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

Date of Report (Date of earliest event reported): November 9, 2020

AppFolio, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

001-37468 26-0359894

(Commission File Number)

(IRS Employer Identification Number)

50 Castilian Drive Santa Barbara, CA 93117

(Address of principal executive offices)

Registrant's telephone number, including area code: (805) 364-6093

N/A

	(Former name or former address, if changed since last report)									
Check	the appropriate box below if the Form 8-K filing is	intended to simultaneously satis	fy the filing obligation of the registrant under any of the following provisions:							
	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))									
Securi	ties registered pursuant to Section 12(b) of the Act:									
	<u>Title of each class</u> Class A Common Stock, \$0.0001 par value	<u>Trading Symbol</u> APPF	Name of each exchange on which registered NASDAQ Global Market							
	te by check mark whether the registrant is an emergi Securities Exchange Act of 1934 (§240.12b-2 of this		n Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2							
Emerg	ing growth company \square									
	merging growth company, indicate by check mark if ial accounting standards provided pursuant to Sectio		use the extended transition period for complying with any new or revised							

Item 2.02. Results of Operations and Financial Condition.

On November 9, 2020, AppFolio, Inc. (the "Company") issued a press release announcing its financial results for its third fiscal quarter ended September 30, 2020. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

The information contained in this Item 2.02, including the press release attached as Exhibit 99.1 hereto, is being furnished and shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that Section. Such information shall not be deemed to be incorporated by reference in any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof, regardless of any general incorporation language in such filing, except as otherwise expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits:

Exhibit Number	Description
99.1	Press release issued on November 9, 2020.

SIGNATURE

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 hereunto duly authorized.

Date: November 9, 2020 AppFolio, Inc.

By: /s/ Ida Kane

Name: Ida Kane

Title: Chief Financial Officer



News Release

AppFolio, Inc. Announces Third Quarter 2020 Financial Results

SANTA BARBARA, Calif., November 9, 2020 (GLOBE NEWSWIRE) -- AppFolio, Inc. (NASDAQ: APPF) ("AppFolio" or the "Company"), a leading provider of cloud-based business software solutions, services, and data analytics to the real estate vertical today announced its financial results for the third quarter ended September 30, 2020.

AppFolio's operating results for the third quarter of 2020 are summarized in the tables accompanying this press release. The Company nevertheless urges investors to read its Annual Report on Form 10-K, which was filed with the Securities and Exchange Commission (the "SEC") on March 2, 2020, as well as its more detailed third quarter 2020 results that will be included in the Company's Quarterly Report on Form 10-Q, which will be filed with the SEC today. These periodic report filings, together with other documents the Company files with the SEC from time to time, will be accessible on AppFolio's website, http://ir.appfolioinc.com. The limited information that follows in this press release is not adequate for making an informed investment judgment.

Divestiture of MyCase

On September 30, 2020, the Company completed its previously-announced sale of 100% of the issued and outstanding equity interests of MyCase, Inc. ("MyCase"), a California corporation and former wholly owned subsidiary of the Company that provides legal practice and case management software solutions to law firms. The Company sold MyCase to Mockingbird AcquisitionCo Inc., a Delaware corporation ("Buyer") affiliated with funds advised by Apax Partners LLP, for \$193.0 million pursuant to a Stock Purchase Agreement, dated September 7, 2020 (the "Purchase Agreement"), by and among Buyer, the Company and MyCase (the "MyCase Transaction"). In connection with the closing of the MyCase Transaction, and in accordance with the terms of the Purchase Agreement, the Company and MyCase entered into certain ancillary agreements, including relating to certain post-closing transition services to be provided by the Company to MyCase.

Financial Outlook

While we are encouraged by the results to date, we are not providing updated full year revenue guidance for fiscal year 2020.

Diluted weighted average shares are expected to be approximately 36 million for the full year.

Conference Call Information

As previously announced, the Company will host a conference call today, November 9, 2020, at 1:30 p.m. Pacific Time, 4:30 p.m. Eastern Time, to discuss its financial results. Investors are invited to submit questions to management via the Investor Q&A form located on the Investor Overview section of AppFolio's website.

To listen to the live call, participants may register in advance at http://www.directeventreg.com/registration/event/6087563. After registering, a confirmation will be sent through email, including dial-in details and unique conference call codes for entry. Registration will be open through the start of the live call. To ensure the connection of all participants, please register in advance, a minimum of 10 minutes before the start of the call. A replay of the conference call will be available at (800) 585-8367 or (416) 621-4642 for international callers. Please use conference ID: 6087563. A live and recorded webcast of the conference call will be available at http://ir.appfolioinc.com.

About AppFolio, Inc.

AppFolio offers industry-specific, cloud-based business software solutions, services, and data analytics to the real estate vertical. Today our products include AppFolio Property Manager, AppFolio Property Manager PLUS and AppFolio Investment Management. AppFolio was founded in 2006 and is headquartered in Santa Barbara, CA. Learn more at www.appfolioinc.com.

Investor Relations Contact: ir@appfolio.com

Forward-Looking Statements

This press 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, which statements are subject to considerable risks and uncertainties. Forward-looking statements include all statements that are not statements of historical fact contained in this press release, and can be identified by words such as "anticipates," "believes," "seeks," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "projects," "should," "could," "will," "would," or similar expressions and the negatives of those expressions. In particular, forward-looking statements contained in this press release relate to the Company's business opportunities, the impact of the Company's strategic actions and initiatives, the impact of the COVID-19 pandemic on the Company's business, and the timing of providing updated financial guidance.

