 | 0.11 |
| Cash tax impact of adjustments to net income | (0.04) | (0.04) |
| Non-cash income tax (benefit) expense | (0.01) | (0.01) |
| Non-GAAP Net Income per share — Diluted [1] | $ 1.71 | $ 1.90 |
| Diluted weighted average shares outstanding | 49,084 | 49,084 |

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

(1) We define Adjusted EBITDA as net income (loss), determined in accordance with GAAP, excluding the effects of 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, and income tax expense. Interest expense and other, net primarily consists of interest expense, net. 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.

We define Non-GAAP Net Income (Loss) as net income (loss), determined in accordance with GAAP, excluding the effects of stock-based compensation, amortization of acquired intangible assets, acquisition and integration costs, contested proxy and other legal and consulting costs, the related cash tax impact of those adjustments, and non-cash income tax (benefit) expense. We exclude the non-cash portion of income taxes because of our ability to offset a substantial portion of our cash tax liabilities by using deferred tax assets, which primarily consist of U.S. federal net operating losses. The majority of these net operating losses will expire, if not utilized, between 2022 and 2024.

We believe that Non-GAAP Net Income (Loss) and Non-GAAP Net Income (Loss) per share provide meaningful supplemental information to management, investors, and analysts regarding our performance and the valuation of our business by excluding items in the statement of operations that we do not consider part of our ongoing operations or that have not been, or are not expected to be, settled in cash. Additionally, we believe that Non-GAAP Net Income (Loss) and Non-GAAP Net Income (Loss) per share are common measures used by investors and analysts to evaluate our performance and the valuation of our business. Non-GAAP Net Income (Loss) and Non-GAAP Net Income (Loss) per share should be evaluated in light of our financial results prepared in accordance with GAAP and should be considered as a supplement to, and not as a substitute for or superior to, GAAP net income (loss) and GAAP net income (loss) per share. Other companies may calculate Non-GAAP Net Income (Loss) and Non-GAAP Net Income (Loss) per share differently, and, therefore, these measures 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.

(4) Any difference in the “per diluted share” amounts between this table and the condensed consolidated statements of operations is due to using different diluted weighted average shares outstanding in the event that there is GAAP net loss but Non-GAAP Net Income and vice versa.

**Exhibit 99.2**

Blucora, Inc.
Supplemental Information
June 30, 2022

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**Blucora Condensed Consolidated Statements of Operations**

