



Altair Announces First Quarter 2024 Financial Results

May 2, 2024

Altair Achieves Record Software Revenue and Total Revenue for the First Quarter

TROY, Mich., May 02, 2024 (GLOBE NEWSWIRE) -- [Altair](#) (Nasdaq: ALTR), a global leader in computational intelligence, today released its financial results for the first quarter ended March 31, 2024.

"Altair continued its positive momentum into the start of 2024, with record-high quarterly software revenue and total revenue," said James R. Scapa, founder, chairman, and chief executive officer, Altair. "The first quarter exceeded our expectations and demonstrates the strength of our product portfolio in bringing computational intelligence to our customers."

"The start of this year has been marked by strong execution, setting new records in software revenue and total revenue in the first quarter 2024," said Matt Brown, chief financial officer, Altair. "Revenues and profit were ahead of expectations for the quarter, driven by growth across all three major geographies and multiple verticals."

First Quarter 2024 Financial Highlights

- Software revenue was \$158.4 million compared to \$149.6 million for the first quarter of 2023, an increase of 5.9% in reported currency and 6.9% in constant currency
- Total revenue was \$172.9 million compared to \$166.0 million for the first quarter of 2023, an increase of 4.1% in reported currency and 5.1% in constant currency
- Net income was \$16.5 million compared to a net loss of \$(2.0) million for the first quarter of 2023. Net income per share, diluted was \$0.20 based on 89.8 million diluted weighted average common shares outstanding, compared to net loss per share, diluted of \$(0.02) for the first quarter of 2023, based on 80.2 million diluted weighted average common shares outstanding. Net income margin was 9.6% compared to net loss margin of -1.2% for the first quarter of 2023
- Non-GAAP net income was \$36.2 million, compared to non-GAAP net income of \$31.8 million for the first quarter of 2023, an increase of 13.9%. Non-GAAP net income per share, diluted was \$0.40 based on 89.8 million non-GAAP diluted common shares outstanding, compared to non-GAAP net income per share, diluted of \$0.36 for the first quarter of 2023, based on 88.0 million non-GAAP diluted common shares outstanding
- Adjusted EBITDA was \$45.8 million compared to \$43.1 million for the first quarter of 2023, an increase of 6.4%. Adjusted EBITDA margin was 26.5% compared to 25.9% for the first quarter of 2023
- Cash provided by operating activities was \$73.5 million, compared to \$59.2 million for the first quarter of 2023
- Free cash flow was \$70.7 million, compared to \$57.5 million for the first quarter of 2023.

Business Outlook

Based on information available as of today, Altair is issuing the following guidance for the second quarter and full year 2024:

| (in millions, except %) | Second Quarter 2024 | | Full Year 2024 | |
|---|---------------------|-----------|----------------|-----------|
| Software Revenue | \$ 131 | to \$ 134 | \$ 590 | to \$ 600 |
| <i>Growth Rate</i> | 4.5% | 6.9% | 7.3% | 9.1% |
| <i>Growth Rate - Constant Currency</i> | 6.7% | 9.2% | 8.3% | 10.1% |
| Total Revenue | \$ 145 | \$ 148 | \$ 652 | \$ 662 |
| <i>Growth Rate</i> | 2.7% | 4.8% | 6.4% | 8.0% |
| <i>Growth Rate - Constant Currency</i> | 4.7% | 6.8% | 7.5% | 9.1% |
| Net (Loss) Income | \$ (12.3) | \$ (9.4) | \$ 23.2 | \$ 30.9 |
| Non-GAAP Net Income | \$ 12.7 | \$ 15.0 | \$ 109.9 | \$ 115.9 |
| Adjusted EBITDA | \$ 15 | \$ 18 | \$ 138 | \$ 146 |
| Net Cash Provided by Operating Activities | | | \$ 135 | \$ 143 |
| Free Cash Flow | | | \$ 124 | \$ 132 |

The following table provides a reconciliation of Full Year 2024 guidance to the last guidance provided in February

| (in millions) | (Unaudited) | | | |
|---------------|----------------------------------|----------------------|---|-----------------------------|
| | Full Year 2024 | | | |
| | Midpoint of Guidance in February | Increase/ (Decrease) | Currency Fluctuations from Prior Guidance | Midpoint of Guidance in May |
| | | | | |

| | | | | | | | | |
|------------------|----|-------|----|---|----|--------|----|-------|
| Software Revenue | \$ | 605.0 | \$ | — | \$ | (10.0) | \$ | 595.0 |
| Total Revenue | \$ | 668.0 | \$ | — | \$ | (11.0) | \$ | 657.0 |
| Adjusted EBITDA | \$ | 147.0 | \$ | — | \$ | (5.0) | \$ | 142.0 |