Forward-looking statements represent AppFolio's current beliefs and assumptions based on information currently available. Forward-looking statements involve numerous known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Some of the risks and uncertainties that may cause the Company's actual results to materially differ from those expressed or implied by these forward-looking statements are described in the section entitled "Risk Factors" in AppFolio's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020, which will be filed with the SEC today, as well as in the Company's other filings with the SEC. You should read this press release with the understanding that the Company's actual future results may be materially different from the results expressed or implied by these forward looking statements.

Except as required by applicable law or the rules of the NASDAQ Global Market, AppFolio assumes no obligation to update any forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(in thousands, except par values)

Investment securities—current			September 30, 2020		December 31, 2019	
Cach and cach equivalenes \$ 144,028 \$ 2,876 Accounts receivable, ener 9,416 7,562 Prepaid expenses and other current assets 15,720 15,740 Total current assets 20,185 16,791 Investment securities—enoncurrent 2,656 14,708 Operating lesse right-of-use assets 3,135 12,089 Operating lesse right-of-use assets 4,645 2,780 Goodwill 5,136 1,327 Deferred laxes 1,524 2,337 Oberland assets 6,014 2,277 Other long-term assets 6,014 2,277 Other long-term assets 8,362 2,200 Total assets 8,362 3,200 Account spayable 8,352 1,227 Account spayable 13,579 1,758 Account spayable 3,354 3,59 Account spayable 3,354 3,59 Term Indivision 3,354 3,50 Defered revenue 1,35 4,55 Income ta spayable 3	Assets	<u>-</u>				
Investment securities—current	Current assets					
Accounts receivable, net 9,416 5,526 Prepaid expense and other current assets 15,70 15,840 Total current assets 20,853 1,930 Investment securities—noncurrent 5,135 12,089 Opperaty and equipment, net 26,655 1,474 Opperaty and equipment, net 30,363 30,023 Grobally 5,614 58,255 Opcating lease right-of-use assets 15,614 58,257 Goodwill 5,614 58,257 Integralle assets, net 11,64 2,757 Offered taxes 3,614 2,670 Total congregoria assets 6,041 2,670 Total sugarda 8,040 2,670 Total sugarda 8,359 1,92 Accounts payable 13,37 1,73 Accounts payable 3,53 1,93 Account demployee expenses 3,53 1,93 Accrued employee expenses 3,53 1,63 Defered revenue 2,45 4,56 Income tax payable 3,53 <td>Cash and cash equivalents</td> <td>\$</td> <td>144,028</td> <td>\$</td> <td>15,813</td>	Cash and cash equivalents	\$	144,028	\$	15,813	
Prepaid expenses and other current assers 15,700 15,700 Total current assers 20,803 61,701 Investment securities—oncurrent 5,135 12,008 Poperty and equipment, net 6,265 14,744 Operating lease righto-duse assets 33,543 30,003 Codwill 15,154 58,425 Intragible assets, net 11,648 27,574 Deferred taxes 11,648 27,574 Other long-tend seed 18,069 2,000 Total assets 3,000 2,000 Total assets 1,000 2,000 Total control spayable 1,000 2,000 Accrued employee expenses 1,000 1,000 Accrued employee expenses 1,000 1,000 Accrued employee expenses 1,000 1,000 Deferent cruen liabilities 1,000 1,000 Total current liabilities 2,000 1,000 Total current liabilities 1,000 1,000 Total current liabilities 2,000 1,000	Investment securities—current		32,689		22,876	
Total current assers 20,185 61,791 Investment securities—noncurrent 5,135 12,089 Property and equipment, net 26,655 14,744 Operating lease right-of-use assets 24,645 27,803 Capitalized Sordivare, net 33,531 30,023 Goodwill 56,147 58,425 Intragible assets, net 17,544 22,377 Other long-term assets 60,14 2,757 Other Josepherm assets 60,104 2,757 Total assets 8 30,202 2,201,002 ***********************************	Accounts receivable, net		9,416		7,562	
Investment securities—noncurrent 5,135 12,089 Poporty and equipment, net 26,565 14,744 Operating lease right-of-use asets 24,645 27,803 Capital lease right-of-use asets 33,543 30,023 Codowlill 56,147 58,425 Intagible assets, net 11,524 21,377 Deferred taxes 14,626 27,574 Other long-term assets 6,014 6,267 Total assets 5,362,72 2,200,102 Libilities and Stockholders' Feurit Current liabilities Accrued expenses 13,571 1,927 Accrued expenses 13,571 1,938 Accrued expenses 13,571 1,928 Accrued expayable 5,151 1,455 Income tax payable 5,151 4,545 Operating lease liabilities 32,752 3,312 Term loan, net—current protrion 5,151 4,745 Operating lease liabilities 5,151 4,745 Operating lease liabilities 10,103 <	Prepaid expenses and other current assets		15,720		15,540	
Property and equipment, net 26,565 14,744 Operating lesse right-of-use asets 24,045 27,030 Capitalized software, net 33,541 30,032 Godwill 56,147 58,325 Intangible assets, net 11,546 27,574 Other loan, eterm assets 6,016 36,207 36,207 Total assets 5,000 36,000 36,207 36,207 Post assets 5,000 30,302 37,200 Accounts payable 18,379 17,758 Accrued employee expenses 13,359 11,839 Accrued expenses 13,579 14,866 Income tax payable 24,57 4,866 Income tax payable 4,97 1,135 Other current labilities 4,000 11,139 Term loan, net—current portion 5,151 4,745 Operating less liabilities 32,75 33,312 Term loan, net—current portion 2,25 3,312 Term loan, net—current portion 5,151 4,755 Deferre	Total current assets		201,853		61,791	