| *(Unaudited, in thousands, except per share amounts. Rounding differences may exist.)* | 2020 | 2021 | | | | | 2022 | |
|---|---|---|---|---|---|---|---|---|
| | **FY 12/31** | **1Q** | **2Q** | **3Q** | **4Q** | **FY 12/31** | **1Q** | **2Q** |
| Revenue: | | | | | | | | |
| Wealth Management | $ 546,189 | $ 154,491 | $ 162,395 | $ 169,135 | $ 172,192 | $ 658,213 | $ 166,403 | $ 162,669 |
| Tax Software | 208,763 | 123,892 | 91,917 | 5,039 | 6,139 | 226,987 | 141,150 | 94,214 |
| Total revenue | 754,952 | 278,383 | 254,312 | 174,174 | 178,331 | 885,200 | 307,553 | 256,883 |
| Operating expenses: | | | | | | | | |
| Cost of revenue: | | | | | | | | |
| Wealth Management | 385,962 | 108,623 | 113,910 | 120,641 | 121,119 | 464,293 | 119,874 | 113,644 |
| Tax Software | 12,328 | 5,578 | 4,429 | 2,323 | 3,228 | 15,558 | 9,426 | 6,873 |
| Total cost of revenue | 398,290 | 114,201 | 118,339 | 122,964 | 124,347 | 479,851 | 129,300 | 120,517 |
| Engineering and technology | 27,258 | 7,128 | 7,231 | 7,874 | 8,471 | 30,704 | 8,504 | 8,620 |
| Sales and marketing | 177,618 | 77,562 | 34,848 | 28,399 | 32,522 | 173,331 | 84,403 | 47,508 |
| General and administrative | 82,158 | 24,685 | 23,832 | 23,102 | 27,052 | 98,671 | 29,075 | 26,646 |
| Acquisition and integration | 31,085 | 8,103 | 18,169 | 2,241 | 4,285 | 32,798 | 1,666 | (6,792) |
| Depreciation | 7,293 | 2,300 | 3,204 | 2,867 | 2,535 | 10,906 | 2,931 | 3,137 |
| Amortization of acquired intangible assets | 29,745 | 7,175 | 7,063 | 7,009 | 7,073 | 28,320 | 6,631 | 6,462 |
| Impairment of goodwill (1) | 270,625 | — | — | — | — | — | — | — |
| Total operating expenses | 1,024,072 | 241,154 | 212,686 | 194,456 | 206,285 | 854,581 | 262,510 | 206,098 |
| Operating income (loss) | (269,120) | 37,229 | 41,626 | (20,282) | (27,954) | 30,619 | 45,043 | 50,785 |
| Interest expense and other, net | (31,304) | (7,883) | (8,024) | (8,295) | (7,878) | (32,080) | (7,841) | (8,117) |
| Income (loss) before income taxes | (300,424) | 29,346 | 33,602 | (28,577) | (35,832) | (1,461) | 37,202 | 42,668 |
| Income tax benefit (expense) | (42,331) | (1,700) | (1,994) | 774 | 12,138 | 9,218 | (2,582) | (3,243) |
| Net income (loss) | $ (342,755) | $ 27,646 | $ 31,608 | $ (27,803) | $ (23,694) | $ 7,757 | $ 34,620 | $ 39,425 |
| | | | | | | | | |
| Net income (loss) per share: | | | | | | | | |
| Basic | $ (7.14) | $ 0.57 | $ 0.65 | $ (0.57) | $ (0.49) | $ 0.16 | $ 0.71 | $ 0.83 |
| Diluted | $ (7.14) | $ 0.56 | $ 0.64 | $ (0.57) | $ (0.49) | $ 0.16 | $ 0.70 | $ 0.81 |
| Weighted average shares outstanding: | | | | | | | | |
| Basic | 47,978 | 48,261 | 48,508 | 48,707 | 48,834 | 48,578 | 48,513 | 47,582 |
| Diluted | 47,978 | 49,097 | 49,385 | 48,707 | 48,834 | 49,526 | 49,747 | 48,690 |

(1) In 2020, we recognized a $270.6 million goodwill impairment related to our Wealth Management reporting unit.