Conference Call Information

What: Altair's First Quarter 2024 Financial Results Conference Call

When: Thursday, May 2, 2024

Time: 5 p.m. ET

Webcast: <http://investor.altair.com> (live & replay)

Non-GAAP Financial Measures

This press release contains the following non-GAAP financial measures: Non-GAAP Net Income, Non-GAAP Net Income Per Share, Billings, Adjusted EBITDA, Free Cash Flow, Non-GAAP Gross Profit and Non-GAAP Operating Expense.

Altair believes that these non-GAAP measures of financial results provide useful information to management and investors regarding certain financial and business trends relating to its financial condition and results of operations. The Company's management uses these non-GAAP measures to compare the Company's performance to that of prior periods for trend analysis, for purposes of determining executive and senior management incentive compensation and for budgeting and planning purposes. The Company also believes that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing the Company's financial measures with other software companies, many of which present similar non-GAAP financial measures to investors.

Non-GAAP net income excludes stock-based compensation, amortization of intangible assets related to acquisitions, asset impairment charges, non-cash interest expense, other special items as identified by management and described elsewhere in this press release, and the impact of non-GAAP tax rate to income tax expense, which approximates our tax rate excluding discrete items and other specific events that can fluctuate from period to period.

Non-GAAP diluted common shares includes the diluted weighted average shares outstanding per GAAP regardless of whether the Company is in a loss position.

Billings consists of total revenue plus the change in deferred revenue, excluding deferred revenue from acquisitions.

Adjusted EBITDA represents net income adjusted for income tax expense, interest expense, interest income and other, depreciation and amortization, stock-based compensation expense, asset impairment charges and other special items as identified by management and described elsewhere in this press release.

Free cash flow consists of cash flow from operations less capital expenditures.

Non-GAAP gross profit represents gross profit adjusted for stock-based compensation expense and other special items as identified by management and described elsewhere in this press release.

Non-GAAP operating expense represents operating expense excluding stock-based compensation expense, amortization, asset impairment charges and other special items as identified by management and described elsewhere in this press release.

Company management does not consider these non-GAAP measures in isolation or as an alternative to financial measures determined in accordance with GAAP. The principal limitation of these non-GAAP financial measures is that they exclude significant expenses and income that are required by GAAP to be recorded in the Company's financial statements. In addition, they are subject to inherent limitations as they reflect the exercise of judgment by management about which expenses and income are excluded or included in determining these non-GAAP financial measures. Altair urges investors to review the reconciliation of its non-GAAP financial measures to the comparable GAAP financial measures, which it includes in press releases announcing quarterly financial results, including this press release, and not to rely on any single financial measure to evaluate the Company's business.

Reconciliation tables of the most comparable GAAP financial measures to the non-GAAP financial measures used in this press release are included with the financial tables at the end of this release.

About Altair

Altair is a global leader in computational intelligence that provides software and cloud solutions in simulation, high-performance computing (HPC), data analytics and AI. Altair enables organizations across all industries to compete more effectively and drive smarter decisions in an increasingly connected world – all while creating a greener, more sustainable future. To learn more, please visit <https://www.altair.com>.

Cautionary Language Concerning Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, including but not limited to, our guidance for the second quarter and full year 2024, our statements regarding our expectations for 2024, and our reconciliations of projected non-GAAP financial measures. These forward-looking statements are made as of the date of this release and are based on current expectations, estimates, forecasts and projections as well as the beliefs and assumptions of management. Words such as "expect," "anticipate," "should," "believe," "hope," "target," "project," "goals," "estimate," "potential," "predict," "may," "will," "might," "could," "intend," variations of these terms or the negative of these terms and similar expressions are intended to identify these forward-looking statements. Forward-looking statements are subject to a number of risks and uncertainties, many of which involve factors or circumstances that are beyond Altair's control. Altair's actual results could differ materially from those stated or implied in our forward-looking statements due to a number of factors, including but not limited to, the risks detailed in Altair's quarterly and annual reports filed with the Securities and Exchange Commission as well as other documents that may

be filed by the Company from time to time with the Securities and Exchange Commission. Past performance is not necessarily indicative of future results. The forward-looking statements included in this press release represent Altair's views as of the date of this press release. The Company anticipates that subsequent events and developments will cause its views to change. Altair undertakes no intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. These forward-looking statements should not be relied upon as representing Altair's views as of any date subsequent to the date of this press release.