Operating lease right-of-use assets 24,645 27,803 Capital zed software, net 35,434 30,002 Intengible assets, net 15,145 21,377 Obered taxes 14,826 27,574 Other long-term assets 6,014 5,000 Total assets 5,000 2,000 Exhibities 8,367 2,000 Capital Biblities 18,379 1,778 Accrued employee expenses 18,379 1,973 Accrued expenses 18,379 1,978 Accrued expenses 18,379 1,778 Accrued expenses 18,379 1,778 Accrued expenses 18,379 1,135 Income tax payable 13,571 4,506 Income tax payable 3,512 1,135 Operating lease liabilities 5,515 4,745 Operating lease liabilities 1,000 1,200 Term loan, net—current portion 2,000 1,200 Term loan, perm liabilities 1,000 1,200 Term	Investment securities—noncurrent		5,135		12,089	
Gapitalized software, net 33,543 30,023 Goodwill 56,147 58,425 Lidragible assets, net 17,544 21,377 Deferred taxes 18,265 27,574 Other long-term assets 6,001 5,007 Total assets 5,360,272 \$ 206,102 Habilities and Stockholders' Equit Experimental solities 8,3591 \$ 1,927 Accound spayable 13,354 10,833 Deferred revenue 2,457 4,556 Income tax payable 15,511 4,556 Other current liabilities 4607 11,139 Term loan, net—current portion 467 11,239 Total current liabilities 32,755 33,312 Deferred axes 10,130 4,735 Deferred axes 10,130 4,735 Deferred taxes 10,130 4,735 Deferred taxes 10,152 4,735 Deferred taxes 10,152 4,735 Deferred taxes 10,152 4,735 <	Property and equipment, net		26,565		14,744	
Godwill 56,47 \$8,425 Intangibe asests, net 17,54 21,377 Other long-term assets 6,014 6,276 Total assets 6,010 5,200,102 Labilities Current labilities Accounts payable 18,391 19,75 Accounts expayable 13,561 10,833 Deferred revenue 2,357 4,586 Income tax payable 13,561 10,833 Deferred revenue 2,457 4,586 Income tax payable 13,571 4,586 Orber current liabilities 3,571 4,586 Orber current liabilities 3,571 4,745 Operating lease liabilities 10,131 -4,745 Operating lease liabilities 10,131 -4,745 Deferred taxes 10,132	Operating lease right-of-use assets		24,645		27,803	
Integlible assets, net 17,544 21,377 Defere flaxes 14,626 7,574 Other long-remassers 6,036 3,080.20 2 Total assets 5 3,080.20 2 2,000.00 Libilities Urem Habilities Accounts payable \$ 3,09.20 1,09.20 Accrued employee expenses 18,39 1,07.50 1,08.30 Oberred revenue 2,457 4,566 1,08.30 Oberred revenue 2,457 4,566 1,130 Tem loan, net—curent portion 3,561 4,745 4,745 Operating lasse liabilities 5,615 4,745 4,745 Operating lasse liabilities 3,275 3,331 2 Efferred staxes 10,103 5 4,745 Operating lasse liabilities 10,103 5 4,745 Operating lasse liabilities 10,103 5 4,745 Offered axes 10,103 5 1,745 Operating lasse liabilities <td>Capitalized software, net</td> <td></td> <td>33,543</td> <td></td> <td>30,023</td>	Capitalized software, net		33,543		30,023	
Defered taxes 1,482 27,574 Other long-term assets 6,014 6,276 Total assets 5,000 3,000 Labilities Carcent labilities Accounts payable 5,359 8,192 Accoude demployee expenses 18,369 17,358 Accued expenses 13,546 10,833 Deferred revenue 2,457 4,656 Income tax payable 4,607 11,339 Ober current liabilities 4,607 11,339 Trem loan, net—current portion 5,615 4,455 Operating lease liabilities 5,615 4,455 Operating lease liabilities 3,02 4,575 Deferred taxes 10,13 4,52 Other outent liabilities 10,13 4,52 Term loan, net—current portion 5,15 4,53 Cherred taxes 10,13 4,52 Operating lease liabilities 10,10 4,52 Term loan, net—current portion 1,50 4,52 Learn loan, net	Goodwill		56,147		58,425	
Other long-term asserts 6,04 6,276 Total ass Ottockholder's Futuits 3,00,20 2,00,00 Current liabilities Accounts payable 9,35,9 1,175 Accounts payable 1,25,4 1,00,00 Accrued expenses 1,35,4 1,00,00 Income tanyable 2,45,7 4,50,6 Income tanyable 4,00 1,13,2 Other current protrion 4,00 1,13,2 Trail loan, net—current portion 5,15 4,245 Operating lease liabilities 3,27,5 3,33,2 Enferred taxes 1,00 4,245 Offered green liabilities 3,00 4,245 Operating lease liabilities 3,00 4,245 Offered taxes 1,00 4,245 Offered taxes 1,00 1,00 1,00 Offered taxes <	Intangible assets, net		17,544		21,377	
Total assets	Deferred taxes		14,826		27,574	
Current liabilities	Other long-term assets		6,014		6,276	
Current liabilities \$ 3,51 \$ 1,927 Accounts payable 18,379 1,758 Accrued employee expenses 13,546 10,833 Accrued expenses 13,546 10,833 Deferred revenue 2,457 4,566 Income tax payable 13,571 4,566 Other current liabilities 4,607 11,139 Term loan, net—current portion 56,151 47,451 Operating lease liabilities 32,755 33,312 Term loan, net 2,720 14,375 Deferred taxes 10,130 — Other long-term liabilities 2,720 14 Total liabilities 10,130 — Stockholders' equity 2,720 12,815 Freferred atxec 10,130 — Class A common stock, \$0,0001 par value, 25,000 shares authorized and on shares issued and outstanding as of September 30, 202 2,720 12,815 Class A common stock, \$0,0001 par value, 25,000 shares authorized as of September 30, 2020 and December 31, 2019, respectively; 1,801 and 16,552 shares outstanding as of September 30, 2020 and December 31, 2019, respectively; 1,801 and 16,552 shares outstanding as	Total assets	\$	386,272	\$	260,102	
Accounts payable \$ 3,591 \$ 1,927 Accrued employee expenses 18,379 17,758 Accrued expenses 13,546 10,833 Deferred revenue 2,457 4,556 Income tax payable 13,571 ——— Other current liabilities 4,607 11,139 Term loan, net—current portion 56,151 47,451 Operating lease liabilities 56,151 47,451 Operating lease liabilities 32,755 33,312 Term loan, net ——— 47,375 Deferred taxes 10,130 —— Other long-term liabilities 10,130 — Other long-term liabilities 10,130 — Other long-term liabilities 10,100 — Tefferred	Liabilities and Stockholders' Equity					
