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): August 3, 2020

AppFolio, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

001-37468

(Commission File Number)

26-0359894

(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 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))

D 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	<u>Trading Symbol</u>	Name of each exchange on which registered
Class A Common Stock, \$0.0001 par value	APPF	NASDAQ Global 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 \Box

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. \Box

Item 2.02. Results of Operations and Financial Condition.

On August 3, 2020, AppFolio, Inc. (the "Company") issued a press release announcing its financial results for its second fiscal quarter ended June 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 August 3, 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.

AppFolio, Inc.

By: /s/ Ida Kane

Name: Ida Kane Title: Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press release issued on August 3, 2020.



AppFolio, Inc. Announces Second Quarter 2020 Financial Results

SANTA BARBARA, Calif., August 3, 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 and legal markets, today announced its financial results for the second quarter ended June 30, 2020.

AppFolio's operating results for the second 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 second 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.

Financial Outlook

While we are encouraged by the results of our second quarter we are unable to predict, with any reasonable degree of certainty, the full extent of the potential impact of the COVID-19 pandemic on our business and financial results. As a result, 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, August 3, 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/3697242. After registering, a confirmation will be sent through email, including dial-in details and unique conference call codes for entry. A replay of the conference call will be available at (800) 585-8367 or (416) 621-4642 for international callers. Please use conference ID: 3697242. 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 and legal markets. Today our products include real estate software (AppFolio Property Manager, AppFolio Property Manager PLUS and AppFolio Investment Management) and legal practice management software (MyCase). 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 June 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)

