As filed with the Securities and Exchange Commission on May 10, 2022

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

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended March 31, 2022
Or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from__________to__________

Commission File No. 001-38220

Angi

Angi Inc.
(Exact name of Registrant as specified in its charter)

Delaware	**82-1204801**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

3601 Walnut Street, Denver, CO 80205
(Address of Registrant's principal executive offices)
(303) 963-7200
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol	Name of exchange on which registered
Class A Common Stock, par value $0.001	ANGI	The Nasdaq Stock Market LLC

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

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

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of May 6, 2022, the following shares of the Registrant's common stock were outstanding:

Class A Common Stock	80,322,073
Class B Common Stock	422,019,247
Class C Common Stock	—
Total outstanding Common Stock	502,341,320

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PART I
FINANCIAL INFORMATION

Item 1. ***Consolidated Financial Statements***

ANGI INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(Unaudited)

	March 31, 2022	December 31, 2021
	(In thousands, except par value amounts)	
ASSETS		
Cash and cash equivalents	$ 391,286	$ 428,136
Accounts receivable, net of reserves of $37,813 and $36,360, respectively	100,043	84,387
Other current assets	67,646	70,548
Total current assets	558,975	583,071
Capitalized software, leasehold improvements and equipment, net	138,032	118,267
Goodwill	913,384	916,039
Intangible assets, net	189,819	193,826
Deferred income taxes	131,240	122,693
Other non-current assets, net	73,373	76,245
TOTAL ASSETS	$ 2,004,823	$ 2,010,141
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Accounts payable	$ 56,558	$ 38,860
Deferred revenue	55,255	53,834
Accrued expenses and other current liabilities	194,499	183,815
Total current liabilities	306,312	276,509
Long-term debt, net	494,730	494,552
Deferred income taxes	2,269	1,883
Other long-term liabilities	87,079	91,670
Commitments and contingencies		
SHAREHOLDERS' EQUITY:		
Class A common stock, $0.001 par value; authorized 2,000,000 shares; issued 100,425 and 99,745 shares, respectively, and outstanding 80,214 and 80,578, respectively	100	100
Class B convertible common stock, $0.001 par value; authorized 1,500,000 shares; 422,019 and 422,019 shares issued and outstanding	422	422
Class C common stock, $0.001 par value; authorized 1,500,000 shares; no shares issued and outstanding	—	—
Additional paid-in capital	1,361,540	1,350,457
Accumulated deficit	(95,019)	(61,629)
Accumulated other comprehensive income	2,506	3,309
Treasury stock, 20,211 and 19,167 shares, respectively	(166,184)	(158,040)
Total Angi Inc. shareholders' equity	1,103,365	1,134,619
Noncontrolling interests	11,068	10,908
Total shareholders' equity	1,114,433	1,145,527
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 2,004,823	$ 2,010,141

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

ANGI INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

	Three Months Ended March 31,	
	2022	2021
	(In thousands, except per share data)	
Revenue	$ 436,159	$ 387,029
Operating costs and expenses:		
Cost of revenue (exclusive of depreciation shown separately below)	98,998	53,828
Selling and marketing expense	225,801	205,840
General and administrative expense	109,655	88,162
Product development expense	17,859	18,047
Depreciation	13,999	15,969
Amortization of intangibles	3,804	5,074
Total operating costs and expenses	470,116	386,920
Operating (loss) income	(33,957)	109
Interest expense	(5,022)	(6,617)
Other expense, net	(391)	(767)
Loss before income taxes	(39,370)	(7,275)
Income tax benefit	6,083	9,289
Net (loss) earnings	(33,287)	2,014
Net earnings attributable to noncontrolling interests	(103)	(83)
Net (loss) earnings attributable to Angi Inc. shareholders	$ (33,390)	$ 1,931
Per share information attributable to Angi Inc. shareholders:		
Basic (loss) earnings per share	$ (0.07)	$ 0.00
Diluted (loss) earnings per share	$ (0.07)	$ 0.00
Stock-based compensation expense by function:		
Selling and marketing expense	$ 1,239	$ 1,017
General and administrative expense	9,635	84
Product development expense	2,111	933
Total stock-based compensation expense	$ 12,985	$ 2,034

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

ANGI INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE OPERATIONS
(Unaudited)

	Three Months Ended March 31,	
	2022	2021
	(in thousands)	
Net (loss) earnings	$ (33,287)	$ 2,014
Other comprehensive (loss) income:		
Change in foreign currency translation adjustment	(746)	679
Total other comprehensive (loss) income	(746)	679
Comprehensive (loss) income	(34,033)	2,693
Components of comprehensive income attributable to noncontrolling interests:		
Net earnings attributable to noncontrolling interests	(103)	(83)
Change in foreign currency translation adjustment attributable to noncontrolling interests	(57)	(693)
Comprehensive income attributable to noncontrolling interests	(160)	(776)
Comprehensive (loss) income attributable to Angi Inc. shareholders	$ (34,193)	$ 1,917

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

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ANGI INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
Three Months Ended March 31, 2022 and 2021
(Unaudited)

	Redeemable Noncontrolling Interests	Class A Common Stock $0.001 Par Value		Class B Convertible Common Stock $0.001 Par Value		Class C Common Stock $0.001 Par Value		Additional Paid-in Capital	(Accumulated Deficit) Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Total Angi Inc. Shareholders' Equity	Noncontrolling Interests	Total Shareholders' Equity
		$	Shares	$	Shares	$	Shares							
	(In thousands)													
Balance as of December 31, 2021	$ —	$ 100	99,745	$ 422	422,019	$ —	—	$ 1,350,457	$ (61,629)	$ 3,309	$ (158,040)	$ 1,134,619	$ 10,908	$ 1,145,527
Net (loss) earnings	—	—	—	—	—	—	—	—	(33,390)	—	—	(33,390)	103	(33,287)
Other comprehensive (loss) income	—	—	—	—	—	—	—	—	—	(803)	—	(803)	57	(746)
Stock-based compensation expense	—	—	—	—	—	—	—	13,556	—	—	—	13,556	—	13,556
Issuance of common stock pursuant to stock-based awards, net of withholding taxes	—	—	681	—	—	—	—	(2,473)	—	—	—	(2,473)	—	(2,473)
Purchase of treasury stock	—	—	—	—	—	—	—	—	—	—	(8,144)	(8,144)	—	(8,144)
Balance as of March 31, 2022	$ —	$ 100	100,426	$ 422	422,019	$ —	—	$ 1,361,540	$ (95,019)	$ 2,506	$ (166,184)	$ 1,103,365	$ 11,068	$ 1,114,433
Balance as of December 31, 2020	$ 26,364	$ 94	94,238	$ 422	421,862	$ —	—	$ 1,379,469	$ 9,749	$ 4,637	$ (122,081)	$ 1,272,290	$ 10,567	$ 1,282,857
Net (loss) earnings	(60)	—	—	—	—	—	—	—	1,931	—	—	1,931	143	2,074
Other comprehensive income (loss)	580	—	—	—	—	—	—	—	—	(14)	—	(14)	113	99
Stock-based compensation expense	—	—	—	—	—	—	—	2,542	—	—	—	2,542	—	2,542
Issuance of common stock pursuant to stock-based awards, net of withholding taxes	—	1	1,591	—	—	—	—	(48,052)	—	—	—	(48,051)	—	(48,051)
Issuance of common stock to IAC pursuant to the employee matters agreement	—	3	2,579	—	96	—	—	(3)	—	—	—	—	—	—
Purchase of treasury stock	—	—	—	—	—	—	—	—	—	—	(4,916)	(4,916)	—	(4,916)
Purchase of redeemable noncontrolling interests	(22,938)	—	—	—	—	—	—	—	—	—	—	—	—	—
Adjustment of redeemable noncontrolling interests to fair value	662	—	—	—	—	—	—	(662)	—	—	—	(662)	—	(662)
Balance as of March 31, 2021	$ 4,608	$ 98	98,408	$ 422	421,958	$ —	—	$ 1,333,294	$ 11,680	$ 4,623	$ (126,997)	$ 1,223,120	$ 10,823	$ 1,233,943

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

ANGI INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31,	
	2022	2021
	(In thousands)	
Cash flows from operating activities:		
Net (loss) earnings	$ (33,287)	$ 2,014
Adjustments to reconcile net (loss) earnings to net cash (used in) provided by operating activities:		
Provision for credit losses	21,611	19,118
Stock-based compensation expense	12,985	2,034
Depreciation	13,999	15,969
Amortization of intangibles	3,804	5,074
Deferred income taxes	(8,133)	(10,268)
Impairment of long-lived and right-of-use assets	22	2,503
Non-cash lease expense	3,352	3,275
Revenue reserves	1,506	2,910
Other adjustments, net	(215)	1,586
Changes in assets and liabilities, net of effects of acquisitions and dispositions:		
Accounts receivable	(37,757)	(34,638)
Other assets	1,930	(2,702)
Accounts payable and other liabilities	20,601	8,804
Operating lease liabilities	(4,454)	(4,265)
Income taxes payable and receivable	1,909	938
Deferred revenue	1,392	2,993
Net cash (used in) provided by operating activities	(735)	15,345
Cash flows from investing activities:		
Capital expenditures	(26,903)	(18,743)
Proceeds from maturities of marketable debt securities	—	50,000
Proceeds from sale of fixed assets	87	—
Net cash (used in) provided by investing activities	(26,816)	31,257
Cash flows from financing activities:		
Principal payments on Term Loan	—	(6,875)
Purchase of treasury stock	(8,144)	(4,916)
Withholding taxes paid on behalf of employees on net settled stock-based awards	(1,322)	(48,168)
Purchase of noncontrolling interests	—	(22,938)
Net cash used in financing activities	(9,466)	(82,897)
Total cash used	(37,017)	(36,295)
Effect of exchange rate changes on cash and cash equivalents and restricted cash	(205)	384
Net decrease in cash and cash equivalents and restricted cash	(37,222)	(35,911)
Cash and cash equivalents and restricted cash at beginning of period	429,485	813,561
Cash and cash equivalents and restricted cash at end of period	$ 392,263	$ 777,650

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

ANGI INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1—THE COMPANY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Angi Inc. ("Angi," the "Company," "we," "our," or "us") connects quality home service professionals with consumers across more than 500 different categories, from repairing and remodeling homes to cleaning and landscaping. Over 239,000 domestic service professionals actively sought consumer matches, completed jobs, or advertised work through Angi Inc. platforms during the three months ended March 31, 2022. Additionally, consumers turned to at least one of our brands to find a service professional for approximately 32 million projects during the twelve months ended March 31, 2022.