**Blucora Condensed Consolidated Financial Results**

| *(Unaudited, in thousands, except % and per share amounts. Rounding differences may exist.)* | 2020 FY 12/31 | 2021 1Q | 2021 2Q | 2021 3Q | 2021 4Q | 2021 FY 12/31 | 2022 1Q | 2022 2Q |
|---|---|---|---|---|---|---|---|---|
| **GAAP Financial Results:** | | | | | | | | |
| Segment revenue: | | | | | | | | |
| Wealth Management | $ 546,189 | $ 154,491 | $ 162,395 | $ 169,135 | $ 172,192 | $ 658,213 | $ 166,403 | $ 162,669 |
| Tax Software [1] | 208,763 | 123,892 | 91,917 | 5,039 | 6,139 | 226,987 | 141,150 | 94,214 |
| Total revenue | $ 754,952 | $ 278,383 | $ 254,312 | $ 174,174 | $ 178,331 | $ 885,200 | $ 307,553 | $ 256,883 |
| Segment operating income: [2] | | | | | | | | |
| Wealth Management | $ 72,195 | $ 19,396 | $ 21,396 | $ 19,564 | $ 21,856 | $ 82,212 | $ 16,421 | $ 15,873 |
| Tax Software [1] | 49,621 | 50,888 | 63,448 | (13,864) | (18,593) | 81,879 | 58,030 | 53,859 |
| Total segment operating income | $ 121,816 | $ 70,284 | $ 84,844 | $ 5,700 | $ 3,263 | $ 164,091 | $ 74,451 | $ 69,732 |
| Segment operating income as a % of segment revenue: | | | | | | | | |
| Wealth Management | 13.2 % | 12.6 % | 13.2 % | 11.6 % | 12.7 % | 12.5 % | 9.9 % | 9.8 % |
| Tax Software [1] | 23.8 % | 41.1 % | 69.0 % | (275.1)% | (302.9)% | 36.1 % | 41.1 % | 57.2 % |
| Total segment operating income as a % of segment revenue | 16.1 % | 25.2 % | 33.4 % | 3.3 % | 1.8 % | 18.5 % | 24.2 % | 27.1 % |
| Unallocated corporate-level general and administrative expenses [2] | $ 26,689 | $ 5,694 | $ 6,259 | $ 6,499 | $ 7,103 | $ 25,555 | $ 7,292 | $ 7,680 |
| GAAP Net Income (Loss) | $ (342,755) | $ 27,646 | $ 31,608 | $ (27,803) | $ (23,694) | $ 7,757 | $ 34,620 | $ 39,425 |
| GAAP Net Income (Loss) per share — Diluted | $ (7.14) | $ 0.56 | $ 0.64 | $ (0.57) | $ (0.49) | $ 0.16 | $ 0.70 | $ 0.81 |
| **Non-GAAP Financial Results:** [3] | | | | | | | | |
| Adjusted EBITDA [3] | $ 95,127 | $ 64,590 | $ 78,585 | $ (799) | $ (3,840) | $ 138,536 | $ 67,159 | $ 62,052 |
| Non-GAAP Net Income (Loss) [3] | $ 54,080 | $ 50,952 | $ 63,122 | $ (12,754) | $ (14,131) | $ 87,189 | $ 52,609 | $ 47,992 |
| Non-GAAP Net Income (Loss) per share — Diluted [3] | $ 1.12 | $ 1.04 | $ 1.28 | $ (0.26) | $ (0.29) | $ 1.76 | $ 1.06 | $ 0.99 |
| Net Leverage Ratio [3] | 4.3 x | 3.5 x | 1.9 x | 2.6 x | 3.1 x | 3.1 x | 3.0 x | 3.1 x |
| Operating Free Cash Flow [3] | $ 8,077 | $ 45,124 | $ 38,603 | $ (30,960) | $ (46,212) | $ 6,555 | $ 42,612 | $ 31,261 |

(1) Our Tax Software segment is highly seasonal with a significant portion of its annual revenue typically earned in the first two quarters of the fiscal year. In March 2020 and as a result of the COVID-19 pandemic, the Internal Revenue Service ("IRS") extended the filing deadline for federal tax returns from April 15, 2020 to July 15, 2020. This filing extension resulted in the shifting of a significant portion of Tax Software segment revenue that is usually earned in the first and second quarters to the third quarter of 2020. As a result of the continued impact of the COVID-19 pandemic, including disruptions associated with the distribution of the second and third rounds of Economic Impact Payments, the IRS delayed the start of the 2021 tax season and extended the filing and payment deadline for tax year 2020 federal tax returns from April 15, 2021 to May 17, 2021. In addition, the IRS extended the federal filing and payment deadline for Texas, Louisiana, and Oklahoma to June 15, 2021. Beyond federal filings, the majority of states also extended their filing and payment deadlines for tax year 2020 state tax returns. This extension resulted in the shifting of a significant portion of Tax Software segment revenue that is usually earned in the first quarter to the second quarter of 2021.

(2) We do not allocate certain operating expenses (including personnel and overhead costs), stock-based compensation, acquisition and integration costs, depreciation, amortization of acquired intangible assets, executive transition costs, headquarters relocation costs, contested proxy and other legal and consulting costs, impairment of goodwill, interest expense and other, net, or income taxes to the reportable segments. General and administrative costs are included in "Unallocated corporate-level expenses."