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ALTAIR ENGINEERING INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS

| | March 31, 2024 | December 31, 2023 |
|--|----------------|-------------------|
| (In thousands) | (Unaudited) | |
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 557,605 | \$ 467,459 |
| Accounts receivable, net | 127,870 | 190,461 |
| Income tax receivable | 18,898 | 16,650 |
| Prepaid expenses and other current assets | 26,026 | 26,053 |
| Total current assets | 730,399 | 700,623 |
| Property and equipment, net | 38,837 | 39,803 |
| Operating lease right of use assets | 30,175 | 30,759 |
| Goodwill | 454,953 | 458,125 |
| Other intangible assets, net | 75,357 | 83,550 |
| Deferred tax assets | 9,699 | 9,955 |
| Other long-term assets | 40,491 | 40,678 |
| TOTAL ASSETS | \$ 1,379,911 | \$ 1,363,493 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | \$ 6,522 | \$ 8,995 |
| Accrued compensation and benefits | 35,911 | 45,081 |
| Current portion of operating lease liabilities | 8,330 | 8,825 |
| Other accrued expenses and current liabilities | 43,820 | 48,398 |
| Deferred revenue | 120,554 | 131,356 |
| Current portion of convertible senior notes, net | 81,617 | 81,455 |
| Total current liabilities | 296,754 | 324,110 |
| Convertible senior notes, net | 226,223 | 225,929 |
| Operating lease liabilities, net of current portion | 22,508 | 22,625 |
| Deferred revenue, non-current | 24,385 | 32,347 |
| Other long-term liabilities | 47,113 | 47,151 |
| TOTAL LIABILITIES | 616,983 | 652,162 |
| Commitments and contingencies | | |
| STOCKHOLDERS' EQUITY: | | |
| Preferred stock (\$0.0001 par value), authorized 45,000 shares, none issued and outstanding | — | — |
| Common stock (\$0.0001 par value) | | |
| Class A common stock, authorized 513,797 shares, issued and outstanding 56,912 and 55,240 shares as of March 31, 2024, and December 31, 2023, respectively | 5 | 5 |
| Class B common stock, authorized 41,203 shares, issued and outstanding 26,084 and 26,814 shares as of March 31, 2024, and December 31, 2023, respectively | 3 | 3 |
| Additional paid-in capital | 904,180 | 864,135 |

| | | |
|--|--------------|--------------|
| Accumulated deficit | (113,956) | (130,503) |
| Accumulated other comprehensive loss | (27,304) | (22,309) |
| TOTAL STOCKHOLDERS' EQUITY | 762,928 | 711,331 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 1,379,911 | \$ 1,363,493 |

ALTAIR ENGINEERING INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

| (in thousands, except per share data) | Three Months Ended | |
|--|---------------------------|-------------|
| | March 31, | |
| | 2024 | 2023 |
| Revenue | | |
| License | \$ 117,707 | \$ 112,409 |
| Maintenance and other services | 40,722 | 37,234 |
| Total software | 158,429 | 149,643 |
| Engineering services and other | 14,483 | 16,391 |
| Total revenue | 172,912 | 166,034 |
| Cost of revenue | | |
| License | 4,490 | 4,824 |
| Maintenance and other services | 14,166 | 14,426 |
| Total software * | 18,656 | 19,250 |
| Engineering services and other | 12,237 | 13,485 |
| Total cost of revenue | 30,893 | 32,735 |
| Gross profit | 142,019 | 133,299 |
| Operating expenses: | | |
| Research and development * | 52,333 | 53,251 |
| Sales and marketing * | 44,434 | 43,492 |
| General and administrative * | 17,761 | 17,951 |
| Amortization of intangible assets | 7,438 | 7,814 |
| Other operating (income) expense, net | (882) | 5,605 |
| Total operating expenses | 121,084 | 128,113 |
| Operating income | 20,935 | 5,186 |
| Interest expense | 1,576 | 1,526 |
| Other income, net | (3,957) | (3,613) |
| Income before income taxes | 23,316 | 7,273 |
| Income tax expense | 6,769 | 9,232 |
| Net income (loss) | \$ 16,547 | \$ (1,959) |
| Income (loss) per share: | | |
| Net income (loss) per share attributable to common stockholders, basic | \$ 0.20 | \$ (0.02) |
| Net income (loss) per share attributable to common stockholders, diluted | \$ 0.20 | \$ (0.02) |
| Weighted average shares outstanding: | | |
| Weighted average number of shares used in computing net income (loss) per share, basic | 82,587 | 80,191 |
| Weighted average number of shares used in computing net income (loss) per share, diluted | 89,806 | 80,191 |