The Company has two operating segments: (i) North America (United States and Canada), which includes Angi Ads, Angi Leads, and Angi Services; and (ii) Europe. In March 2021, the Company rebranded its North American brands which operate as follows: Angi Ads operates under the Angi brand, Angi Leads operates primarily under the HomeAdvisor, powered by Angi brand, and Angi Services operates primarily under the Handy and Angi Roofing brands.

As used herein, "Angi," the "Company," "we," "our," "us," and similar terms refer to Angi Inc. and its subsidiaries (unless the context requires otherwise).

At March 31, 2022, IAC/InterActiveCorp ("IAC") owned 84.5% and 98.2% of the economic interest and voting interest, respectively, of the Company.

Basis of Presentation and Consolidation

The Company prepares its consolidated financial statements in accordance with U.S. generally accepted accounting principles ("GAAP"). The consolidated financial statements include the accounts of the Company, all entities that are wholly-owned by the Company and all entities in which the Company has a controlling financial interest. All intercompany transactions and balances between and among the Company and its subsidiaries have been eliminated. All intercompany transactions between (i) Angi Inc. and (ii) IAC and its subsidiaries are considered to be effectively settled for cash at the time the transaction is recorded. See "Note 10—Related Party Transactions with IAC" for additional information on transactions between Angi Inc. and IAC.

The Company is included within IAC's tax group for purposes of federal and consolidated state income tax return filings. For the purpose of these financial statements, income taxes have been computed on an as if standalone, separate return basis. Any differences between taxes currently payable to or receivable from IAC under the tax sharing agreement between the Company and IAC and the current tax provision computed on an as if standalone, separate return basis for GAAP are reflected as adjustments to additional paid-in capital and as financing activities within the statement of cash flows.

In management's opinion, the unaudited interim consolidated financial statements have been prepared on the same basis as the annual consolidated financial statements and reflect all adjustments, consisting of normal and recurring adjustments, necessary for the fair presentation of the Company's consolidated financial position, consolidated results of operations and consolidated cash flows for the periods presented. Interim results are not necessarily indicative of the results that may be expected for the full year. The accompanying unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021.

COVID-19 Update

The impact on the Company from the COVID-19 pandemic and the measures designed to contain its spread has been varied and volatile.

As previously disclosed, the impact of COVID-19 on the Company initially resulted in a decline in demand for service requests, driven primarily by decreases in demand in certain categories of jobs (particularly discretionary indoor projects). While we experienced a rebound in service requests from mid-2020 through early 2021, service requests started to decline in May 2021 and continued to decline into the first quarter of 2022 because of Angi Inc.'s brand integration that began in March

2021 and, in late 2021 and early 2022, the Omicron variant surge. Moreover, many service professionals' businesses have been and continue to be adversely impacted by labor and material constraints and many service professionals have limited capacity to take on new business, which continues to negatively impact our ability to monetize service requests. Although our ability to monetize service requests rebounded modestly in the second half of 2021 and first quarter of 2022, we still have not returned to levels we experienced pre-COVID-19. No assurances can be provided that we will continue to be able to improve monetization, or that service professionals' businesses and, as a consequence, our revenue and profitability will not continue to be adversely impacted in the future.

The extent to which developments related to the COVID-19 pandemic and measures designed to curb its spread continue to impact the Company's business, financial condition, and results of operations will depend on future developments, all of which are highly uncertain and many of which are beyond the Company's control, including the continuing spread of COVID-19, the severity of resurgences of COVID-19 caused by variant strains of the virus, the effectiveness of vaccines and attitudes toward receiving them, materials and supply chain constraints, labor shortages, the scope of governmental and other restrictions on travel, discretionary services and other activity, and public reactions to these developments.

Accounting Estimates

Management of the Company is required to make certain estimates, judgments, and assumptions during the preparation of its consolidated financial statements in accordance with GAAP. These estimates, judgments, and assumptions impact the reported amounts of assets, liabilities, revenue, and expenses and the related disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

On an ongoing basis, the Company evaluates its estimates and judgments, including those related to: the fair values of cash equivalents and marketable debt securities; the carrying value of accounts receivable, including the determination of the allowance for credit losses and the determination of revenue reserves; the determination of the customer relationship period for certain costs to obtain a contract with a customer; the carrying value of right-of-use assets ("ROU assets"); the useful lives and recoverability of definite-lived intangible assets and capitalized software, leasehold improvements, and equipment; the recoverability of goodwill and indefinite-lived intangible assets; unrecognized tax benefits; the valuation allowance for deferred income tax assets; and the fair value of and forfeiture rates for stock-based awards, among others. The Company bases its estimates and judgments on historical experience, its forecasts and budgets, and other factors that the Company considers relevant.

General Revenue Recognition

Revenue is recognized when control of the promised goods or services is transferred to the Company's customers and in the amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

The Company's disaggregated revenue disclosures are presented in "Note 7—Segment Information."

Deferred Revenue

Deferred revenue consists of payments that are received or are contractually due in advance of the Company's performance obligation. The Company's deferred revenue is reported on a contract-by-contract basis at the end of each reporting period. The Company classifies deferred revenue as current when the remaining term of the applicable subscription period or expected completion of its performance obligation is one year or less. At December 31, 2021, the current and non-current deferred revenue balances were $53.8 million and $0.1 million, respectively, and during the three months ended March 31, 2022, the Company recognized $35.5 million of revenue that was included in the deferred revenue balance as of December 31, 2021. At December 31, 2020, the current and non-current deferred revenue balances were $54.7 million and $0.2 million, respectively, and during the three months ended March 31, 2021, the Company recognized $34.4 million of revenue that was included in the deferred revenue balance as of December 31, 2020.

The current and non-current deferred revenue balances at March 31, 2022 are $55.3 million and $0.1 million, respectively. Non-current deferred revenue is included in "Other long-term liabilities" in the accompanying consolidated balance sheet.

Practical Expedients and Exemptions

As permitted under the practical expedient available under Accounting Standard Codification ("ASC") 606, *Revenue from Contracts with Customers*, the Company does not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less, (ii) contracts with variable consideration that is allocated entirely to unsatisfied performance obligations or to a wholly unsatisfied promise accounted for under the series guidance, and (iii) contracts for which the Company recognizes revenue at the amount which the Company has the right to invoice for services performed.

Commissions Paid to Employees Pursuant to Sales Incentive Programs

The Company has determined that commissions paid to employees pursuant to certain sales incentive programs meet the requirements to be capitalized as the incremental costs to obtain a contract with a customer. When customer renewals are expected and the renewal commission is not commensurate with the initial commission, the average customer life includes renewal periods. Capitalized commissions paid to employees pursuant to these sales incentive programs are amortized over the estimated customer relationship period. The Company calculates the anticipated customer relationship period as the average customer life, which is based on historical data.

For sales incentive programs where the anticipated customer relationship period is one year or less, the Company has elected the practical expedient to expense the commissions as incurred.

Assets Recognized from the Costs to Obtain a Contract with a Customer

The Company uses a portfolio approach to assess the accounting treatment of the incremental costs to obtain a contract with a customer. The Company recognizes an asset for these costs if we expect to recover those costs. To the extent that these costs are capitalized, the resultant asset is amortized on a systematic basis consistent with the pattern of the transfer of the services to which the asset relates. The current contract assets are $40.6 million and $38.0 million at March 31, 2022 and December 31, 2021, respectively. The non-current assets are $1.3 million and $1.1 million at March 31, 2022 and December 31, 2021, respectively. The current and non-current capitalized costs to obtain a contract with a customer are included in "Other current assets" and "Other non-current assets" in the accompanying balance sheet.

Recent Accounting Pronouncements

There are no recently issued accounting pronouncements adopted or that have not yet been adopted by the Company that are expected to have a material effect on the results of operations, financial condition, or cash flows of the Company.

NOTE 2—INCOME TAXES

The Company is included within IAC's tax group for purposes of federal and consolidated state income tax return filings. In all periods presented, the income tax benefit and/or provision has been computed for the Company on an as if standalone, separate return basis and payments to and refunds from IAC for the Company's share of IAC's consolidated federal and state tax return liabilities/receivables calculated on this basis have been reflected within cash flows from operating activities in the accompanying consolidated statement of cash flows. The tax sharing agreement between the Company and IAC governs the parties' respective rights, responsibilities and obligations with respect to tax matters, including responsibility for taxes attributable to the Company, entitlement to refunds, allocation of tax attributes and other matters and, therefore, ultimately governs the amount payable to or receivable from IAC with respect to income taxes. Any differences between taxes currently payable to or receivable from IAC under the tax sharing agreement and the current tax provision computed on an as if standalone, separate return basis for GAAP are reflected as adjustments to additional paid-in capital in the consolidated statement of shareholders' equity and financing activities within the consolidated statement of cash flows.