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

**Blucora Reconciliation of Certain Non-GAAP Financial Measures to the Nearest Comparable GAAP Financial Measures** [1] [2]

| *(Unaudited, in thousands except per share amounts. Rounding differences may exist.)* | 2020 FY 12/31 | 2021 1Q | 2021 2Q | 2021 3Q | 2021 4Q | 2021 FY 12/31 | 2022 1Q | 2022 2Q |
|---|---|---|---|---|---|---|---|---|
| **Adjusted EBITDA** [1] | | | | | | | | |
| Net income (loss) [2] | $ (342,755) | $ 27,646 | $ 31,608 | $ (27,803) | $ (23,694) | $ 7,757 | $ 34,620 | $ 39,425 |
| Stock-based compensation | 10,066 | 5,610 | 5,160 | 4,729 | 5,255 | 20,754 | 6,225 | 5,198 |
| Depreciation and amortization of acquired intangible assets | 39,907 | 10,418 | 11,165 | 10,915 | 10,928 | 43,426 | 11,305 | 11,464 |
| Interest expense and other, net | 31,304 | 7,883 | 8,024 | 8,295 | 7,878 | 32,080 | 7,841 | 8,117 |
| Acquisition and integration—Excluding change in the fair value of HKFS Contingent Consideration | 22,785 | 1,803 | 6,669 | 541 | 1,385 | 10,398 | (34) | 228 |
| Acquisition and integration—Change in the fair value of HKFS Contingent Consideration | 8,300 | 6,300 | 11,500 | 1,700 | 2,900 | 22,400 | 1,700 | (7,020) |
| Executive transition costs | 10,701 | — | — | — | — | — | — | — |
| Headquarters relocation costs | 1,863 | — | — | — | — | — | — | — |
| Contested proxy and other legal and consulting costs | — | 3,230 | 2,465 | 1,598 | 3,646 | 10,939 | 2,920 | 1,397 |
| Impairment of goodwill | 270,625 | — | — | — | — | — | — | — |
| Income tax (benefit) expense | 42,331 | 1,700 | 1,994 | (774) | (12,138) | (9,218) | 2,582 | 3,243 |
| Adjusted EBITDA [1] | $ 95,127 | $ 64,590 | $ 78,585 | $ (799) | $ (3,840) | $ 138,536 | $ 67,159 | $ 62,052 |
| **Non-GAAP Net Income (Loss)** [1] | | | | | | | | |
| Net income (loss) [2] | $ (342,755) | $ 27,646 | $ 31,608 | $ (27,803) | $ (23,694) | $ 7,757 | $ 34,620 | $ 39,425 |
| Stock-based compensation | 10,066 | 5,610 | 5,160 | 4,729 | 5,255 | 20,754 | 6,225 | 5,198 |
| Amortization of acquired intangible assets | 29,745 | 7,175 | 7,063 | 7,009 | 7,073 | 28,320 | 6,631 | 6,462 |
| Acquisition and integration—Excluding change in the fair value of HKFS Contingent Consideration | 22,785 | 1,803 | 6,669 | 541 | 1,385 | 10,398 | (34) | 228 |
| Acquisition and integration—Change in the fair value of HKFS Contingent Consideration | 8,300 | 6,300 | 11,500 | 1,700 | 2,900 | 22,400 | 1,700 | (7,020) |
| Executive transition costs | 10,701 | — | — | — | — | — | — | — |
| Headquarters relocation costs | 1,863 | — | — | — | — | — | — | — |
| Contested proxy and other legal and consulting costs | — | 3,230 | 2,465 | 1,598 | 3,646 | 10,939 | 2,920 | 1,397 |
| Non-capitalized debt issuance expenses | 3,687 | — | — | — | — | — | — | — |
| Impairment of goodwill | 270,625 | — | — | — | — | — | — | — |
| Gain on the sale of a business | (349) | — | — | — | — | — | — | — |
| Cash tax impact of adjustments to GAAP net income (loss) | (1,647) | (543) | (649) | (331) | (351) | (1,874) | (959) | (353) |
| Non-cash income tax (benefit) expense | 41,059 | (269) | (694) | (197) | (10,345) | (11,505) | 1,506 | 2,655 |
| Non-GAAP Net Income (Loss) [1] | $ 54,080 | $ 50,952 | $ 63,122 | $ (12,754) | $ (14,131) | $ 87,189 | $ 52,609 | $ 47,992 |
| | | | | | | | | |
| Non-GAAP Net Income (Loss) per share — Diluted [1] [3] | $ 1.12 | $ 1.04 | $ 1.28 | $ (0.26) | $ (0.29) | $ 1.76 | $ 1.06 | $ 0.99 |
| Diluted weighted average shares outstanding [3] | 48,244 | 49,097 | 49,385 | 48,707 | 48,834 | 49,526 | 49,747 | 48,690 |