Accrued employee expenses 18,379 17,588 Accrued expenses 13,546 10,833 Deferred revenue 2,457 4,586 Income tax payable 13,571 — Other current liabilities 4,607 11,139 Term loan, net—current portion 56,151 47,451 Operating lease liabilities 32,755 33,312 Term loan, net 5 47,375 Deferred taxes 10,130 — Other outsel liabilities 2,720 14 Other liabilities 2,720 14 Other outselve liabilities 10,130 — Deferred taxes 10,130 — Other outselve liabilities 2,720 14 Total liabilities 10,756 12,815 Stockholders' equity: 2 2 Preferred stock, \$0,0001 par value, 25,000 shares authorized and no shares issued and outstanding as of September 30, 2020 2 2 Class A common stock, \$0,0001 par value, 250,000 shares authorized as of September 30, 2020 and December 31, 2019; respectively; 18,031 and 16,523 shares issued and outstanding as of Septem	Current liabilities					
Accrued expenses 13,546 10,833 Deferred revenue 2,457 4,566 Income tax payable 13,571 — Other current liabilities 4,607 11,139 Term loan, net—current portion — 1,208 Total current liabilities 32,755 33,312 Term loan, net — 47,375 Deferred taxes 10,130 — Other long-term liabilities 10,130 — Other long-term liabilities 2,720 14 Total liabilities 10,130 — Stockholders' equity: — — — Preferred stock, \$0,0001 par value, 250,000 shares authorized and no shares issued and outstanding as of September 30, 2020 —	Accounts payable	\$	3,591	\$	1,927	
Deferred revenue 2,457 4,586 Income tax payable 13,571 — Other current liabilities 4,607 11,139 Term loan, net—current portion — 1,208 Total current liabilities 56,151 47,451 Operating lease liabilities 32,755 33,312 Term loan, net — 47,375 Deferred taxes 10,130 — Other long-term liabilities 2,720 14 Total liabilities 10,130 — Stockholders' equity: 10,130 — Preferred stock, \$0,0001 par value, 25,000 shares authorized and no shares issued and outstanding as of September 30, 2020 1 — Class A common stock, \$0,0001 par value, 25,000 shares authorized as of September 30, 2020 and December 31, 2019, respectively; 18,031 and 16,523 shares issued as of September 31, 2019, respectively; 18,031 and 16,523 shares issued as of September 31, 2019, respectively; 18,231 and 16,523 shares issued and outstanding as of September 30, 2020 and December 31, 2019, respectively 2 2 Class B common stock, \$0,0001 par value, \$0,000 shares authorized as of September 30, 2020 and December 31, 2019, respectively 2 2 Class B common stock, \$0,0001 par value,	Accrued employee expenses		18,379		17,758	
Income tax payable	Accrued expenses		13,546		10,833	
Other current liabilities 4,607 11,139 Term loan, net—current portion — 1,208 Total current liabilities 56,151 47,451 Term loan, net — 47,375 Deferred taxes 10,130 — Other long-term liabilities 2,720 14 Total liabilities 101,756 128,152 Schkolders' equity: Preferred stock, \$0,0001 par value, 25,000 shares authorized and no shares issued and outstanding as of September 30, 2020 — — Class A common stock, \$0,0001 par value, 25,000 shares authorized as of September 30, 2020 and December 31, 2019; 2 — Class B common stock, \$0,0001 par value, 250,000 shares authorized as of September 30, 2020 and December 31, 2019; respectively; 18,031 and 16,552 shares 2 2 Other 16,923 shares issued as of September 30, 2020 and December 31, 2019, respectively; 18,031 and 16,552 shares 2 2 Ottstanding as of September 30, 2020 and December 31, 2019, respectively; 18,031 and 16,552 shares 2 2 outstanding as of September 30, 2020 and December 31, 2019, respectively; 18,031 and 16,552 shares 3 2 2 Class B common stock, \$0,0001 par value, \$50,000 shares authorized as of September 30, 2020 a	Deferred revenue		2,457		4,586	
Tem loan, net—current portion	Income tax payable		13,571		_	
Total current liabilities 56,151 47,451 Operating lease liabilities 32,755 33,312 Term loan, net — 47,375 Deferred taxes 10,130 — Other long-term liabilities 2,720 14 Total liabilities 10,756 128,152 Stockholders' equity: — — Preferred stock, \$0,0001 par value, 25,000 shares authorized and no shares issued and outstanding as of September 30, 2020 — — Class A common stock, \$0,0001 par value, 250,000 shares authorized as of September 30, 2020 and December 31, 2019; 18,450 and 16,923 shares issued as of September 30, 2020 and December 31, 2019; respectively; 18,031 and 16,525 shares 2 2 Class B common stock, \$0,0001 par value, 50,000 shares authorized as of September 30, 2020 and December 31, 2019; 2 2 Class B common stock, \$0,0001 par value, 50,000 shares authorized as of September 30, 2020 and December 31, 2019; 2 2 Class B common stock, \$0,0001 par value, 50,000 shares authorized as of September 30, 2020 and December 31, 2019; 2 2 Class B common stock, \$0,0001 par value, 50,000 shares authorized as of September 30, 2020 and December 31, 2019; 2 2 Class B common stock, \$0,0001 par	Other current liabilities		4,607		11,139	
Operating lease liabilities 32,755 33,312 Term loan, net — 47,375 Deferred taxes 10,130 — Other long-term liabilities 2,720 14 Total liabilities 101,756 128,152 Stockholders' equity: *** — Preferred stock, \$0,0001 par value, 25,000 shares authorized and no shares issued and outstanding as of September 30, 2020 — — Class A common stock, \$0,0001 par value, 25,000 shares authorized as of September 30, 2020 and December 31, 2019; 18,450 and 16,592 shares issued as of September 30, 2020 and December 31, 2019, respectively; 18,031 and 16,552 shares outstanding as of September 30, 2020 and December 31, 2019, respectively; 18,031 and 16,552 shares 2 2 Class B common stock, \$0,0001 par value, 50,000 shares authorized as of September 30, 2020 and December 31, 2019; 2 2 16,282 and 17,594 shares issued and outstanding as of September 30, 2020 and December 31, 2019, respectively 2 2 Accumulated other comprehensive income 90 33 Treasury stock, at cost, 419 and 371 shares of Class A common stock as of September 30, 2020 and December 31, 2019, respectively (25,756) (21,562 Retained earnings (accumulated deficit) 150,882 (8,034) <td>Term loan, net—current portion</td> <td></td> <td>_</td> <td></td> <td>1,208</td>	Term loan, net—current portion		_		1,208	