At the end of each interim period, the Company estimates the annual expected effective income tax rate and applies that rate to its ordinary year-to-date earnings or loss. The income tax provision or benefit related to significant, unusual, or extraordinary items, if applicable, that will be separately reported or reported net of their related tax effects are individually computed and recognized in the interim period in which they occur. In addition, the effect of changes in enacted tax laws or rates, tax status, judgment on the realizability of a beginning-of-the-year deferred tax asset in future years or unrecognized tax benefits is recognized in the interim period in which the change occurs.

The computation of the annual expected effective income tax rate at each interim period requires certain estimates and assumptions including, but not limited to, the expected pre-tax income (or loss) for the year, projections of the proportion of income (and/or loss) earned and taxed in foreign jurisdictions, permanent and temporary differences, and the likelihood of the realization of deferred tax assets generated in the current year. The accounting estimates used to compute the provision or benefit for income taxes may change as new events occur, more experience is acquired, additional information is obtained or the Company's tax environment changes. To the extent that the expected annual effective income tax rate changes during a quarter, the effect of the change on prior quarters is included in income tax provision or benefit in the quarter in which the change occurs.

For the three months ended March 31, 2022, the Company recorded an income tax benefit of $6.1 million, which represents an effective income tax rate of 15%. For the three months ended March 31, 2022, the effective income tax rate is lower than the statutory rate of 21% due primarily to tax shortfalls generated by the exercise and vesting for stock-based awards and foreign income taxed at different tax rates. For the three months ended March 31, 2021, the Company recorded an income tax benefit of $9.3 million due primarily to excess tax benefits generated by the exercise and vesting of stock-based awards.

The Company recognizes interest and, if applicable, penalties related to unrecognized tax benefits in the income tax provision. Accruals for interest are not material and there are currently no accruals for penalties.

The Company is routinely under audit by federal, state, local and foreign authorities in the area of income tax as a result of previously filed separate company and consolidated tax returns with IAC. These audits include questioning the timing and the amount of income and deductions and the allocation of income and deductions among various tax jurisdictions. The Internal Revenue Service ("IRS") has substantially completed its audit of IAC's federal income tax returns for the years ended December 31, 2013 through 2017, and is currently auditing the years December 31, 2018 through 2019, which includes the operations of the Company. The statutes of limitations for the years 2013 through 2019 have been extended to December 31, 2023. Returns filed in various other jurisdictions are open to examination for various tax years beginning with 2012. Income taxes payable include unrecognized tax benefits considered sufficient to pay assessments that may result from examination of prior year tax returns. The Company considers many factors when evaluating and estimating its tax positions and tax benefits, which may not accurately anticipate actual outcomes and, therefore, may require periodic adjustment. Although management currently believes changes in unrecognized tax benefits from period to period and differences between amounts paid, if any, upon resolution of issues raised in audits and amounts previously provided will not have a material impact on liquidity, results of operations, or financial condition of the Company, these matters are subject to inherent uncertainties and management's view of these matters may change in the future.

At March 31, 2022 and December 31, 2021, the Company has unrecognized tax benefits of $6.6 million and $6.3 million, respectively; all of which are for tax positions included in IAC's consolidated tax return filings. If unrecognized tax benefits at March 31, 2022 are subsequently recognized, the income tax provision would be reduced by $6.3 million. The comparable amount as of December 31, 2021 is $6.0 million.

The Company regularly assesses the realizability of deferred tax assets considering all available evidence including, to the extent applicable, the nature, frequency and severity of prior cumulative losses, forecasts of future taxable income, tax filing status, the duration of statutory carryforward periods, available tax planning and historical experience. At March 31, 2022, the Company has a U.S. gross deferred tax asset of $219.3 million that the Company expects to fully utilize on a more likely than not basis. Of this amount, $49.7 million will be utilized upon the future reversal of deferred tax liabilities and the remaining net deferred tax asset of $169.6 million will be utilized based on forecasts of future taxable income. The Company's most significant net deferred tax asset relates to U.S. federal net operating loss ("NOL") carryforwards of $124.6 million. The Company expects to generate sufficient future taxable income of at least $593.4 million prior to the expiration of these NOLs, the majority of which expire between 2030 and 2037, and a portion of which never expire, to fully realize this deferred tax asset.

NOTE 3—FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

Marketable Debt Securities

The Company did not hold any available-for-sale marketable debt securities at March 31, 2022 and December 31, 2021.

Fair Value Measurements

The Company categorizes its financial instruments measured at fair value into a fair value hierarchy that prioritizes the inputs used in pricing the asset or liability. The three levels of the fair value hierarchy are:

- Level 1: Observable inputs obtained from independent sources, such as quoted market prices for identical assets and liabilities in active markets.

- Level 2: Other inputs, which are observable directly or indirectly, such as quoted market prices for similar assets or liabilities in active markets, quoted market prices for identical or similar assets or liabilities in markets that are not active and inputs that are derived principally from or corroborated by observable market data. The fair values of the Company's Level 2 financial assets are primarily obtained from observable market prices for identical underlying securities that may not be actively traded. Certain of these securities may have different market prices from multiple market data sources, in which case an average market price is used.

- Level 3: Unobservable inputs for which there is little or no market data and require the Company to develop its own assumptions, based on the best information available in the circumstances, about the assumptions market participants would use in pricing the assets or liabilities.

The following tables present the Company's financial instruments that are measured at fair value on a recurring basis:

	March 31, 2022			
	Quoted Market Prices for Identical Assets in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value Measurements
	(In thousands)			
Assets:				
Cash equivalents:				
Money market funds	$ 250,077	$ —	$ —	$ 250,077
Total	$ 250,077	$ —	$ —	$ 250,077

	December 31, 2021			
	Quoted Market Prices for Identical Assets in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value Measurements
	(In thousands)			
Assets:				
Cash equivalents:				
Money market funds	$ 280,052	$ —	$ —	$ 280,052
Total	$ 280,052	$ —	$ —	$ 280,052

Assets measured at fair value on a nonrecurring basis

The Company's non-financial assets, such as goodwill, intangible assets, ROU assets, capitalized software, leasehold improvements and equipment are adjusted to fair value only when an impairment is recognized. Such fair value measurements are based predominantly on Level 3 inputs.

Financial instruments measured at fair value only for disclosure purposes

The following table presents the carrying value and the fair value of financial instruments measured at fair value only for disclosure purposes:

	March 31, 2022		December 31, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(In thousands)			
Long-term debt, net [a]	$ (494,730)	$ (421,500)	$ (494,552)	$ (486,875)

[a] At March 31, 2022 and December 31, 2021, the carrying value of long-term debt, net includes unamortized debt issuance costs of $5.3 million and $5.4 million, respectively.

The fair value of long-term debt is estimated using observable market prices or indices for similar liabilities, which are Level 2 inputs.

NOTE 4—LONG-TERM DEBT

Long-term debt consists of:

	March 31, 2022	December 31, 2021
	(In thousands)	
3.875% ANGI Group Senior Notes due August 15, 2028 ("ANGI Group Senior Notes"); interest payable each February 15 and August 15, which commenced February 15, 2021	$ 500,000	$ 500,000
Total long-term debt	500,000	500,000
Less: unamortized debt issuance costs	5,270	5,448
Total long-term debt, net	$ 494,730	$ 494,552

ANGI Group Senior Notes

The ANGI Group Senior Notes were issued on August 20, 2020. At any time prior to August 15, 2023, these notes may be redeemed at a redemption price equal to the sum of the principal amount thereof, plus accrued and unpaid interest and a make-whole premium. Thereafter, these notes may be redeemed at the redemption prices set forth in the indenture governing the notes, plus accrued and unpaid interest thereon, if any, to the applicable redemption date.

The indenture governing the ANGI Group Senior Notes contains a covenant that would limit ANGI Group's ability to incur liens for borrowed money in the event a default has occurred or ANGI Group's secured leverage ratio (as defined in the indenture) exceeds 3.75 to 1.0. At March 31, 2022, there were no limitations pursuant thereto.

ANGI Group Revolving Facility

The $250 million ANGI Group Revolving Facility, which otherwise would have expired on November 5, 2023, was terminated effective August 3, 2021. No amounts were ever drawn under the ANGI Group Revolving Facility prior to its termination.

ANGI Group Term Loan

During the three months ended March 31, 2021, ANGI Group prepaid $6.9 million of the ANGI Group Term Loan principal that was otherwise due in the first quarter of 2022 and, as of May 6, 2021, the outstanding balance of the ANGI Group Term Loan was repaid in its entirety.

NOTE 5—ACCUMULATED OTHER COMPREHENSIVE INCOME

ANGI INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

The following tables presents the components of accumulated other comprehensive income and items reclassified out of accumulated other comprehensive income into earnings:

	Three Months Ended March 31,			
	2022		2021	
	Foreign Currency Translation Adjustment	Accumulated Other Comprehensive Income	Foreign Currency Translation Adjustment	Accumulated Other Comprehensive Income
	(In thousands)			
Balance at January 1	$ 3,309	$ 3,309	$ 4,637	$ 4,637
Other comprehensive loss	(803)	(803)	(14)	(14)
Balance at March 31	$ 2,506	$ 2,506	$ 4,623	$ 4,623

At both March 31, 2022 and 2021, there was no tax benefit or provision on the accumulated other comprehensive income.