Notes to Reconciliations of Certain Non-GAAP Financial Measures to the Nearest Comparable GAAP Measures on next page.

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

(1) We define Adjusted EBITDA as net income (loss), determined in accordance with GAAP, excluding (if applicable) the effects of stock-based compensation, depreciation and amortization of acquired intangible assets, interest expense and other, net, acquisition and integration costs, executive transition costs, headquarters relocation costs, contested proxy and other legal and consulting costs, impairment of goodwill, and income tax (benefit) expense. Interest expense and other, net primarily consists of interest expense, net, and non-capitalized debt issuance expenses. Acquisition and integration costs primarily relate to the acquisitions of Avantax Planning Partners and 1st Global. Impairment of goodwill relates to the impairment of our Wealth Management reporting unit goodwill in the first quarter of 2020. Executive transition costs relate to the departure of certain Company executives in the first quarter of 2020. Headquarters relocation costs relate to the process of moving from our Dallas, TX and Irving, TX offices to our new headquarters.

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.

We define Non-GAAP Net Income (Loss) as net income (loss), determined in accordance with GAAP, excluding (if applicable) the effects of stock-based compensation, amortization of acquired intangible assets, acquisition and integration costs, executive transition costs, headquarters relocation costs, contested proxy and other legal and consulting costs, non-capitalized debt issuance expenses, impairment of goodwill, gain on the sale of a business, the related cash tax impact of those adjustments, and non-cash income tax (benefit) expense. We exclude the non-cash portion of income taxes because of our ability to offset a substantial portion of our cash tax liabilities by using deferred tax assets, which primarily consist of U.S. federal net operating losses. The majority of these net operating losses will expire, if not utilized, between 2022 and 2024. Gain on the sale of a business relates to the disposition of SimpleTax in 2019 and the subsequent working capital adjustment in the third quarter of 2020. Non-capitalized debt issuance expenses relate to the expense recognized as a result of the Term Loan increase in the third quarter of 2020.

We believe that Non-GAAP Net Income (Loss) and Non-GAAP Net Income (Loss) per share provide meaningful supplemental information to management, investors, and analysts regarding our performance and the valuation of our business by excluding items in the statement of operations that we do not consider part of our ongoing operations or that have not been, or are not expected to be, settled in cash. Additionally, we believe that Non-GAAP Net Income (Loss) and Non-GAAP Net Income (Loss) per share are common measures used by investors and analysts to evaluate our performance and the valuation of our business. Non-GAAP Net Income (Loss) and Non-GAAP Net Income (Loss) per share should be evaluated in light of our financial results prepared in accordance with GAAP and should be considered as a supplement to, and not as a substitute for or superior to, GAAP net income (loss) and GAAP net income (loss) per share. Other companies may calculate Non-GAAP Net Income (Loss) and Non-GAAP Net Income (Loss) per share differently, and, therefore, these measures may not be comparable to similarly titled measures of other companies.

(2) See the Condensed Consolidated Statements of Operations on page 2.

(3) For periods in which Non-GAAP Net Income is generated, Non-GAAP Net Income per share is calculated using diluted weighted average shares outstanding. For periods in which Non-GAAP Net (Loss) is generated, diluted weighted average shares outstanding is the same as basic weighted average shares outstanding.