Term loan, net 47,375 Deferred taxes 10,130 — Other long-term liabilities 2,720 14 Total liabilities 101,756 128,152 Stockholders' equity: 2 2 Preferred stock, \$0,0001 par value, 25,000 shares authorized and no shares issued and outstanding as of September 30, 2020 — — Class A common stock, \$0,0001 par value, 25,000 shares authorized as of September 30, 2020 and December 31, 2019; 2 — Class A common stock, \$0,0001 par value, 250,000 shares authorized as of September 30, 2020 and December 31, 2019; 18,450 and 16,923 shares issued as of September 30, 2020 and December 31, 2019, respectively; 18,031 and 16,552 shares 2 2 Class B common stock, \$0,0001 par value, 50,000 shares authorized as of September 30, 2020 and December 31, 2019; 2 2 16,282 and 17,594 shares issued and outstanding as of September 30, 2020 and December 31, 2019; 2 2 2 2 2 2 Accumulated other comprehensive income 90 33 Treasury stock, at cost, 419 and 371 shares of Class A common stock as of September 30, 2020 and December 31, 2019; 2 2 2 Retained earnings (accumulated deficit) 150	Total current liabilities		56,151		47,451	
Deferred taxes 10,130 — Other long-term liabilities 2,720 14 Total liabilities 101,756 128,152 Stockholders' equity: Preferred stock, \$0.0001 par value, 25,000 shares authorized and no shares issued and outstanding as of September 30, 2020 and December 31, 2019 — — Class A common stock, \$0.0001 par value, 25,000 shares authorized as of September 30, 2020 and December 31, 2019; respectively; 18,031 and 16,522 shares outstanding as of September 30, 2020 and December 31, 2019, respectively; 18,031 and 16,525 shares 2 2 Class B common stock, \$0.0001 par value, 50,000 shares authorized as of September 30, 2020 and December 31, 2019; respectively; 18,031 and 16,525 shares 2 2 Class B common stock, \$0.0001 par value, 50,000 shares authorized as of September 30, 2020 and December 31, 2019; respectively 2 2 Class B common stock, \$0.0001 par value, 50,000 shares authorized as of September 30, 2020 and December 31, 2019; respectively 2 2 Additional paid-in capital 150,296 161,509 Accumulated other comprehensive income 90 33 Treasury stock, at cost, 419 and 371 shares of Class A common stock as of September 30, 2020 and December 31, 2019, respectively (25,756) (21,562) Retained earnings (accumulated deficit)	Operating lease liabilities		32,755		33,312	
Other long-term liabilities 2,720 14 Total liabilities 101,756 128,152 Stockholders' equity: Preferred stock, \$0.0001 par value, 25,000 shares authorized and no shares issued and outstanding as of September 30, 2020 and December 31, 2019 Class A common stock, \$0.0001 par value, 250,000 shares authorized as of September 30, 2020 and December 31, 2019; 18,450 and 16,923 shares issued as of September 30, 2020 and December 31, 2019; 18,450 and 16,923 shares issued as of September 30, 2020 and December 31, 2019, respectively; 18,031 and 16,552 shares outstanding as of September 30, 2020 and December 31, 2019, respectively; 18,031 and 16,552 shares 2 2 Class B common stock, \$0.0001 par value, 50,000 shares authorized as of September 30, 2020 and December 31, 2019; 16,282 and 17,594 shares issued and outstanding as of September 30, 2020 and December 31, 2019; 16,282 and 17,594 shares issued and outstanding as of September 30, 2020 and December 31, 2019; 16,282 and 17,594 shares issued and outstanding as of September 30, 2020 and December 31, 2019; 16,282 and 17,594 shares issued and outstanding as of September 30, 2020 and December 31, 2019; 16,282 and 17,594 shares issued and outstanding as of September 30, 2020 and December 31, 2019; 16,282 and 17,594 shares issued and outstanding as of September 30, 2020 and December 31, 2019; 16,282 and 17,594 shares issued and outstanding as of September 30, 2020 and December 31, 2019; 16,282 and 17,594 shares issued and outstanding as of September 30, 2020 and December 31, 2019; 16,282 and 17,594 shares issued and outstanding as of September 30, 2020 and December 31, 2019; 16,282 and 17,594 shares issued and outstanding as of September 30, 2020 and December 31, 2019; 16,282 and 17,594 shares issued and outstanding as of September 30, 2020 and December 31, 2019; 16,282 and 17,594 shares issued and outstanding as of September 30, 2020 and December 31, 2019; 16,282 and 17,594 shares issued and outstanding as of September 30, 2020 and December 31, 2019; 16,282 and 17,594 shares iss	Term loan, net		_		47,375	
Total liabilities 101,756 128,152 Stockholders' equity: Preferred stock, \$0,0001 par value, 25,000 shares authorized and no shares issued and outstanding as of September 30, 2020 and December 31, 2019 ————————————————————————————————————	Deferred taxes		10,130		_	
Stockholders' equity: Preferred stock, \$0.0001 par value, 25,000 shares authorized and no shares issued and outstanding as of September 30, 2020 and December 31, 2019 Class A common stock, \$0.0001 par value, 250,000 shares authorized as of September 30, 2020 and December 31, 2019; 18,450 and 16,923 shares issued as of September 30, 2020 and December 31, 2019, respectively; 18,031 and 16,552 shares outstanding as of September 30, 2020 and December 31, 2019, respectively; 18,031 and 16,552 shares outstanding as of September 30, 2020 and December 31, 2019, respectively; 18,031 and 16,552 shares outstanding as of September 30, 2020 and December 31, 2019; 16,282 and 17,594 shares issued and outstanding as of September 30, 2020 and December 31, 2019; 16,282 and 17,594 shares issued and outstanding as of September 30, 2020 and December 31, 2019, respectively Accumulated other comprehensive income 90 33 Treasury stock, at cost, 419 and 371 shares of Class A common stock as of September 30, 2020 and December 31, 2019, respectively Retained earnings (accumulated deficit) Total stockholders' equity 284,516 131,950	Other long-term liabilities		2,720		14	