NOTE 6—(LOSS) EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted (loss) earnings per share attributable to Angi Inc. Class A and Class B Common Stock shareholders:

	Three Months Ended March 31,			
	2022		2021	
	Basic	Diluted	Basic	Diluted
	(In thousands, except per share data)			
Numerator:				
Net (loss) earnings	$ (33,287)	$ (33,287)	$ 2,014	$ 2,014
Net earnings attributable to noncontrolling interests	(103)	(103)	(83)	(83)
Net (loss) earnings attributable to Angi Inc. Class A and Class B Common Stock shareholders	$ (33,390)	$ (33,390)	$ 1,931	$ 1,931
Denominator:				
Weighted average basic Class A and Class B common stock shares outstanding	502,005	502,005	500,663	500,663
Dilutive securities [(a) (b)]	—	—	—	9,990
Denominator for (loss) earnings per share—weighted average shares	502,005	502,005	500,663	510,653
(Loss) earnings per share attributable to Angi Inc. Class A and Class B Common Stock shareholders:				
(Loss) earnings per share	$ (0.07)	$ (0.07)	$ 0.00	$ 0.00

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(a) If the effect is dilutive, weighted average common shares outstanding include the incremental shares that would be issued upon the assumed exercise of stock options and subsidiary denominated equity and vesting of restricted stock units (“RSUs”). For the three months ended March 31, 2022 and 2021, 25.1 million and 5.2 million of potentially dilutive securities, respectively, were excluded from the calculation of diluted earnings per share because their inclusion would have been anti-dilutive. Accordingly, the weighted average basic shares outstanding were used to compute all earnings per share amounts.

(b) Market-based awards and performance-based stock units (“PSUs”) are considered contingently issuable shares. Shares issuable upon exercise or vesting of market-based awards and PSUs are included in the denominator for earnings per share if (i) the applicable market or performance condition(s) has been met and (ii) the inclusion of the market-based awards and PSUs is dilutive for the respective reporting periods. For the three months ended March 31, 2022 and 2021, 4.5 million and 1.4 million underlying market-based awards and PSUs, respectively, were excluded from the calculation of diluted earnings per share because the market or performance condition(s) had not been met.

NOTE 7—SEGMENT INFORMATION

The Company has determined its operating segments consistent with how the chief operating decision maker views the businesses. Additionally, the Company considers how the businesses are organized as to segment management and the focus of the businesses with regards to the types of services or products offered or the target market.

The following table presents revenue by reportable segment:

	Three Months Ended March 31,	
	2022	2021
	(In thousands)	
Revenue:		
North America	$ 411,172	$ 361,041
Europe	24,987	25,988
Total	$ 436,159	$ 387,029

The following table presents the revenue of the Company's segments disaggregated by type of service:

	Three Months Ended March 31,	
	2022	2021
	(In thousands)	
North America		
Angi Ads and Leads:		
Consumer connection revenue[a]	$ 212,796	$ 221,430
Advertising revenue[b]	63,776	60,747
Membership subscription revenue[c]	16,237	16,882
Other revenue	5,226	7,278
Total Angi Ads and Leads revenue	298,035	306,337
Angi Services revenue[d]	113,137	54,704
Total North America revenue	411,172	361,041
Europe		
Consumer connection revenue[e]	21,803	22,351
Service professional membership subscription revenue	2,890	3,328
Advertising and other revenue	294	309
Total Europe revenue	24,987	25,988
Total revenue	$ 436,159	$ 387,029

(a) Includes fees paid by service professionals for consumer matches through the Angi Ads and Leads platforms.

(b) Includes revenue from service professionals under contract for advertising.

(c) Includes membership subscription revenue from service professionals and consumers.

(d) Includes revenue from pre-priced offerings and revenue from Angi Roofing.

(e) Includes fees paid by service professionals for consumer matches.

ANGI INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

Geographic information about revenue and long-lived assets is presented below.

	Three Months Ended March 31,	
	2022	2021
	(In thousands)	
Revenue		
United States	$ 405,508	$ 356,444
All other countries	30,651	30,585
Total	$ 436,159	$ 387,029

	March 31, 2022	December 31, 2021
	(In thousands)	
Long-lived assets (excluding goodwill and intangible assets):		
United States	$ 131,338	$ 111,136
All other countries	6,694	7,131
Total	$ 138,032	$ 118,267

The following tables present operating loss and Adjusted EBITDA by reportable segment:

	Three Months Ended March 31,	
	2022	2021
	(In thousands)	
Operating loss:		
North America	$ (29,654)	$ 9,577
Europe	(4,303)	(9,468)
Total	$ (33,957)	$ 109

	Three Months Ended March 31,	
	2022	2021
	(In thousands)	
Adjusted EBITDA[f]:		
North America	$ 341	$ 31,165
Europe	$ (3,510)	$ (7,979)

[f] The Company's primary financial measure is Adjusted EBITDA, which is defined as operating loss excluding: (1) stock-based compensation expense; (2) depreciation; and (3) acquisition-related items consisting of amortization of intangible assets and impairments of goodwill and intangible assets, if applicable.

The following tables reconcile operating loss for the Company's reportable segments and net loss attributable to Angi Inc. shareholders to Adjusted EBITDA:

ANGI INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

	Three Months Ended March 31, 2022				
	Operating Loss	Stock-Based Compensation Expense	Depreciation	Amortization of Intangibles	Adjusted EBITDA
	(In thousands)				
North America	$ (29,654)	$ 12,994	$ 13,197	$ 3,804	$ 341
Europe	(4,303)	$ (9)	$ 802	$ —	$ (3,510)
Operating loss	(33,957)				
Interest expense	(5,022)				
Other expense, net	(391)				
Loss before income taxes	(39,370)				
Income tax benefit	6,083				
Net loss	(33,287)				
Net earnings attributable to noncontrolling interests	(103)				
Net loss attributable to Angi Inc. shareholders	$ (33,390)				

	Three Months Ended March 31, 2021				
	Operating Income (Loss)	Stock-Based Compensation Expense	Depreciation	Amortization of Intangibles	Adjusted EBITDA
	(In thousands)				
North America	$ 9,577	$ 1,936	$ 14,578	$ 5,074	$ 31,165
Europe	(9,468)	$ 98	$ 1,391	$ —	$ (7,979)
Operating loss	109				
Interest expense	(6,617)				
Other income, net	(767)				
Loss before income taxes	(7,275)				
Income tax benefit	9,289				
Net earnings	2,014				
Net earnings attributable to noncontrolling interests	(83)				
Net earnings attributable to Angi Inc. shareholders	$ 1,931				

NOTE 8—CONSOLIDATED FINANCIAL STATEMENT DETAILS

Cash and Cash Equivalents and Restricted Cash

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within the accompanying balance sheet to the total amounts shown in the accompanying statement of cash flows:

ANGI INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

	March 31, 2022	December 31, 2021	March 31, 2021	December 31, 2020
	(In thousands)			
Cash and cash equivalents	$ 391,286	$ 428,136	$ 777,041	$ 812,705
Restricted cash included in other current assets	92	156	176	407
Restricted cash included in other non-current assets	885	1,193	433	449
Total cash and cash equivalents, and restricted cash as shown on the consolidated statement of cash flows	$ 392,263	$ 429,485	$ 777,650	$ 813,561

Restricted cash included in other current assets at March 31, 2022 primarily consisted of cash reserved to fund insurance claims.

Restricted cash included in other current assets at December 31, 2021, March 31, 2021 and December 31, 2020 consisted of cash reserved to fund insurance claims and cash received from customers through the marketplace platforms, representing funds collected for payments to service providers, which were not settled as of the period end.

Restricted cash included in other non-current assets for all periods presented above primarily consisted of deposits related to leases. Restricted cash included in other non-current assets at March 31, 2022 and December 31, 2021 also included cash held related to a check endorsement guarantee for Angi Roofing.

Credit Losses and Revenue Reserve

The following table presents the changes in the credit loss reserve for the three months ended March 31, 2022 and 2021:

	2022	2021
	(In thousands)	
Balance at January 1	$ 33,652	$ 26,046
Current period provision for credit losses	21,586	19,118
Write-offs charged against the credit loss reserve	(21,371)	(20,570)
Recoveries collected	1,213	758
Balance at March 31	$ 35,080	$ 25,352

The revenue reserve was $2.7 million and $3.5 million at March 31, 2022 and 2021, respectively. The total allowance for credit losses and revenue reserve was $37.8 million and $28.9 million as of March 31, 2022 and 2021, respectively.

Accumulated Amortization and Depreciation

The following table provides the accumulated amortization and depreciation within the consolidated balance sheet:

Asset Category	March 31, 2022	December 31, 2021
	(In thousands)	
Right-of-use assets (included in “other non-current assets”)	$ 45,622	$ 40,757
Capitalized software, leasehold improvements, and equipment	$ 119,026	$ 108,235
Intangible assets	$ 162,346	$ 159,356

Other expense, net

	Three Months Ended March 31,	
	2022	2021
Interest income	$ 64	$ 97
Foreign exchange losses	(456)	(860)
Other	1	(4)
Other expense, net	$ (391)	$ (767)

NOTE 9—CONTINGENCIES

In the ordinary course of business, the Company is a party to various lawsuits. The Company establishes reserves for specific legal matters when it determines that the likelihood of an unfavorable outcome is probable and the loss is reasonably estimable. As a result, a $4 million legal reserve is established. Management has also identified certain other legal matters where we believe an unfavorable outcome is not probable. Although management currently believes that resolving claims against us, including claims where an unfavorable outcome is reasonably possible, will not have a material impact on the liquidity, results of operations, or financial condition of the Company, these matters are subject to inherent uncertainties and management's view of these matters may change in the future. The Company also evaluates other contingent matters, including income and non-income tax contingencies, to assess the likelihood of an unfavorable outcome and estimated extent of potential loss. It is possible that an unfavorable outcome of one or more of these lawsuits or other contingencies could have a material impact on the liquidity, results of operations, or financial condition of the Company. See "Note 2—Income Taxes" for additional information related to income tax contingencies.