Current assets \$ sind cash equivalents \$ sind cash and cash equivalents \$ sind cash and cash equivalents \$ 20.930 \$ 22.937 Investment securities—current 20.930 \$ 22.937 \$ 7.562 Accounts receivable, net 12.663 \$ 7.562 Propeid expenses and other current assets 100.7744 \$ 6.752 Total courrent assets 26.323 \$ 12.099 Property and equipment, net \$ 26.323 \$ 27.282 Operating lasset fight of use assets \$ 8.425 \$ 8.425 Inangable assets, net 18.911 \$ 27.572 Defered taxes \$ 3.0023 \$ 20.012 Total assets \$ 3.0023 \$ 20.012 Account payable \$ 3.402 \$ 1.927 Account payable \$ 3.302 \$ 1.927 Account payable \$ 3.302 \$ 1.927 Account payable \$ 3.302 \$ 1.926 Total current liabilities </th <th></th> <th>June 30, 2020</th> <th>D</th> <th>ecember 31, 2019</th>		June 30, 2020	D	ecember 31, 2019
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Other current liabilities 5,088 1,139 Term loan, net—current portion 1,833 1,208 Total current liabilities 47,307 47,465 Operating lease liabilities 33,394 33,312 Revolving facility 49,000 — Term loan, net 46,146 47,375 Total liabilities 175,847 128,152 Stockholders' equity: 175,847 128,152 Stockholders' equity: — — Preferred stock, \$0.0001 par value, 25,000 shares authorized and no shares issued and outstanding as of June 30, 2020 and December 31, 2019; 17,371 and 16,923 shares issued as of June 30, 2020 and December 31, 2019; 17,371 and 16,923 shares issued as of June 30, 2020 and December 31, 2019; respectively; 16,952 and 16,552 shares outstanding as of June 30, 2020 and December 31, 2019; 17,339 and 17,594 shares issued and outstandirg as of June 30, 2020 and December 31, 2019; 17,339 and 17,594 shares issued and outstanding as of June 30, 2020 and December 31, 2019; respectively 2 2 Additional paid-in capital 131 33 Treasury stock, at cost, 419 and 371 shares of Class A common stock as of June 30, 2020 and December 31, 2019, respectively (25,756) (21,562) Retained eamings (accumulated deficit) 131,206 (8,034) <td< td=""><td>Accrued expenses</td><td>13,316</td><td></td><td>10,833</td></td<>	Accrued expenses	13,316		10,833
Term loan, net—current portion1,8331,208Total current liabilities47,30747,465Operating lease liabilities33,39433,312Revolving facility49,000—Term loan, net46,14647,375Total liabilities175,847128,152Stockholders' equity:——Preferred stock, \$0.0001 par value, 25,000 shares authorized and outstanding as of June 30, 2020 and December 31, 2019——Class A common stock, \$0.0001 par value, 25,000 shares authorized as of June 30, 2020 and December 31, 2019; 17,371 and 16,923 shares issued as of June 30, 2020 and December 31, 2019; 17,371 and 16,923 shares issued as of June 30, 2020 and December 31, 2019; 17,371 and 16,923 shares issued and outstanding as of June 30, 2020 and December 31, 2019; respectively22Class A common stock, \$0.0001 par value, 50,000 shares authorized as of June 30, 2020 and December 31, 2019; 17,371 and 16,923 shares issued and outstanding as of June 30, 2020 and December 31, 2019; respectively22Class B common stock, \$0.0001 par value, 50,000 shares authorized as of June 30, 2020 and December 31, 2019; 17,339 and 17,594 shares issued and outstanding as of June 30, 2020 and December 31, 2019; respectively22Additional paid-in capital156,919161,509Accumulated other comprehensive income13133Treasury stock, at cost, 419 and 371 shares of Class A common stock as of June 30, 2020 and December 31, 2019, respectively(25,756)(21,562)Retained earnings (accumulated deficit)13,206(80,34)131,950 <tr<tr>Total stockholders' equity144,5</tr<tr>	Deferred revenue	5,098		4,600
Total current liabilities47,30747,465Operating lease liabilities33,39433,312Revolving facility49,000—Term loan, net46,14647,375Total liabilities175,847128,152Stockholders' equity:——Preferred stock, \$0.0001 par value, 25,000 shares authorized and no shares issued and outstanding as of June 30, 2020 and December 31, 2019——Class A common stock, \$0.0001 par value, 250,000 shares authorized as of June 30, 2020 and December 31, 2019; respectively; 16,952 and 16,552 shares outstanding as of June 30, 2020 and December 31, 2019, respectively; 16,952 and 16,552 shares outstanding as of June 30, 2020 and December 31, 2019; respectively22Class B common stock, \$0.0001 par value, 50,000 shares authorized as of June 30, 2020 and December 31, 2019; respectively22Class B common stock, \$0.0001 par value, 50,000 shares authorized as of June 30, 2020 and December 31, 2019; respectively22Class B common stock, \$0.0001 par value, 50,000 shares authorized as of June 30, 2020 and December 31, 2019; respectively22Class B common stock, \$0.0001 par value, 50,000 shares authorized as of June 30, 2020 and December 31, 2019; respectively22Additional paid-in capital156,919161,509Accumulated other comprehensive income13133Treasury stock, at cost, 419 and 371 shares of Class A common stock as of June 30, 2020 and December 31, 2019, respectively(25,756)(21,562)Retained earnings (accumulated deficit)13,206(8,034)131,950 <tr<tr>Total stockholders' equity</tr<tr>	Other current liabilities	5,088		11,139