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

| | 2020 | 2021 | | | | 2022 | |
|---|---|---|---|---|---|---|---|
| *(Unaudited, in thousands. Rounding differences may exist.)* | TTM 4Q | TTM 1Q | TTM 2Q | TTM 3Q | TTM 4Q | TTM 1Q | TTM 2Q |
| **Adjusted EBITDA** [1] [2] | | | | | | | |
| Net income (loss) | $ (342,755) | $ 385 | $ (17,652) | $ (19,249) | $ 7,757 | $ 14,731 | $ 22,548 |
| Stock-based compensation | 10,066 | 16,877 | 18,133 | 18,345 | 20,754 | 21,369 | 21,407 |
| Depreciation and amortization of acquired intangible assets | 39,907 | 40,157 | 42,237 | 42,786 | 43,426 | 44,313 | 44,612 |
| Interest expense and other, net | 31,304 | 33,052 | 35,788 | 32,120 | 32,080 | 32,038 | 32,131 |
| Acquisition and integration—Excluding change in the fair value of HKFS Contingent Consideration | 22,785 | 18,906 | 22,751 | 12,016 | 10,398 | 8,561 | 2,120 |
| Acquisition and integration—Change in the fair value of HKFS Contingent Consideration | 8,300 | 14,600 | 26,100 | 28,800 | 22,400 | 17,800 | (720) |
| Executive transition costs | 10,701 | 1,517 | 881 | 476 | — | — | — |
| Headquarter relocation costs | 1,863 | 1,147 | 410 | — | — | — | — |
| Contested proxy and other legal and consulting costs | — | 3,230 | 5,695 | 7,293 | 10,939 | 10,629 | 9,561 |
| Impairment of goodwill and an intangible asset | 270,625 | — | — | — | — | — | — |
| Income tax (benefit) expense | 42,331 | (23,489) | 38,044 | 22,014 | (9,218) | (8,336) | (7,087) |
| Adjusted EBITDA[1] | $ 95,127 | $ 106,382 | $ 172,387 | $ 144,601 | $ 138,536 | $ 141,105 | $ 124,572 |

## Blucora Net Leverage Ratio [1] [3] [4]

| | 2020 | 2021 | | | | 2022 | |
|---|---|---|---|---|---|---|---|
| *(Unaudited, in thousands except Net Leverage Ratio. Rounding differences may exist.)* | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q |
| **Net Debt** [3] | | | | | | | |
| Senior Secured Credit Facility | $ 563,156 | $ 562,703 | $ 562,250 | $ 561,797 | $ 561,344 | $ 560,891 | $ 560,438 |
| Less: Cash and cash equivalents | 150,125 | 191,803 | 232,409 | 184,926 | 134,824 | 144,222 | 171,297 |
| Net Debt [3] | $ 413,031 | $ 370,900 | $ 329,841 | $ 376,871 | $ 426,520 | $ 416,669 | $ 389,141 |
| | | | | | | | |
| Adjusted EBITDA [1] [2] | $ 95,127 | $ 106,382 | $ 172,387 | $ 144,601 | $ 138,536 | $ 141,105 | $ 124,572 |
| | | | | | | | |
| Net Leverage Ratio [1] [3] [4] | 4.3 x | 3.5 x | 1.9 x | 2.6 x | 3.1 x | 3.0 x | 3.1 x |

(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 5.
(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.
(4) Net Leverage Ratio is calculated by dividing Net Debt by Adjusted EBITDA for the trailing twelve-month period.

## **Blucora Reconciliation of Operating Free Cash Flow** [1]

| *(Unaudited, in thousands. Rounding differences may exist.)* | 2020 FY 12/31 | 2021 1Q | 2021 2Q | 2021 3Q | 2021 4Q | 2021 FY 12/31 | 2022 1Q | 2022 2Q |
|---|---|---|---|---|---|---|---|---|
| Net cash provided by (used in) operating activities | $ 44,079 | $ 53,722 | $ 43,549 | $ (22,880) | $ (37,560) | $ 36,831 | $ 47,343 | $ 38,320 |
| Purchases of property, equipment, and software | (36,002) | (8,598) | (4,946) | (8,080) | (8,652) | (30,276) | (4,731) | (7,059) |
| Operating Free Cash Flow [1] | $ 8,077 | $ 45,124 | $ 38,603 | $ (30,960) | $ (46,212) | $ 6,555 | $ 42,612 | $ 31,261 |

(1) We define Operating Free Cash Flow, a non-GAAP financial measure, as net cash provided by (used in) operating activities 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.