NOTE 10—RELATED PARTY TRANSACTIONS WITH IAC

Angi Inc. and IAC have entered into certain agreements to govern their relationship. These agreements include: a contribution agreement; an investor rights agreement; a services agreement; a tax sharing agreement; and an employee matters agreement.

For the three months ended March 31, 2022 and 2021, the Company was charged $0.4 million and $1.1 million, respectively, by IAC for services rendered pursuant to the services agreement. There was $0.5 million of outstanding receivables pursuant to the services agreement at March 31, 2022 and no outstanding receivables pursuant to the services agreement at December 31, 2021. There were no outstanding payables pursuant to the services agreement at March 31, 2022 or December 31, 2021.

Additionally, the Company subleases office space to IAC and charged IAC $0.4 million and $0.4 million of rent for the three months ended March 31, 2022 and 2021, respectively. IAC subleases office space to the Company and charged the Company $0.3 million of rent for the three months ended March 31, 2022. At March 31, 2022 and December 31, 2021, there were no outstanding receivables or payables pursuant to the sublease agreements.

At March 31, 2022 and December 31, 2021, the Company had outstanding payables of $0.8 million and $0.3 million, respectively, due to IAC pursuant to the tax sharing agreement, which are included in “Accrued expenses and other current liabilities,” in the accompanying consolidated balance sheet. There were no payments to or refunds from IAC pursuant to this agreement during the three months ended March 31, 2022 and 2021.

For the three months ended March 31, 2022, no shares of Angi Inc. Class B common stock were issued to IAC pursuant to the employee matters agreement as reimbursement for shares of IAC common stock issued in connection with the exercise and vesting of IAC equity awards held by Angi Inc. employees. For the three months ended March 31, 2021, 0.1 million shares of Angi Inc. Class B common stock were issued to IAC pursuant to the employee matters agreement. For the three months ended March 31, 2022, no shares of Angi Inc. Class A common stock were issued to IAC pursuant to the employee matters agreement as reimbursement for IAC common stock issued in connection with the exercise and settlement of certain Angi Inc. stock appreciation rights. For the three months ended March 31, 2021, 2.6 million shares of Angi Inc. Class A common stock were issued to IAC pursuant to the employee matters agreement.

Item 2. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

GENERAL

Management Overview

Angi Inc. ("Angi," the "Company," "we," "our," or "us") connects quality home service professionals with consumers across more than 500 different categories, from repairing and remodeling homes to cleaning and landscaping. Approximately 239,000 transacting service professionals actively sought consumer matches, completed jobs, or advertised work through Angi Inc. platforms during the three months ended March 31, 2022. Additionally, consumers turned to at least one of our brands to find a professional for approximately 32 million projects during the twelve months ended March 31, 2022.

The Company has two operating segments: (i) North America (United States and Canada), which includes Angi Ads, Angi Leads, and Angi Services; and (ii) Europe. In March 2021, the Company rebranded its North American brands which operate as follows: Angi Ads operates under the Angi brand, Angi Leads operates primarily under the HomeAdvisor, powered by Angi brand, and Angi Services operates primarily under the Handy and Angi Roofing brands.

For a more detailed description of the Company's operating businesses, see the Company's Annual Report on Form 10-K for the year ended December 31, 2021.

Defined Terms and Operating Metrics:

Unless otherwise indicated or as the context otherwise requires, certain terms, which include the principal operating metrics we use in managing our business, are defined below:

- **Angi Ads and Leads Revenue** primarily reflects domestic ads and leads revenue, including consumer connection revenue for consumer matches, revenue from service professionals under contract for advertising and membership subscription revenue from service professionals and consumers.

- **Angi Services Revenue** primarily reflects domestic revenue from pre-priced offerings by which the consumer purchases services directly from the Company and the Company engages a service professional to perform the service and includes revenue from Total Home Roofing, Inc. ("Angi Roofing"), which was acquired on July 1, 2021.

- **Angi Service Requests ("Service Requests")** are fully completed and submitted domestic customer service requests and includes Angi Services requests in the period.

- **Angi Monetized Transactions** are fully completed and submitted domestic customer service requests that were matched to and paid for by a service professional and includes completed and in-process Angi Services jobs in the period.

- **Angi Transacting Service Professionals ("Transacting SPs")** are the number of service professionals that paid for consumer matches through Angi Leads or performed an Angi Services job during the most recent quarter.

- **Angi Advertising Service Professionals ("Advertising SPs")** are the number of service professionals under contract for advertising at the end of the period.

- **Senior Notes** - On August 20, 2020, ANGI Group, LLC ("ANGI Group"), a direct wholly-owned subsidiary of the Company, issued $500.0 million of its 3.875% Senior Notes due August 15, 2028, with interest payable February 15 and August 15 of each year, which commenced February 15, 2021.

Components of Results of Operations

Sources of Revenue

Angi Ads and Leads Revenue is primarily derived from (i) advertising revenue, which includes revenue from service professionals under contract for advertising, (ii) consumer connection revenue, which is comprised of fees paid by service professionals for consumer matches (regardless of whether the service professional ultimately provides the requested service), and (iii) membership subscription revenue from service professionals and consumers. Consumer connection revenue varies based upon several factors including the service requested, product experience offered, and geographic location of service. Angi

Services is primarily comprised of revenue from jobs (i) sourced through the “Book Now” feature which allows consumers to book and schedule on demand (ii) under managed projects (including Angi Roofing) which are larger home improvement projects, and (iii) through retail partnerships for installation of furniture or other household items.

Operating Costs and Expenses:

- **Cost of revenue** - consists primarily of (i) payments made to independent service professionals who perform work contracted under Angi Services arrangements, (ii) credit card processing fees, (iii) hosting fees, and (iv) roofing materials costs associated with Angi Roofing.

- **Selling and marketing expense** - consists primarily of (i) advertising expenditures, which include online marketing, including fees paid to search engines, (ii) offline marketing, which is primarily television advertising; and partner-related payments to those who direct traffic to our brands, (iii) compensation expense (including stock-based compensation expense) and other employee-related costs for our sales force and marketing personnel, (iv) software license and maintenance costs, and (v) facilities costs.

- **General and administrative expense** - consists primarily of (i) compensation expense (including stock-based compensation expense) and other employee-related costs for personnel engaged in executive management, finance, legal, tax, human resources and customer service functions, (ii) fees for professional services (including transaction-related costs related to acquisitions), (iii) provision for credit losses, (iv) software license and maintenance costs, and (v) facilities costs. Our customer service function includes personnel who provide support to our service professionals and consumers.

- **Product development expense** - consists primarily of (i) compensation expense (including stock-based compensation expense) and other employee-related costs that are not capitalized for personnel engaged in the design, development, testing and enhancement of product offerings and related technology and (ii) software license and maintenance costs.

Non-GAAP financial measure

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (“Adjusted EBITDA”) is a non-GAAP financial measure. See “Principles of Financial Reporting” for the definition of Adjusted EBITDA and a reconciliation of net (loss) earnings attributable to Angi Inc. shareholders to operating (loss) income to consolidated Adjusted EBITDA for the three months ended March 31, 2022 and 2021.

Brand Integration Initiative

In March 2021, the Company changed its name to Angi Inc. and updated one of its leading websites and brands, Angie’s List, to Angi, and since then, has concentrated its marketing investment in the Angi brand in order to focus its marketing, sales, and branding efforts on a single brand.

We rely heavily on free, or organic, search results from search engine optimization, and paid search engine marketing to drive traffic to our websites. Our brand integration initiative has adversely affected the placement and ranking of Angi Inc. websites, particularly Angi.com, in organic search results as Angi does not have the same domain history as Angie’s List. In addition, we shifted marketing to support Angi, away from HomeAdvisor, powered by Angi, which has negatively affected the efficiency of our search engine marketing efforts.

Since the beginning of the integration process, these efforts have had a pronounced negative impact on service requests from organic search results, which in turn has resulted in increased paid search engine marketing to generate service requests. These factors have increased marketing spend and reduced revenue materially more than expected since the launch of the brand initiative in March 2021. We expect the pronounced negative impact to organic search results, the increased paid search engine marketing costs, and the reduced monetization from our mobile applications to continue until such time as the new brand establishes search engine optimization ranking and consumer awareness is established.

Angi Services Investment

Angi Services was launched in August 2019 and we have invested significantly in Angi Services and expect to continue to do so going forward. Since the launch of Angi Services, we have experienced and expect significant future revenue growth as we expand the business, refine the overall experience, and increase penetration in certain geographies and service categories.

This increased investment in Angi Services has contributed to losses for the Company for the three months ended March 31, 2022 and this investment is expected to continue through at least 2023.

COVID-19 Update

The impact on the Company from the COVID-19 pandemic and the measures designed to contain its spread has been varied and volatile.