Operating lease liabilities 33,394 33,392 Revolving facility 49,000 Term loan, net 46,146 47,375 Total liabilities 175,847 128,152 Stockholders' equity: Preferred stock, \$0.0001 par value, 25,000 shares authorized and no shares issued and outstanding as of June 30, 2020 and December 31, 2019; 17,371 and 16,923 shares issued as of June 30, 2020 and December 31, 2019; 17,371 and 16,923 shares issued as of June 30, 2020 and December 31, 2019; 17,379 and 17,594 shares issued and outstanding as of June 30, 2020 and December 31, 2019; 17,339 and 17,594 shares issued and outstanding as of June 30, 2020 and December 31, 2019; 17,339 and 17,594 shares income - 2 2 Additional paid-in capital 156,919 161,509 161,509 161,509 Accumulated other comprehensive income 131 33	Term loan, net—current portion	1,833		1,208
Revolving facility $49,000$ $-$ Term loan, net $46,146$ $47,375$ Total liabilities $175,847$ $128,152$ Stockholders' equity: $ -$ Preferred stock, \$0,0001 par value, 250,000 shares authorized and on shares issued and outstanding as of June 30, 2020 and December 31, 2019 $ -$ Class A common stock, \$0,0001 par value, 250,000 shares authorized as of June 30, 2020 and December 31, 2019; $17,371$ and $16,923$ shares issued as of June 30, 2020 and December 31, 2019; $17,337$ and $16,923$ shares issued as of June 30, 2020 and December 31, 2019; $17,339$ and $17,594$ shares issued and outstanding as of June 30, 2020 and December 31, 2019; $17,339$ and $17,594$ shares issued and outstanding as of June 30, 2020 and December 31, 2019; $17,339$ and $17,594$ shares insued and outstanding as of June 30, 2020 and December 31, 2019; $17,339$ and $156,919$ $-$ Additional paid-in capital $156,919$ $161,509$ Accumulated other comprehensive income 131 33 Treasury stock, at cost, 419 and 371 shares of Class A common stock as of June 30, 2020 and December 31, 2019, respectively $(25,756)$ $(21,562)$ Retained earnings (accumulated deficit) Total stockholders' equity $134,504$ $131,950$ $(80,34)$	Total current liabilities	 47,307		47,465
Term loan, net46,14647,375Total liabilities175,847128,152Stockholders' equity:Preferred stock, \$0,0001 par value, 25,000 shares authorized and no shares issued and outstanding as of June 30, 2020 and December 31, 2019Class A common stock, \$0,0001 par value, 250,000 shares authorized as of June 30, 2020 and December 31, 2019, respectively; 16,952 and 16,552 shares outstanding as of June 30, 2020 and December 31, 2019, respectively; 16,952 and 16,552 shares outstanding as of June 30, 2020 and December 31, 2019, respectively22Class B common stock, \$0,0001 par value, 50,000 shares authorized as of June 30, 2020 and December 31, 2019, respectively222Class B common stock, \$0,0001 par value, 50,000 shares authorized as of June 30, 2020 and December 31, 2019, respectively222Additional paid-in capital156,919161,509161,509Accumulated other comprehensive income1313333Treasury stock, at cost, 419 and 371 shares of Class A common stock as of June 30, 2020 and December 31, 2019, respectively(25,756)(21,562)Retained earnings (accumulated deficit)13,206(8,034)131,950Total stockholders' equity144,504131,950131,935	Operating lease liabilities	33,394		33,312
Term loan, net46,14647,375Total liabilities175,847128,152Stockholders' equity:Preferred stock, \$0,0001 par value, 25,000 shares authorized and no shares issued and outstanding as of June 30, 2020 and December 31, 2019Class A common stock, \$0,0001 par value, 250,000 shares authorized as of June 30, 2020 and December 31, 2019, respectively; 16,952 and 16,552 shares outstanding as of June 30, 2020 and December 31, 2019, respectively; 16,952 and 16,552 shares outstanding as of June 30, 2020 and December 31, 2019, respectively22Class B common stock, \$0,0001 par value, 50,000 shares authorized as of June 30, 2020 and December 31, 2019, respectively222Class B common stock, \$0,0001 par value, 50,000 shares authorized as of June 30, 2020 and December 31, 2019, respectively222Additional paid-in capital156,919161,509161,509Accumulated other comprehensive income1313333Treasury stock, at cost, 419 and 371 shares of Class A common stock as of June 30, 2020 and December 31, 2019, respectively(25,756)(21,562)Retained earnings (accumulated deficit)13,206(8,034)131,950Total stockholders' equity144,504131,950131,935	Revolving facility	49,000		_
Stockholders' equity:InstantPreferred stock, \$0.0001 par value, 25,000 shares authorized and no shares issued and outstanding as of June 30, 2020 and December 31, 2019——Class A common stock, \$0.0001 par value, 250,000 shares authorized as of June 30, 2020 and December 31, 2019; 17,371 and 16,923 shares issued as of June 30, 2020 and December 31, 2019, respectively; 16,952 and 16,552 shares outstanding as of June 30, 2020 and December 31, 2019, respectively22Class B common stock, \$0.0001 par value, 50,000 shares authorized as of June 30, 2020 and December 31, 2019; 17,339 and 17,594 shares issued and outstanding as of June 30, 2020 and December 31, 2019, respectively22Additional paid-in capital156,919161,509Accumulated other comprehensive income13133Treasury stock, at cost, 419 and 371 shares of Class A common stock as of June 30, 2020 and December 31, 2019, respectively(25,756)(21,562)Retained earnings (accumulated deficit)13,206(8,034)Total stockholders' equity144,504131,950	Term loan, net	46,146		47,375