## Wealth Management Operating Metrics

| *(In thousands, except percentages. Rounding differences may exist.)* | 2020 FY 12/31 | 2021 1Q | 2021 2Q | 2021 3Q | 2021 4Q | 2021 FY 12/31 | 2022 1Q | 2022 2Q |
|---|---|---|---|---|---|---|---|---|
| Segment revenue | $ 546,189 | $ 154,491 | $ 162,395 | $ 169,135 | $ 172,192 | $ 658,213 | $ 166,403 | $ 162,669 |
| Less: Financial professional commission payout | (379,543) | (106,855) | (111,708) | (118,231) | (118,560) | (455,354) | (116,704) | (110,958) |
| Revenue Not Remitted to Financial Professionals [(1)] | $ 166,646 | $ 47,636 | $ 50,687 | $ 50,904 | $ 53,632 | $ 202,859 | $ 49,699 | $ 51,711 |
| Payout Rate [(2)] | 75.9 % | 74.4 % | 75.4 % | 75.5 % | 75.0 % | 75.1 % | 75.4 % | 75.5 % |
| Segment operating income [(3)] | $ 72,195 | $ 19,396 | $ 21,396 | $ 19,564 | $ 21,856 | $ 82,212 | $ 16,421 | $ 15,873 |
| Segment operating income as a % of revenue | 13.2 % | 12.6 % | 13.2 % | 11.6 % | 12.7 % | 12.5 % | 9.9 % | 9.8 % |
| Segment operating income as a % of Segment Net Revenue | 43.3 % | 40.7 % | 42.2 % | 38.4 % | 40.8 % | 40.5 % | 33.0 % | 30.7 % |

| *(In thousands, except percentages. Rounding differences may exist.)* | Sources of Revenue | Primary Drivers | 2020 FY 12/31 | 2021 1Q | 2021 2Q | 2021 3Q | 2021 4Q | 2021 FY 12/31 | 2022 1Q | 2022 2Q |
|---|---|---|---|---|---|---|---|---|---|---|
| Financial professional-driven | Advisory | - Advisory asset levels | $ 314,751 | $ 91,119 | $ 96,508 | $ 103,540 | $ 104,633 | $ 395,800 | $ 107,169 | $ 104,155 |
| | Commission | - Transactions<br>- Asset levels<br>- Product mix | 185,201 | 52,534 | 51,702 | 52,961 | 53,480 | 210,677 | 47,655 | 42,835 |
| Other revenue | Asset-based | - Cash balances<br>- Interest rates<br>- Number of accounts<br>- Client asset levels | 23,688 | 5,329 | 5,526 | 5,659 | 5,587 | 22,101 | 5,663 | 6,964 |
| | Transaction and fee | - Account activity<br>- Number of clients<br>- Number of financial professionals<br>- Number of accounts | 22,549 | 5,509 | 8,659 | 6,975 | 8,492 | 29,635 | 5,916 | 8,715 |
| | Total revenue | | $ 546,189 | $ 154,491 | $ 162,395 | $ 169,135 | $ 172,192 | $ 658,213 | $ 166,403 | $ 162,669 |
| | Total recurring revenue [(4)] | | $ 464,944 | $ 130,755 | $ 138,900 | $ 145,311 | $ 144,728 | $ 559,694 | $ 143,737 | $ 141,935 |
| | Recurring revenue rate [(4)] | | 85.1 % | 84.6 % | 85.5 % | 85.9 % | 84.1 % | 85.0 % | 86.4 % | 87.3 % |

(1) We define Revenue Not Remitted to Financial Professionals, a non-GAAP financial measure, as GAAP segment 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) We do not allocate certain operating expenses (including personnel and overhead costs), stock-based compensation, acquisition and integration costs, depreciation, amortization of acquired intangible assets, executive transition costs, headquarters relocation costs, contested proxy and other legal and consulting costs, impairment of goodwill, interest expense and other, net, or income taxes to the reportable segments.