Preferred stock, \$0.0001 par value, 25,000 shares authorized and no shares issued and outstanding as of September 30, 2020 and December 31, 2019; 18,450 and 16,923 shares issued as of September 30, 2020 and December 31, 2019, respectively; 18,031 and 16,552 shares outstanding as of September 30, 2020 and December 31, 2019, respectively; 18,031 and 16,552 shares outstanding as of September 30, 2020 and December 31, 2019, respectively; 18,031 and 16,552 shares outstanding as of September 30, 2020 and December 31, 2019, respectively Class B common stock, \$0.0001 par value, 50,000 shares authorized as of September 30, 2020 and December 31, 2019; 16,282 and 17,594 shares issued and outstanding as of September 30, 2020 and December 31, 2019; 16,282 and 17,594 shares issued and outstanding as of September 30, 2020 and December 31, 2019; 16,282 and 17,594 shares issued and outstanding as of September 30, 2020 and December 31, 2019; 16,282 and 17,594 shares issued and outstanding as of September 30, 2020 and December 31, 2019; 16,282 and 17,594 shares issued and outstanding as of September 30, 2020 and December 31, 2019; 16,282 and 17,594 shares issued and outstanding as of September 30, 2020 and December 31, 2019; 16,282 and 17,594 shares issued and outstanding as of September 30, 2020 and December 31, 2019; 16,282 and 17,594 shares issued and outstanding as of September 30, 2020 and December 31, 2019; 16,282 and 17,594 shares issued and outstanding as of September 30, 2020 and December 31, 2019; 16,282 and 17,594 shares issued and outstanding as of September 30, 2020 and December 31, 2019; 16,282 and 17,594 shares issued and outstanding as of September 30, 2020 and December 31, 2019; 16,282 and 17,594 shares issued and outstanding as of September 30, 2020 and December 31, 2019; 16,282 and 17,594 shares issued and outstanding as of September 30, 2020 and December 31, 2019; 16,282 and 17,594 shares issued and outstanding as of September 30, 2020 and December 31, 2019; 16,282 and 17,594 shares issued and outstanding as	Total liabilities		101,756		128,152	
and December 31, 2019 Class A common stock, \$0.0001 par value, 250,000 shares authorized as of September 30, 2020 and December 31, 2019; 18,450 and 16,923 shares issued as of September 30, 2020 and December 31, 2019, respectively; 18,031 and 16,552 shares outstanding as of September 30, 2020 and December 31, 2019, respectively 18,031 and 16,552 shares outstanding as of September 30, 2020 and December 31, 2019, respectively Class B common stock, \$0.0001 par value, 50,000 shares authorized as of September 30, 2020 and December 31, 2019; 16,282 and 17,594 shares issued and outstanding as of September 30, 2020 and December 31, 2019, respectively Accumulated other comprehensive income Treasury stock, at cost, 419 and 371 shares of Class A common stock as of September 30, 2020 and December 31, 2019, respectively Retained earnings (accumulated deficit) Total stockholders' equity Total stockholders' equity - ———————————————————————————————————	Stockholders' equity:					
18,450 and 16,923 shares issued as of September 30, 2020 and December 31, 2019, respectively; 18,031 and 16,552 shares outstanding as of September 30, 2020 and December 31, 2019, respectively 2 2 Class B common stock, \$0.0001 par value, 50,000 shares authorized as of September 30, 2020 and December 31, 2019; 16,282 and 17,594 shares issued and outstanding as of September 30, 2020 and December 31, 2019, respectively 2 2 Additional paid-in capital 159,296 161,509 Accumulated other comprehensive income 90 33 Treasury stock, at cost, 419 and 371 shares of Class A common stock as of September 30, 2020 and December 31, 2019, respectively (25,756) (21,562) Retained earnings (accumulated deficit) 150,882 (8,034) Total stockholders' equity 284,516 131,950			_		_	
16,282 and 17,594 shares issued and outstanding as of September 30, 2020 and December 31, 2019, respectively22Additional paid-in capital159,296161,509Accumulated other comprehensive income9033Treasury stock, at cost, 419 and 371 shares of Class A common stock as of September 30, 2020 and December 31, 2019, respectively(25,756)(21,562)Retained earnings (accumulated deficit)150,882(8,034)Total stockholders' equity284,516131,950	18,450 and 16,923 shares issued as of September 30, 2020 and December 31, 2019, respectively; 18,031 and 16,552 shares		2		2	
Accumulated other comprehensive income9033Treasury stock, at cost, 419 and 371 shares of Class A common stock as of September 30, 2020 and December 31, 2019, respectively(25,756)(21,562)Retained earnings (accumulated deficit)150,882(8,034)Total stockholders' equity284,516131,950			2		2	
Treasury stock, at cost, 419 and 371 shares of Class A common stock as of September 30, 2020 and December 31, 2019, respectively (25,756) (21,562) Retained earnings (accumulated deficit) 150,882 (8,034) Total stockholders' equity 284,516 131,950	Additional paid-in capital		159,296		161,509	
respectively (25,756) (21,562) Retained earnings (accumulated deficit) 150,882 (8,034) Total stockholders' equity 284,516 131,950	Accumulated other comprehensive income		90		33	
Total stockholders' equity 284,516 131,950			(25,756)		(21,562)	
Total stockholders' equity 284,516 131,950	Retained earnings (accumulated deficit)		150,882		(8,034)	
			284,516		131,950	
	Total liabilities and stockholders' equity	\$		\$	260,102	