Preferred stock, S0.0001 par value, 25,000 shares authorized and no shares issued and outstanding as of June 30, 2020 and December 31, 2019 — — Class A common stock, \$0.0001 par value, 250,000 shares authorized as of June 30, 2020 and December 31, 2019; 17,371 and 16,923 shares issued as of June 30, 2020 and December 31, 2019, respectively; 16,952 and 16,552 shares outstanding as of June 30, 2020 and December 31, 2019, respectively 2 2 2 2 Class B common stock, \$0.0001 par value, 50,000 shares authorized as of June 30, 2020 and December 31, 2019; 17,339 and 17,594 shares issued and outstanding as of June 30, 2020 and December 31, 2019, respectively 2 2 2 Additional paid-in capital 156,919 161,509 Accumulated other comprehensive income 111 33 Treasury stock, at cost, 419 and 371 shares of Class A common stock as of June 30, 2020 and December 31, 2019, respectively (25,756) (21,562) Retained earnings (accumulated deficit) 13,206 (8,034) Total stockholders' equity 2 4 31,950	Total liabilities	 175,847	· · · · · · · · · · · · · · · · · · ·	128,152
December 31, 2019——Class A common stock, \$0.0001 par value, 250,000 shares authorized as of June 30, 2020 and December 31, 2019; 17,371 and 16,923 shares issued as of June 30, 2020 and December 31, 2019, respectively; 16,952 and 16,552 shares outstanding as of June 30, 2020 and December 31, 2019, respectively22Class B common stock, \$0.0001 par value, 50,000 shares authorized as of June 30, 2020 and December 31, 2019; 17,339 and 17,594 shares issued and outstanding as of June 30, 2020 and December 31, 2019, respectively22Additional paid-in capital156,919161,509Accumulated other comprehensive income13133Treasury stock, at cost, 419 and 371 shares of Class A common stock as of June 30, 2020 and December 31, 2019, respectively(25,756)(21,562)Retained earnings (accumulated deficit)13,206(8,034)131,950Total stockholders' equity144,504131,950131,950	Stockholders' equity:			
16,923 shares issued as of June 30, 2020 and December 31, 2019, respectively; 16,952 and 16,552 shares outstanding as of June 30, 2020 and December 31, 2019, respectively22Class B common stock, \$0.0001 par value, 50,000 shares authorized as of June 30, 2020 and December 31, 2019; 17,339 and 17,594 shares issued and outstanding as of June 30, 2020 and December 31, 2019, respectively22Additional paid-in capital156,919161,509Accumulated other comprehensive income13133Treasury stock, at cost, 419 and 371 shares of Class A common stock as of June 30, 2020 and December 31, 2019, respectively(25,756)(21,562)Retained earnings (accumulated deficit)13,206(8,034)131,950Total stockholders' equity144,504131,950131,950	Preferred stock, \$0.0001 par value, 25,000 shares authorized and no shares issued and outstanding as of June 30, 2020 and December 31, 2019	_		_
17,594 shares issued and outstanding as of June 30, 2020 and December 31, 2019, respectively22Additional paid-in capital156,919161,509Accumulated other comprehensive income13133Treasury stock, at cost, 419 and 371 shares of Class A common stock as of June 30, 2020 and December 31, 2019, respectively(25,756)(21,562)Retained earnings (accumulated deficit)13,206(8,034)Total stockholders' equity144,504131,950	Class A common stock, \$0.0001 par value, 250,000 shares authorized as of June 30, 2020 and December 31, 2019; 17,371 and 16,923 shares issued as of June 30, 2020 and December 31, 2019, respectively; 16,952 and 16,552 shares outstanding as of June 30, 2020 and December 31, 2019, respectively	2		2
Accumulated other comprehensive income13133Treasury stock, at cost, 419 and 371 shares of Class A common stock as of June 30, 2020 and December 31, 2019, respectively(25,756)(21,562)Retained earnings (accumulated deficit)13,206(8,034)Total stockholders' equity144,504131,950	Class B common stock, \$0.0001 par value, 50,000 shares authorized as of June 30, 2020 and December 31, 2019; 17,339 and 17,594 shares issued and outstanding as of June 30, 2020 and December 31, 2019, respectively	2		2
Treasury stock, at cost, 419 and 371 shares of Class A common stock as of June 30, 2020 and December 31, 2019, respectively(25,756)(21,562)Retained earnings (accumulated deficit)13,206(8,034)Total stockholders' equity144,504131,950	Additional paid-in capital	156,919		161,509
Retained earnings (accumulated deficit)13,206(8,034)Total stockholders' equity144,504131,950	Accumulated other comprehensive income	131		33
Retained earnings (accumulated deficit)13,206(8,034)Total stockholders' equity144,504131,950	Treasury stock, at cost, 419 and 371 shares of Class A common stock as of June 30, 2020 and December 31, 2019, respectively	(25,756)		(21,562)
	Retained earnings (accumulated deficit)			(8,034)
	Total stockholders' equity	144,504		131,950
	Total liabilities and stockholders' equity	\$ 320.351	\$	