* Amounts include stock-based compensation expense as follows (in thousands):

| (in thousands) | (Unaudited) | |
|--|---------------------------|-------------|
| | Three Months Ended | |
| | March 31, | |
| | 2024 | 2023 |
| Cost of revenue – software | \$ 2,002 | \$ 2,752 |
| Research and development | 6,360 | 8,743 |
| Sales and marketing | 4,520 | 7,591 |
| General and administrative | 3,117 | 3,075 |
| Total stock-based compensation expense | \$ 15,999 | \$ 22,161 |

ALTAIR ENGINEERING INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOW
(Unaudited)

| (In thousands) | Three Months Ended March 31, | |
|--|---------------------------------|-------------------|
| | 2024 | 2023 |
| OPERATING ACTIVITIES: | | |
| Net income (loss) | \$ 16,547 | \$ (1,959) |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | |
| Depreciation and amortization | 9,619 | 9,750 |
| Stock-based compensation expense | 15,999 | 22,161 |
| Loss on mark-to-market adjustment of contingent consideration | 145 | 7,006 |
| Other, net | 580 | 640 |
| Changes in assets and liabilities: | | |
| Accounts receivable, net | 60,245 | 39,872 |
| Prepaid expenses and other current assets | (2,679) | 1,981 |
| Other long-term assets | 9 | (1,944) |
| Accounts payable | (1,667) | (5,362) |
| Accrued compensation and benefits | (8,503) | (12,283) |
| Other accrued expenses and current liabilities | (199) | 2,015 |
| Deferred revenue | (16,646) | (2,678) |
| Net cash provided by operating activities | <u>73,450</u> | <u>59,199</u> |
| INVESTING ACTIVITIES: | | |
| Capital expenditures | (2,766) | (1,727) |
| Other investing activities, net | 2 | (1,405) |
| Net cash used in investing activities | <u>(2,764)</u> | <u>(3,132)</u> |
| FINANCING ACTIVITIES: | | |
| Proceeds from the exercise of common stock options | 19,844 | 9,872 |
| Proceeds from employee stock purchase plan contributions | 2,182 | 1,868 |
| Payments for repurchase and retirement of common stock | — | (6,255) |
| Other financing activities | — | (29) |
| Net cash provided by financing activities | <u>22,026</u> | <u>5,456</u> |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | (2,592) | 379 |
| Net increase in cash, cash equivalents and restricted cash | 90,120 | 61,902 |
| Cash, cash equivalents and restricted cash at beginning of year | 467,576 | 316,958 |
| Cash, cash equivalents and restricted cash at end of period | <u>\$ 557,696</u> | <u>\$ 378,860</u> |

Change in Presentation of Revenue and Cost of Revenue

Effective in the first quarter of 2024, the Company changed the presentation of revenue and cost of revenue in its Consolidated Statements of Operations to combine the financial statement line items ("FSLIs") labeled "Software related services", "Client engineering services" and "Other" into one FSLI labeled "Engineering services and other". The change in presentation has been applied retrospectively and does not affect the software revenue, total revenue, software cost of revenue or total cost of revenue amounts previously reported or have any effect on segment reporting.

Financial Results

The following table provides a reconciliation of Non-GAAP net income and Non-GAAP net income per share – diluted, to net income (loss) and net income (loss) per share – diluted, the most comparable GAAP financial measures:

| (in thousands, except per share amounts) | (Unaudited) Three Months Ended March 31, | |
|--|--|------------------|
| | 2024 | 2023 |
| Net income (loss) | \$ 16,547 | \$ (1,959) |
| Stock-based compensation expense | 15,999 | 22,161 |
| Amortization of intangible assets | 7,438 | 7,814 |
| Non-cash interest expense | 472 | 465 |
| Impact of non-GAAP tax rate ⁽¹⁾ | (5,295) | (1,933) |
| Special adjustments and other ⁽²⁾ | 1,030 | 5,231 |
| Non-GAAP net income | <u>\$ 36,191</u> | <u>\$ 31,779</u> |
| Net income (loss) per share, diluted | \$ 0.20 | \$ (0.02) |
| Non-GAAP net income per share, diluted | \$ 0.40 | \$ 0.36 |
| GAAP diluted shares outstanding | 89,806 | 80,191 |