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(in thousands, except per share amounts)

Three Months Ended September 30,			Nine Months Ended September 30,				
2020 2019				2020		2019	
\$	84,086	\$	67,935	\$	237,624	\$	188,650
	32,752		25,930		89,124		75,239
	14,894		12,636		43,117		37,087
	13,454		10,602		36,794		28,422
	12,946		8,955		36,303		25,361
	6,680		5,678		19,751		16,169
	80,726		63,801		225,089		182,278
	3,360		4,134		12,535		6,372
	187,747		(11)		187,759		(68)
	(853)		(400)		(1,909)		(1,324)
	190,254		3,723		198,385		4,980
	52,578		(1,255)		39,469		(26,874)
\$	137,676	\$	4,978	\$	158,916	\$	31,854
						_	
\$	4.01	\$	0.15	\$	4.64	\$	0.94
\$	3.86	\$	0.14	\$	4.46	\$	0.90
	34,296		34,047		34,241		33,991
	35,665		35,421		35,662		35,406
	\$	Septem 2020 \$ 84,086 32,752 14,894 13,454 12,946 6,680 80,726 3,360 187,747 (853) 190,254 52,578 \$ 137,676 \$ 4.01 \$ 3,86 34,296	September 3 2020 \$ 84,086 \$ 32,752 14,894 13,454 12,946 6,680 80,726 3,360 187,747 (853) 190,254 52,578 \$ 137,676 \$ \$ 3,86 \$ \$ 3,86 \$ 34,296	September 30, 2020 2019 \$ 84,086 \$ 67,935 32,752 25,930 14,894 12,636 13,454 10,602 12,946 8,955 6,680 5,678 80,726 63,801 33,360 4,134 187,747 (11) (853) (400) 190,254 3,723 52,578 (1,255) \$ 137,676 \$ 4,978 \$ 4.01 \$ 0.15 \$ 3,86 \$ 0.14	September 30, 2020 2019 \$ 84,086 \$ 67,935 \$ 32,752 25,930 14,894 12,636 13,454 10,602 12,946 8,955 6,680 5,678 80,726 63,801 33,360 4,134 187,747 (11) (853) (400) 190,254 3,723 52,578 (1,255) \$ 137,676 \$ 4,978 \$ 4.01 \$ 0.15 \$ 3.86 \$ 0.14 \$ 34,296 34,047	September 30, Septem 2020 2020 2019 2020 \$ 84,086 \$ 67,935 \$ 237,624 32,752 25,930 89,124 14,894 12,636 43,117 13,454 10,602 36,794 12,946 8,955 36,303 6,680 5,678 19,751 80,726 63,801 225,089 3,360 4,134 12,535 187,747 (11) 187,759 (853) (400) (1,909) 190,254 3,723 198,385 52,578 (1,255) 39,469 \$ 137,676 4,978 158,916 \$ 3,86 0.14 4.64 \$ 3,86 0.14 4.46	September 30, September 3 2020 2019 2020 \$ 84,086 \$ 67,935 \$ 237,624 \$ 32,752 25,930 89,124 14,894 12,636 43,117 13,454 10,602 36,794 12,946 8,955 36,303 6,680 5,678 19,751 80,726 63,801 225,089 3,360 4,134 12,535 187,747 (11) 187,759 (853) (400) (1,909) 190,254 3,723 198,385 52,578 (1,255) 39,469 \$ 137,676 \$ 4,978 \$ 158,916 \$ \$ 3,86 0.14 \$ 4.64 \$ \$ 34,296 34,047 34,241