As previously disclosed, the impact of COVID-19 on the Company initially resulted in a decline in demand for service requests, driven primarily by decreases in demand in certain categories of jobs (particularly discretionary indoor projects). While we experienced a rebound in service requests from mid-2020 through early 2021, service requests started to decline in May 2021 and continued to decline into the first quarter of 2022 because of Angi Inc.'s brand integration that began in March 2021 and, in late 2021 and early 2022, the Omicron variant surge. Moreover, many service professionals' businesses have been and continue to be adversely impacted by labor and material constraints and many service professionals have limited capacity to take on new business, which continues to negatively impact our ability to monetize service requests. Although our ability to monetize service requests rebounded modestly in the second half of 2021 and first quarter of 2022, we still have not returned to levels we experienced pre-COVID-19. No assurances can be provided that we will continue to be able to improve monetization, or that service professionals' businesses and, as a consequence, our revenue and profitability will not continue to be adversely impacted in the future.

The extent to which developments related to the COVID-19 pandemic and measures designed to curb its spread continue to impact the Company's business, financial condition, and results of operations will depend on future developments, all of which are highly uncertain and many of which are beyond the Company's control, including the continuing spread of COVID-19, the severity of resurgences of COVID-19 caused by variant strains of the virus, the effectiveness of vaccines and attitudes toward receiving them, materials and supply chain constraints, labor shortages, the scope of governmental and other restrictions on travel, discretionary services and other activity, and public reactions to these developments.

Results of Operations for the three months ended March 31, 2022 compared to the three months ended March 31, 2021

Revenue

	Three Months Ended March 31,			
	2022	$ Change	% Change	2021
	(Dollars in thousands)			
North America				
Angi Ads and Leads:				
Consumer connection revenue	$ 212,796	$ (8,634)	(4)%	$ 221,430
Advertising revenue	63,776	3,029	5%	60,747
Membership subscription revenue	16,237	(645)	(4)%	16,882
Other revenue	5,226	(2,052)	(28)%	7,278
Total Angi Ads and Leads revenue	298,035	(8,302)	(3)%	306,337
Angi Services revenue	113,137	58,433	107%	54,704
Total North America revenue	411,172	50,131	14%	361,041
Europe	24,987	(1,001)	(4)%	25,988
Total revenue	$ 436,159	$ 49,130	13%	$ 387,029

Percentage of Total Revenue:		
North America	94 %	93 %
Europe	6 %	7 %
Total revenue	100 %	100 %

	Three Months Ended March 31,			
	2022	Change	% Change	2021
	(In thousands, rounding differences may occur)			
Operating metrics:				
Service Requests	6,701	(1,008)	(13)%	7,709
Monetized Transactions	3,889	(304)	(7)%	4,193
Transacting SPs	204	(8)	(4)%	212
Advertising SPs	35	(5)	(11)%	40

North America revenue increased $50.1 million, or 14%, driven by growth of $58.4 million, or 107%, in Angi Services revenue, partially offset by a decrease in Angi Ads and Leads of $8.3 million, or 3%. Angi Services revenue growth is due primarily to Angi Roofing, acquired July 1, 2021, and to a lesser extent, organic growth. The decrease in Angi Ads and Leads revenue is primarily due to a decrease in Service Requests during the quarter of 13%.

Europe revenue decreased $1.0 million, or 4%, due to the $1.5 million unfavorable impact of the strengthening of the U.S dollar relative to the Euro and the British Pound, which more than offset $0.5 million of revenue growth expressed in constant currency.

Cost of revenue

	Three Months Ended March 31,			
	2022	$ Change	% Change	2021
	(Dollars in thousands)			
Cost of revenue (exclusive of depreciation shown separately below)	$ 98,998	$ 45,170	84%	$ 53,828
As a percentage of revenue	23%			14%

North America cost of revenue increased $45.2 million, or 85%, and increased as a percentage of revenue, due primarily to $27.2 million of costs attributable to Angi Roofing acquired July 1, 2021, primarily for roofing materials and third-party contractors. The remaining increase is primarily due the growth of Angi Services including costs incurred for third-party service professionals for other Angi Services arrangements.

Selling and marketing expense

	Three Months Ended March 31,			
	2022	$ Change	% Change	2021
	(Dollars in thousands)			
Selling and marketing expense	$ 225,801	$ 19,961	10%	$ 205,840
As a percentage of revenue	52%			53%

North America selling and marketing expense increased $19.2 million, or 10%, driven by increases in advertising expense of $8.9 million, expense of $6.2 million from inclusion of Angi Roofing, an increase in consulting costs of $2.8 million and an increase in software maintenance costs of $1.6 million, partially offset by decreases in lease expense of $1.5 million and compensation expense of $1.0 million. The increase in advertising expense was due primarily to an increase in television spend of $11.4 million offset by decreases in online and app advertising of $4.1 million. The increase in television spend in 2022 reflects the return to historical spending levels as compared to the cost cutting initiatives during 2021 due to the impact of COVID-19 and is consistent with 2020 spend prior to COVID-19. The increase in consulting and software maintenance costs was due primarily to various sales initiatives at Angi Services. The decrease in lease expense is a result of the Company reducing its real estate footprint in 2021. The decrease in compensation expense was due primarily to decreased commission expense.

Europe selling and marketing expense increased $0.7 million, or 5%, driven by an increase in advertising expense of $1.0 million partially offset by a decrease in compensation expense of $0.4 million.

General and administrative expense

	Three Months Ended March 31,			
	2022	$ Change	% Change	2021
	(Dollars in thousands)			
General and administrative expense	$ 109,655	$ 21,493	24%	$ 88,162
As a percentage of revenue	25%			23%

North America general and administrative expense increased $28.5 million, or 39%, due primarily to an increase of $15.0 million in compensation expense, $6.9 million of expense from the inclusion of Angi Roofing, $4.7 million in professional fees and $1.9 million in software maintenance costs. The increase in compensation expense is due to an increase of $8.9 million in stock-based compensation expense and an increase of $4.6 million in wage-related expense. The increase in stock-based compensation expense is the result of the reversal of previously recognized stock-based compensation as a result of the forfeiture of unvested awards due to management departures in the first quarter of 2021 and new awards granted since Q1 2021. The increase in professional fees is due primarily to an increase in legal fees and outsourced personnel costs, and to a lesser extent, recruiting fees. The increase in outsourced personnel costs is due primarily to an increase in call volume related to our customer service function. The increase in software license and maintenance expense is due primarily to increased spend on software to support our customer service function.

Europe general and administrative expense decreased $7.0 million, or 48%, driven by a decrease in compensation expense of $7.1 million which was caused by a one-time expense of $6.0 million related to the acquisition of an additional 21% interest in MyBuilder in the first quarter of 2021, lower headcount, and lower average compensation.

Product development expense

	Three Months Ended March 31,			
	2022	$ Change	% Change	2021
	(Dollars in thousands)			
Product development expense	$ 17,859	$ (188)	(1)%	$ 18,047
As a percentage of revenue	4%			5%

North America product development expense decreased $0.9 million, or 6%, due primarily to decreases in compensation expense of $1.5 million and lease expense of $0.6 million, partially offset by an increase in software license and maintenance expense of $0.7 million and an increase in outsourced personnel and consulting costs of $0.4 million. The decrease in compensation expense is primarily due to an increase in capitalized wages from additional capitalized software projects and a reduction in headcount.

Europe product and development expense increased $0.7 million, or 16%, due to an increase in compensation expense of $0.5 million from higher headcount and higher average compensation.

Depreciation

	Three Months Ended March 31,			
	2022	$ Change	% Change	2021
	(Dollars in thousands)			
Depreciation	$ 13,999	$ (1,970)	(12)%	$ 15,969
As a percentage of revenue	3%			4%

North America depreciation in 2022 decreased $1.4 million, or 9%, due primarily to the write-off of certain capitalized software projects in the three-months ended March 31, 2021.

Europe depreciation in 2022 decreased $0.6 million, or 42%, as capitalized software projects reached the end of their depreciable lives.

Operating (loss) income

	Three Months Ended March 31,			
	2022	$ Change	% Change	2021
	(Dollars in thousands)			
North America	$ (29,654)	$ (39,231)	NM	$ 9,577
Europe	(4,303)	5,165	55%	(9,468)
Total	$ (33,957)	$ (34,066)	NM	$ 109
As a percentage of revenue	(8)%			—%

NM = Not meaningful

North America operating income decreased $39.2 million to a loss of $29.7 million due to a decrease in Adjusted EBITDA of $30.8 million, described below, and an increase of $11.0 million in stock-based compensation expense, partially offset by decreases of $1.4 million in depreciation expense and $1.3 million in amortization of intangibles expense. The increase in stock-based compensation expense was due primarily due to the reversal of previously recognized stock-based compensation due to forfeitures from management departures in the first quarter of 2021 and new awards granted since the first quarter of 2021, noted above. The decrease in depreciation primarily to the write-off of certain capitalized software projects in the three-months ended March 31, 2021. The decrease in the amortization of intangibles was due primarily to certain intangible assets becoming fully amortized during 2021.

Europe operating loss increased $5.2 million to a loss of $4.3 million due primarily to an increase in Adjusted EBITDA loss of $4.5 million, described below, and a decrease in depreciation expense of $0.6 million.

At March 31, 2022, there is $111.2 million of unrecognized compensation cost, net of estimated forfeitures, related to all equity-based awards, which is expected to be recognized over a weighted average period of approximately 3 years.