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

## Wealth Management Operating Metrics (continued)

| *(In thousands, except percentages. Rounding differences may exist.)* | 2020 | 2021 | | | | | 2022 | |
|---|---|---|---|---|---|---|---|---|
| | **FY 12/31** | **1Q** | **2Q** | **3Q** | **4Q** | **FY 12/31** | **1Q** | **2Q** |
| Total client assets [(1)] | $ 82,961,244 | $ 84,776,191 | $ 87,814,790 | $ 86,647,743 | $ 89,086,032 | $ 89,086,032 | $ 86,144,055 | $ 76,522,066 |
| Brokerage assets [(1)] | $ 47,357,687 | $ 48,001,320 | $ 48,373,805 | $ 46,850,354 | $ 46,906,981 | $ 46,906,981 | $ 45,222,763 | $ 39,776,018 |
| Advisory assets [(1)] | $ 35,603,557 | $ 36,774,871 | $ 39,440,985 | $ 39,797,389 | $ 42,179,051 | $ 42,179,051 | $ 40,921,292 | $ 36,746,048 |
| % of total client assets [(1)] | 42.9 % | 43.4 % | 44.9 % | 45.9 % | 47.3 % | 47.3 % | 47.5 % | 48.0 % |
| Number of financial professionals (in ones) | 3,770 | 3,718 | 3,606 | 3,529 | 3,416 | 3,416 | 3,409 | 3,349 |
| Advisory and commission revenue per financial professional [(2)] | $ 132.6 | $ 38.6 | $ 41.1 | $ 44.3 | $ 46.3 | $ 177.5 | $ 45.4 | $ 43.9 |
| | | | | | | | | |
| *Quarterly Production Retention Rate:* [(3)] | | | | | | | | |
| TTM Financial professional-driven revenue [(4)] | $ 499,952 | $ 514,268 | $ 556,339 | $ 585,307 | $ 606,477 | $ 606,477 | $ 617,648 | $ 616,428 |
| TTM Financial professional-driven revenue related to independent financial professionals who departed in the quarter [(4)] | $ 19,101 | $ 8,127 | $ 9,881 | $ 12,157 | $ 11,079 | $ 11,079 | $ 2,201 | $ 3,836 |
| TTM Financial professional-driven revenue, less that related to independent financial professionals who departed in the quarter [(4)] | $ 480,851 | $ 506,141 | $ 546,458 | $ 573,150 | $ 595,398 | $ 595,398 | $ 615,447 | $ 612,592 |
| Quarterly Production Retention Rate [(3)] | 96.2 % | 98.4 % | 98.2 % | 97.9 % | 98.2 % | 98.2 % | 99.6 % | 99.4 % |

(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.

**Blucora Operating Metrics - Tax Software**

| *thousands, except as otherwise indicated)* | Six Months Ended June 30, | | Change | |
|---|---|---|---|---|
| | **2022** | **2021** | **Units** | **%** |
| al e-files [1] | 5,528 | 5,397 | 131 | 2.4% |
| nsumer: | | | | |
| onsumer e-files [1] | 3,184 | 3,112 | 72 | 2.3% |
| fessional: | | | | |
| rofessional e-files | 2,344 | 2,285 | 59 | 2.6% |
| nits sold (in ones) | 20,927 | 20,692 | 235 | 1.1% |
| rofessional e-files per unit sold (in ones) | 112.0 | 110.4 | 1.6 | 1.4% |

(1) We participate in the Free File Alliance that is part of an IRS partnership that provides free electronic tax filing services to taxpayers meeting certain income-based guidelines. Free File Alliance e-files are included within total e-files and consumer e-files above.