Non-GAAP diluted shares outstanding

89,806

88,041

- (1) For the three months ended March 31, 2024 and 2023, the Company used a non-GAAP effective tax rate of 25% and 26%, respectively.
- (2) The three months ended March 31, 2024, includes a \$0.1 million loss from the mark-to-market adjustment of contingent consideration associated with the World Programming acquisition, and \$0.9 million of currency losses on acquisition-related intercompany loans. The three months ended March 31, 2023, includes a \$7.0 million loss from the mark-to-market adjustment of contingent consideration associated with the World Programming acquisition, and \$1.8 million of currency gains on acquisition-related intercompany loans.

The following table provides a reconciliation of Adjusted EBITDA to net income (loss), the most comparable GAAP financial measure:

| (in thousands) | (Unaudited) | |
|---|--------------------|------------------|
| | Three Months Ended | |
| | March 31, | |
| | 2024 | 2023 |
| Net income (loss) | \$ 16,547 | \$ (1,959) |
| Income tax expense | 6,769 | 9,232 |
| Stock-based compensation expense | 15,999 | 22,161 |
| Interest expense | 1,576 | 1,526 |
| Depreciation and amortization | 9,619 | 9,750 |
| Special adjustments, interest income and other ⁽¹⁾ | (4,692) | 2,345 |
| Adjusted EBITDA | <u>\$ 45,818</u> | <u>\$ 43,055</u> |

- (1) The three months ended March 31, 2024, primarily includes \$5.7 million of interest income and \$0.9 million of currency losses on acquisition-related intercompany loans. The three months ended March 31, 2023, includes a \$7.0 million loss from the mark-to-market adjustment of contingent consideration associated with the World Programming acquisition, \$2.9 million of interest income, and \$1.8 million of currency gains on acquisition-related intercompany loans.

The following table provides a reconciliation of Free Cash Flow to net cash provided by operating activities, the most comparable GAAP financial measure:

| (in thousands) | (Unaudited) | |
|---|--------------------|------------------|
| | Three Months Ended | |
| | March 31, | |
| | 2024 | 2023 |
| Net cash provided by operating activities | \$ 73,450 | \$ 59,199 |
| Capital expenditures | (2,766) | (1,727) |
| Free cash flow | <u>\$ 70,684</u> | <u>\$ 57,472</u> |

The following table provides a reconciliation of Non-GAAP gross profit to gross profit, the most comparable GAAP financial measure, and a comparison of Non-GAAP gross margin (Non-GAAP gross profit as a percentage of total revenue) to gross margin (gross profit as a percentage of total revenue), the most comparable GAAP financial measure:

| (in thousands) | (Unaudited) | |
|----------------------------------|--------------------|-------------------|
| | Three Months Ended | |
| | March 31, | |
| | 2024 | 2023 |
| Gross profit | \$ 142,019 | \$ 133,299 |
| Stock-based compensation expense | 2,002 | 2,752 |
| Non-GAAP gross profit | <u>\$ 144,021</u> | <u>\$ 136,051</u> |
| Gross profit margin | 82.1 % | 80.3 % |
| Non-GAAP gross margin | 83.3 % | 81.9 % |

The following table provides a reconciliation of Non-GAAP operating expense to Total operating expense, the most comparable GAAP financial measure:

(Unaudited)

| (in thousands) | Three Months Ended March 31, | |
|---|---------------------------------|------------------|
| | 2024 | 2023 |
| | Total operating expense | \$ 121,084 |
| Stock-based compensation expense | (13,997) | (19,409) |
| Amortization | (7,438) | (7,814) |
| Loss on mark-to-market adjustment of contingent consideration | (145) | (7,006) |
| Non-GAAP operating expense | <u>\$ 99,504</u> | <u>\$ 93,884</u> |

The following table provides a reconciliation of Billings to revenue, the most comparable GAAP financial measure:

| (in thousands) | (Unaudited) Three Months Ended March 31, | |
|----------------------------|--|-------------------|
| | 2024 | 2023 |
| | Revenue | \$ 172,912 |
| Ending deferred revenue | 144,939 | 141,943 |
| Beginning deferred revenue | (163,703) | (144,460) |
| Billings | <u>\$ 154,148</u> | <u>\$ 163,517</u> |