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

(in thousands, except per share amounts)

	Three Months Ended June 30,			Six Months Ended June 30,			
	2020		2019		2020		2019
Revenue	\$ 81,043	\$	63,624	\$	153,538	\$	120,715
Costs and operating expenses:							
Cost of revenue (exclusive of depreciation and amortization)	27,411		25,128		56,372		49,309
Sales and marketing	13,717		13,232		28,223		24,451
Research and product development	12,128		9,339		23,340		17,820
General and administrative	14,785		8,214		23,357		16,406
Depreciation and amortization	6,657		5,415		13,071		10,491
Total costs and operating expenses	74,698		61,328	<u> </u>	144,363	· ·	118,477
Income from operations	6,345	-	2,296		9,175		2,238
Other income (expense), net	(10)		(56)		12		(57)
Interest expense, net	(562)		(427)		(1,056)		(924)
Income before benefit from income taxes	5,773		1,813		8,131		1,257
Benefit from income taxes	(13,484)		(21,338)		(13,109)		(25,619)
Net income	\$ 19,257	\$	23,151	\$	21,240	\$	26,876
Net income per common share:							
Basic	\$ 0.56	\$	0.68	\$	0.62	\$	0.79
Diluted	\$ 0.54	\$	0.65	\$	0.60	\$	0.76
Weighted average common shares outstanding:							
Basic	34,254		34,010		34,214		33,962
Diluted	35,614		35,412		35,647		35,385

Stock-Based Compensation Expense

(in thousands)

		Three Months Ended June 30,			Six Months Ended June 30,			led
	2020 2019			2019	2020			2019
Costs and operating expenses:								
Cost of revenue (exclusive of depreciation and amortization)	\$	520	\$	415	\$	646	\$	739
Sales and marketing		477		302		702		550
Research and product development		580		363		874		671
General and administrative		1,176		607		1,490		1,279
Total stock-based compensation expense	\$	2,753	\$	1,687	\$	3,712	\$	3,239

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

(in thousands)

2020 Cash from operating activities Net income Adjustments to reconcile net income to net cash provided by operating activities:	,257 ,657	2019 \$ 23,151	¢	2020		2019
Net income \$ 19		\$ 23,151	¢			
		\$ 23,151	¢			
Adjustments to reconcile net income to net cash provided by operating activities:	,657		\$	21,240	\$	26,876
	,657					
Depreciation and amortization 6		5,415		13,071		10,491
Amortization of operating lease right-of-use assets 1	,018	987		2,071		1,928
Deferred income taxes (13,	499)	(21,362)	(13,137)		(25,643)
Stock-based compensation 2	,753	1,687		3,712		3,239
Other	8	81		(30)		108
Changes in operating assets and liabilities:						
Accounts receivable (3,	520)	(644)	(5,136)		(2,695)
Prepaid expenses and other current assets 2	,530	(1,859)	(292)		(5,199)
Other assets	41	830		(107)		1,254
Accounts payable	555	88		193		188
Accrued employee expenses 6	,144	3,547		717		680
Accrued expenses 3	,808,	(196)	4,534		1,384
Deferred revenue ((161)	313		532		581
Operating lease liabilities (876)	(1,024)	(92)		(1,759)
Other liabilities (422)	504		100		380
Net cash provided by operating activities 24	,293	11,518		27,376		11,813
Cash from investing activities					·	
Purchases of available-for-sale investments (12,	740)	(678)	(13,389)		(678)
Proceeds from sales of available-for-sale investments	_			13,942		1,750
Proceeds from maturities of available-for-sale investments	500	1,750		7,750		4,000
Purchases of property, equipment and intangible assets (6,	314)	(1,395)	(14,306)		(2,425)
Additions to capitalized software (5,	887)	(4,762)	(12,709)		(9,420)
Cash paid in business acquisition, net of cash acquired	_			_		(54,004)
Net cash used in investing activities (24,	441)	(5,085)	(18,712)		(60,777)
Cash from financing activities		· · · ·				
Proceeds from stock option exercises	232	109		329		199
Tax withholding for net share settlement (3,	232)	(3,436)	(9,690)		(4,751)
Payment of contingent consideration	_		,	(5,977)		_
Proceeds from issuance of debt	753	572		50,190		1,169
Principal payments on debt (1,	069)	(885)	(1,818)		(1,794)
Payment of debt issuance costs	_	(60		_		(420)
Purchase of treasury stock			,	(4,194)		_
	316)	(3,700)	28,840		(5,597)
	464)	2,733	<u> </u>	37,504		(54,561)
Cash, cash equivalents and restricted cash		2,700		07,007		(31,001)
-	,215	17,212		16,247		74,506
	,751	\$ 19,945		53,751	\$	19,945
End of period \$ 53.	,/JI	φ 19,943 	ф 	10 / ,در	Ψ	19,943