Adjusted EBITDA

	Three Months Ended March 31,			
	2022	$ Change	% Change	2021
	(Dollars in thousands)			
North America	$ 341	$ (30,824)	(99)%	$ 31,165
Europe	(3,510)	4,469	56%	(7,979)
Total	$ (3,169)	$ (26,355)	NM	$ 23,186
As a percentage of revenue	(1)%			6%

For a reconciliation of net loss attributable to Angi Inc. shareholders to operating loss to consolidated Adjusted EBITDA, see "Principles of Financial Reporting." For a reconciliation of operating loss to Adjusted EBITDA for the Company's reportable segments, see "Note 7—Segment Information" to the consolidated financial statements included in "Item 1. Consolidated Financial Statements."

North America Adjusted EBITDA decreased $30.8 million, or 99%, to $0.3 million, and decreased as a percentage of revenue, despite higher revenue of $50.1 million, due primarily to an increases in cost of revenue of $45.2 million, general and administrative expense of $28.5 million, and selling and marketing expense of $19.2 million, each of which are explained above.

Europe Adjusted EBITDA increased $4.5 million, as general and administrative expenses were lower by $7.0 million, which was partially offset by lower revenue of $1.0 million and higher selling and marketing expense of $0.7 million, and product development expense of $0.7 million, each of which are described above.

Interest expense

Interest expense relates to interest on the ANGI Group Senior Notes, ANGI Group Term Loan, and commitment fees on the ANGI Group Revolving Facility. As of May 6, 2021, the outstanding balance of the ANGI Group Term Loan was repaid in its entirety. The ANGI Group Revolving Facility was terminated effective August 3, 2021. No amounts were ever drawn under the ANGI Group Revolving Facility prior to its termination.

For a detailed description of long-term debt, net, see "Note 4—Long-term Debt" to the consolidated financial statements included in "Item 1. Consolidated Financial Statements."

	Three Months Ended March 31,			
	2022	$ Change	% Change	2021
	(In thousands)			
Interest expense	$ 5,022	$ (1,595)	(24)%	$ 6,617

Interest expense decreased primarily due to the repayment of the ANGI Group Term Loan during the second quarter of 2021.

Other expense, net

	Three Months Ended March 31,			
	2022	$ Change	% Change	2021
	(In thousands)			
Other expense, net	$ (391)	$ 376	49%	$ (767)

Other expense, net in 2022 principally includes a net foreign currency exchange loss of $0.5 million.

Other expense, net in 2021 principally includes foreign currency exchange losses of $0.9 million, partially offset by interest income of $0.1 million.

Income tax benefit

	Three Months Ended March 31,			
	2022	$ Change	% Change	2021
	(Dollars in thousands)			
Income tax benefit	$ 6,083	$ (3,206)	(35)%	$ 9,289
Effective income tax rate	15%			NM

For further details of income tax matters, see "Note 2—Income Taxes" to the consolidated financial statements included in "Item 1. Consolidated Financial Statements."

In 2022, the effective income tax rate was lower than the statutory rate of 21%, due primarily to tax shortfalls generated by the exercise and vesting of stock-based awards and foreign income taxed at different tax rates.

In 2021, the income tax benefit was due primarily to excess tax benefits generated by the exercise and vesting of stock-based awards.

PRINCIPLES OF FINANCIAL REPORTING

We report Adjusted EBITDA as a supplemental measure to U.S. generally accepted accounting principles ("GAAP"). This measure is one of the primary metrics by which we evaluate the performance of our businesses, on which our internal budgets are based and by which management is compensated. We believe that investors should have access to, and we are obligated to provide, the same set of tools that we use in analyzing our results. This non-GAAP measure should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for or superior to GAAP results. We endeavor to compensate for the limitations of the non-GAAP measure presented by providing the comparable GAAP measure with equal or greater prominence and descriptions of the reconciling items, including quantifying such items, to derive the non-GAAP measure. We encourage investors to examine the reconciling adjustments between the GAAP and non-GAAP measure, which we discuss below.

Definition of Non-GAAP Measure

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA") is defined as operating income excluding: (1) stock-based compensation expense; (2) depreciation; and (3) acquisition-related items consisting of amortization of intangible assets and impairments of goodwill and intangible assets, if applicable. We believe this measure is useful for analysts and investors as this measure allows a more meaningful comparison between our performance and that of our competitors. Adjusted EBITDA has certain limitations because it excludes the impact of these expenses.

The following table reconciles net (loss) earnings attributable to Angi Inc. shareholders to operating (loss) income to consolidated Adjusted EBITDA:

	Three Months Ended March 31,	
	2022	2021
	(In thousands)	
Net (loss) earnings attributable to Angi Inc. shareholders	$ (33,390)	$ 1,931
Add back:		
Net earnings attributable to noncontrolling interests	103	83
Income tax benefit	(6,083)	(9,289)
Other income, net	391	767
Interest expense	5,022	6,617
Operating (loss) income	(33,957)	109
Add back:		
Stock-based compensation expense	12,985	2,034
Depreciation	13,999	15,969
Amortization of intangibles	3,804	5,074
Adjusted EBITDA	$ (3,169)	$ 23,186

For a reconciliation of operating (loss) income to Adjusted EBITDA for the Company's reportable segments, see "Note 7—Segment Information" to the consolidated financial statements included in "Item 1. Consolidated Financial Statements."

Non-Cash Expenses That Are Excluded from Our Non-GAAP Measure

Stock-based compensation expense consists of expense associated with the grants, including unvested grants assumed in acquisitions, of stock appreciation rights, restricted stock units ("RSUs"), stock options, performance-based RSUs ("PSUs") and market-based awards. These expenses are not paid in cash and we view the economic costs of stock-based awards to be the dilution to our share base; we also include the related shares in our fully diluted shares outstanding for GAAP earnings per share using the treasury stock method. PSUs and market-based awards are included only to the extent the applicable performance or market condition(s) have been met (assuming the end of the reporting period is the end of the contingency period). The Company is currently settling all stock-based awards on a net basis and remits the required tax-withholding amounts from its current funds.

Depreciation is a non-cash expense relating to our capitalized software, leasehold improvements and equipment and is computed using the straight-line method to allocate the cost of depreciable assets to operations over their estimated useful lives, or, in the case of leasehold improvements, the lease term, if shorter.

Amortization of intangible assets and impairments of goodwill and intangible assets are non-cash expenses related primarily to acquisitions. At the time of an acquisition, the identifiable definite-lived intangible assets of the acquired company, such as service professional relationships, technology, memberships, customer lists and user base, and trade names, are valued and amortized over their estimated lives. Value is also assigned to acquired indefinite-lived intangible assets, which comprise trade names and trademarks, and goodwill that are not subject to amortization. An impairment is recorded when the carrying value of an intangible asset or goodwill exceeds its fair value. We believe that intangible assets represent costs incurred by the acquired company to build value prior to acquisition and the related amortization and impairments of intangible assets or goodwill, if applicable, are not ongoing costs of doing business.

FINANCIAL POSITION, LIQUIDITY, AND CAPITAL RESOURCES

Financial Position

	March 31, 2022	December 31, 2021
	(In thousands)	
Cash and cash equivalents:		
United States	$ 364,703	$ 404,277
All other countries	26,583	23,859
Total cash and cash equivalents	$ 391,286	$ 428,136
Long-term debt:		
Senior Notes	$ 500,000	$ 500,000
Total long-term debt	500,000	500,000
Less: unamortized debt issuance costs	5,270	5,448
Total long-term debt, net	$ 494,730	$ 494,552

At March 31, 2022, all of the Company's international cash can be repatriated without significant tax consequences.

Cash Flow Information

In summary, the Company's cash flows are as follows:

	Three Months Ended March 31,	
	2022	2021
	(In thousands)	
Net cash (used in) provided by:		
Operating activities	$ (735)	$ 6,209
Investing activities	$ (26,816)	$ (45,072)
Financing activities	$ (9,466)	$ (345,168)

Net cash provided by operating activities consists of earnings adjusted for non-cash items and the effect of changes in working capital. Non-cash adjustments include stock-based compensation expense, provision for credit losses, amortization of intangibles, depreciation, impairment of long-lived and right-of-use assets, non-cash lease expense, and deferred income taxes.

2022

Adjustments to earnings consist primarily of $21.6 million of provision for credit losses, $14.0 million of depreciation, $13.0 million of stock-based compensation expense, $3.8 million of amortization of intangibles, and $3.4 million of non-cash lease expense. The decrease from changes in working capital consists primarily of an increase of $37.8 million in accounts receivable and a decrease of $4.5 million in operating lease liabilities, partially offset by increases of $20.6 million in accounts payable and other liabilities. The increase in accounts receivable is due primarily to revenue growth, primarily attributable to Angi Services. The decrease in operating lease liabilities is due to cash payments on leases net of interest accretion. The increase in accounts payable and other liabilities is due primarily to increases in accrued expenses related to the factors described in the "Brand Integration Initiative" and accrued roofing material costs related to Angi Roofing.

Net cash used in investing activities includes $26.9 million of capital expenditures, primarily related to investments in capitalized software to support the Company's products and services.

Net cash used in financing activities includes $8.1 million for the repurchase of 1.0 million shares of Angi Inc. Class A common stock, on a settlement date basis, at an average price of $7.80 per share and $1.3 million for the payment of withholding taxes on behalf of employees for stock-based awards that were net settled.