The following table provides Software revenue, Total revenue, Billings and Adjusted EBITDA on a constant currency basis:

| (in thousands) | (Unaudited) | | | | | | |
|------------------|--------------------------------------|---------------------|---|---|-------------|---|--|
| | Three Months Ended March 31, 2024 | | | Three Months Ended March 31, 2023 | | Increase/ (Decrease) % | |
| | As reported | Currency changes | As adjusted for constant currency | As reported | As reported | As adjusted for constant currency | |
| Software revenue | \$ 158.4 | \$ 1.5 | \$ 159.9 | \$ 149.6 | 5.9 % | 6.9 % | |
| Total revenue | \$ 172.9 | \$ 1.6 | \$ 174.5 | \$ 166.0 | 4.1 % | 5.1 % | |
| Billings | \$ 154.1 | \$ 0.8 | \$ 154.9 | \$ 163.5 | -5.7 % | -5.3 % | |
| Adjusted EBITDA | \$ 45.8 | \$ 1.3 | \$ 47.1 | \$ 43.1 | 6.4 % | 9.5 % | |

Business Outlook

The following table provides a reconciliation of projected Non-GAAP net income to projected net (loss) income, the most comparable GAAP financial measure:

| (in thousands) | (Unaudited) | | | |
|--|--------------------------------------|------------------|----------------------------------|-------------------|
| | Three Months Ending June 30, 2024 | | Year Ending December 31, 2024 | |
| | Low | High | Low | High |
| Net (loss) income | \$ (12,300) | \$ (9,400) | \$ 23,200 | \$ 30,900 |
| Stock-based compensation expense | 17,800 | 17,800 | 72,500 | 72,500 |
| Amortization of intangible assets | 7,300 | 7,300 | 28,900 | 28,900 |
| Non-cash interest expense | 400 | 400 | 1,500 | 1,500 |
| Impact of non-GAAP tax rate ⁽¹⁾ | (500) | (1,100) | (17,200) | (18,900) |
| Special adjustments and other ⁽²⁾ | — | — | 1,000 | 1,000 |
| Non-GAAP net income | <u>\$ 12,700</u> | <u>\$ 15,000</u> | <u>\$ 109,900</u> | <u>\$ 115,900</u> |

(1) The Company uses a non-GAAP effective tax rate of 25%.

(2) The year ending December 31, 2024, includes a \$0.1 million loss from the mark-to-market adjustment of contingent consideration associated with the World Programming acquisition, and \$0.9 million of currency losses on acquisition-related intercompany loans.

The following table provides a reconciliation of projected Adjusted EBITDA to projected net (loss) income, the most comparable GAAP financial measure:

(Unaudited)

| (in thousands) | Three Months Ending June 30, 2024 | | Year Ending December 31, 2024 | |
|--|--------------------------------------|------------------|----------------------------------|-------------------|
| | Low | High | Low | High |
| Net (loss) income | \$ (12,300) | \$ (9,400) | \$ 23,200 | \$ 30,900 |
| Income tax expense | 3,800 | 3,900 | 19,500 | 19,800 |
| Stock-based compensation expense | 17,800 | 17,800 | 72,500 | 72,500 |
| Interest (income) expense | (3,800) | (3,800) | (15,800) | (15,800) |
| Depreciation and amortization | 9,500 | 9,500 | 37,600 | 37,600 |
| Special adjustments and other ⁽¹⁾ | — | — | 1,000 | 1,000 |
| Adjusted EBITDA | <u>\$ 15,000</u> | <u>\$ 18,000</u> | <u>\$ 138,000</u> | <u>\$ 146,000</u> |

(1) The year ending December 31, 2024, includes a \$0.1 million loss from the mark-to-market adjustment of contingent consideration associated with the World Programming acquisition, and \$0.9 million of currency losses on acquisition-related intercompany loans.

The following table provides a reconciliation of projected Free Cash Flow to projected net cash provided by operating activities, the most comparable GAAP financial measure:

| (in thousands) | (Unaudited) | |
|---|----------------------------------|-------------------|
| | Year Ending December 31, 2024 | |
| | Low | High |
| Net cash provided by operating activities | \$ 135,300 | \$ 143,300 |
| Capital expenditures | (11,300) | (11,300) |
| Free cash flow | <u>\$ 124,000</u> | <u>\$ 132,000</u> |