Stock-Based Compensation Expense

(in thousands)

	Three Months Ended September 30,			Nine Months Ended September 30,			
		2020		2019	2020		2019
Costs and operating expenses:					 		
Cost of revenue (exclusive of depreciation and amortization)	\$	452	\$	334	\$ 1,098	\$	1,073
Sales and marketing		367		354	1,069		904
Research and product development		474		353	1,348		1,024
General and administrative		1,803		1,151	3,293		2,430
Total stock-based compensation expense	\$	3,096	\$	2,192	\$ 6,808	\$	5,431

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in thousands)

•	ŕ	Three Months Ended September 30,					ths Ended iber 30,	
	-	2020		2019		2020		2019
Cash from operating activities								
Net income	\$	137,676	\$	4,978	\$	158,916	\$	31,854
Adjustments to reconcile net income to net cash provided by operating activities:								
Depreciation and amortization		6,680		5,678		19,751		16,169
Amortization of operating lease right-of-use assets		902		1,088		2,973		3,016
Deferred income taxes		36,015		(1,389)		22,878		(27,032)
Stock-based compensation		3,096		2,192		6,808		5,431
Gain on sale of business		(187,636)		_		(187,636)		_
Other		200		28		170		136
Changes in operating assets and liabilities:								
Accounts receivable		2,907		(83)		(2,229)		(2,778)
Prepaid expenses and other current assets		(567)		796		(859)		(4,403)
Other assets		(213)		(125)		(320)		1,129
Accounts payable		502		82		695		270
Accrued employee expenses		1,202		(194)		1,919		486
Accrued expenses		1,397		(1,398)		5,931		(14)
Deferred revenue		283		458		815		1,039
Operating lease liabilities		(1,043)		(1,127)		(1,135)		(2,886)
Other liabilities		16,439		616		16,539		996
Net cash provided by operating activities	, <u> </u>	17,840		11,600		45,216		23,413
Cash from investing activities								
Purchases of available-for-sale investments		(16,490)		(10,012)		(29,879)		(10,690)
Proceeds from sales of available-for-sale investments		_		1,000		13,942		2,750
Proceeds from maturities of available-for-sale investments		5,550		7,000		13,300		11,000
Purchases of property, equipment and intangible assets		(2,245)		(1,690)		(16,551)		(4,115)
Additions to capitalized software		(6,988)		(6,249)		(19,697)		(15,669)
Cash paid in business acquisition, net of cash acquired				_		_		(54,004)
Proceeds from sale of business, net of cash divested		191,427		_		191,427		_
Net cash provided by (used in) investing activities		171,254		(9,951)		152,542		(70,728)
Cash from financing activities	-			<u> </u>				· · · · · ·
Proceeds from stock option exercises		73		60		402		259
Tax withholding for net share settlement		(1,269)		(790)		(10,959)		(5,541)
Payment of contingent consideration		<u> </u>		`		(5,977)		<u> </u>
Proceeds from issuance of debt		562		528		50,752		1,697
Principal payments on debt		(97,747)		(840)		(99,565)		(2,634)
Payment of debt issuance costs		_						(420)
Purchase of treasury stock		_		_		(4,194)		` _ ´
Net cash used in financing activities		(98,381)		(1,042)		(69,541)		(6,639)
Net increase (decrease) in cash and cash equivalents and restricted cash		90,713		607		128,217		(53,954)
Cash, cash equivalents and restricted cash		20,725						(33,531)
Beginning of period		53,751		19,945		16,247		74,506
End of period	\$	144,464	\$	20,552	\$	144,464	\$	20,552
End of period	Ψ	177,704	Ψ	20,002	Ψ	177,704	Ψ	20,332