2021

Adjustments to earnings consist primarily of $19.1 million of provision for credit losses, $16.0 million of depreciation, $5.1 million of amortization of intangibles, $2.9 million of revenue reserves, and $2.0 million of stock-based compensation expense, partially offset by $10.3 million of deferred income taxes. The decrease from changes in working capital consists primarily of increases in accounts receivable of $34.6 million, partially offset by increases in accounts payable and other liabilities of $8.8 million and deferred revenue of $3.0 million. The increase in accounts payable and other liabilities is due primarily to an increase in accrued advertising and related payables. The increase in deferred revenue is driven primarily by increases in memberships. The increase in accounts receivable is due primarily to revenue growth in North America.

Net cash provided by investing activities includes proceeds of $50.0 million from the maturities of marketable debt securities, net of capital expenditures of $18.7 million, primarily related to investments in the development of capitalized software to support the Company’s products and services.

Net cash used in financing activities includes $48.2 million for the payment of withholding taxes on behalf of employees for stock-based awards that were net settled, $22.9 million for the purchase of redeemable noncontrolling interests, $6.9 million for the prepayment on the Term Loan required quarterly payments that was otherwise due in the first quarter of 2022, and $4.9 million for the repurchase of 0.4 million shares of Angi Inc. Class A common stock, on a settlement and trade date basis, at an average price of $11.85 per share.

Liquidity and Capital Resources

Financing Arrangements

The ANGI Group Senior Notes were issued on August 20, 2020. At any time prior to August 15, 2023, these notes may be redeemed at a redemption price equal to the sum of the principal amount thereof, plus accrued and unpaid interest and a make-whole premium. Thereafter, these notes may be redeemed at the redemption prices set forth in the indenture governing the notes, plus accrued and unpaid interest thereon, if any, to the applicable redemption date.

The indenture governing the ANGI Group Senior Notes contains a covenant that would limit ANGI Group’s ability to incur liens for borrowed money in the event a default has occurred or ANGI Group’s secured leverage ratio (as defined in the indenture) exceeds 3.75 to 1.0. At March 31, 2022 there were no limitations pursuant thereto.

During the three months ended March 31, 2021, ANGI Group prepaid $6.9 million of the ANGI Group Term Loan principal that was otherwise due in the first quarter of 2022 and, as of May 6, 2021, the outstanding balance of the ANGI Group Term Loan was repaid in its entirety.

The $250.0 million ANGI Group Revolving Facility, which otherwise would have expired on November 5, 2023, was terminated effective August 3, 2021. No amounts were ever drawn under the ANGI Group Revolving Facility prior to its termination.

Share Repurchase Authorizations and Activity

During the three months ended March 31, 2022, the Company repurchased 1.0 million shares, on a trade date basis, of its common stock at an average price of $7.80 per share, or $8.1 million in aggregate. The Company has 15.0 million shares remaining in its share repurchase authorization as of May 6, 2022. The Company may purchase shares over an indefinite period of time on the open market and in privately negotiated transactions, depending on those factors the Company’s management deems relevant at any particular time, including, without limitation, market conditions, share price and future outlook.

Outstanding Stock-based Awards

The Company may settle equity awards on a gross or a net basis depending upon factors deemed relevant at the time, and if settled on a net basis, Angi remits withholding taxes on behalf of the employee. At IAC’s option, certain Angi stock appreciation rights can be settled in either Class A shares of Angi or shares of IAC common stock. If settled in IAC common stock, the Company reimburses IAC in either cash or through the issuance of Class A shares to IAC. The Company currently settles all equity awards on a net basis.

Pursuant to the employee matters agreement, in the event of a distribution of Angi capital stock to IAC stockholders in a transaction intended to qualify as tax-free for U.S. federal income tax purposes, the Compensation Committee of the IAC Board of Directors has the exclusive authority to determine the treatment of outstanding IAC equity awards. Such authority includes (but is not limited to) the ability to convert all or part of IAC equity awards outstanding immediately prior to the distribution into equity awards denominated in shares of Angi Class A Common Stock for no compensation, which Angi would be obligated to assume and which would be dilutive to Angi's stockholders.

The following table summarizes the aggregate intrinsic value of all awards outstanding as of May 6, 2022; assuming these awards were net settled on that date, the withholding taxes that would be paid by the Company on behalf of employees upon exercise or vesting that would be payable (assuming these equity awards are net settled with a 50% tax rate), and the shares that would have been issued are as follows:

	Aggregate intrinsic value of awards outstanding	Estimated withholding taxes payable	Estimated shares to be issued
		(In thousands)	
Stock appreciation rights	$ 943	$ 471	115
Other equity awards[(a)(b)]	88,069	43,637	10,811
Total outstanding employee stock-based awards	$ 89,012	$ 44,108	10,926

(a) Includes stock options, RSUs, and subsidiary denominated equity.

(b) The number of shares ultimately needed to settle subsidiary denominated equity awards and the cash withholding tax obligation may vary significantly as a result of the determination of the fair value of the relevant award at the time of exercise. In addition, the number of shares required to settle these awards will be impacted by movement in the Company's stock price.

Contractual Obligations

At March 31, 2022, there have been no material changes outside the ordinary course of business to the Company's contractual obligations since the disclosures for the year ended December 31, 2021, included in the Company's Annual Report on Form 10-K.

Capital Expenditures

The Company's 2022 capital expenditures are expected to be higher than 2021 capital expenditures of $70.2 million by approximately 20% to 25%, due primarily to increased investment in capitalized software to support the development of our products and services.

Liquidity Assessment

The Company's liquidity could be negatively affected by a decrease in demand for its products and services due to COVID-19 or other factors. As described in the "COVID-19 Update" section above, to date, the COVID-19 outbreak and measures designed to curb its spread have adversely impacted the Company's business.

At March 31, 2022, IAC held all Class B shares of Angi Inc., which represent 84.5% of the economic interest and 98.2% of the voting interest of the Company. As a result, IAC has the ability to control Angi Inc.'s financing activities, including the issuance of additional debt and equity securities by Angi Inc. or any of its subsidiaries, or the incurrence of other indebtedness generally. While Angi Inc. is expected to have the ability to access debt and equity markets if needed, such transactions may require the approval of IAC due to its control of the majority of the outstanding voting power of Angi Inc.'s capital stock and its representation on the Angi Inc. board of directors. Additional financing may not be available on terms favorable to the Company or at all. In addition, the Company's existing indebtedness could limit its ability to obtain additional financing.

The Company believes its existing cash, cash equivalents, and expected positive cash flows generated from operations will be sufficient to fund its normal operating requirements, including capital expenditures, debt service, the payment of withholding taxes paid on behalf of employees for net-settled stock-based awards, and investing and other commitments, for the next twelve months. We may elect to raise additional capital through the sale of additional equity or debt financing to fund business activities such as strategic acquisitions, share repurchases, or other purposes beyond the next twelve months.

Item 3. *Quantitative and Qualitative Disclosures About Market Risk*

During the three months ended March 31, 2022, there have been no material changes to the Company's instruments or positions that are sensitive to market risk since the disclosure in our Annual Report on Form 10-K for the year ended December 31, 2021.

Item 4. ***Controls and Procedures***

The Company monitors and evaluates on an ongoing basis its disclosure controls and procedures and internal control over financial reporting in order to improve their overall effectiveness. In the course of these evaluations, the Company modifies and refines its internal processes as conditions warrant.

As required by Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), the Company’s management, including our principal executive and principal financial officers, or persons performing similar functions, evaluated the effectiveness of the Company’s disclosure controls and procedures as defined by Rule 13a-15(e) under the Exchange Act. Based on this evaluation, management has concluded that the Company’s disclosure controls and procedures were effective as of the end of the period covered by this report in providing reasonable assurance that information we are required to disclose in our filings with the Securities and Exchange Commission under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Commission’s rules and forms, and include controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

There were no changes to the Company’s internal control over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

OTHER INFORMATION

Item 1. *Legal Proceedings*

Overview

In the ordinary course of business, the Company and its subsidiaries are (or may become) parties to claims, suits, regulatory and government investigations, and other proceedings involving property, personal injury, contract, intellectual property, privacy, tax, labor and employment, competition, commercial disputes, consumer protection and other claims, as well as stockholder derivative actions, class action lawsuits and other matters. Such claims, suits, regulatory and government investigations, and other proceedings could result in fines, civil or criminal penalties, or other adverse consequences and could subject us to costs, including legal fees, require us to change our business practices, divert resources and the attention of management from our business, or otherwise adversely affect our business. The amounts that may be recovered in such matters may be subject to insurance coverage. Although the results of legal proceedings and claims cannot be predicted with certainty, neither the Company nor any of its subsidiaries is currently a party to any legal proceedings, the outcome of which, we believe, if determined adversely to us, would individually or in the aggregate have a material adverse effect on our business, financial condition or results of operations. However, the outcome of such matters is inherently unpredictable and subject to significant uncertainties.

Rules of the Securities and Exchange Commission require the description of material pending legal proceedings (other than ordinary, routine litigation incident to the registrant's business) and advise that proceedings ordinarily need not be described if they primarily involve damages claims for amounts (exclusive of interest and costs) not exceeding 10% of the current assets of the registrant and its subsidiaries on a consolidated basis. In the judgment of Company management, none of the pending proceedings which we are defending, including the ones described below, involve or are likely to involve amounts of that magnitude. The litigation and administrative matters described below involve issues or claims that we believe may be of particular interest to our stockholders, regardless of whether the matters may be material to our financial position or operations, based upon the standard set forth in the rules of the Securities and Exchange Commission.

FTC Investigation Proceeding Regarding Certain HomeAdvisor Business Practices

In 2021, the staff of the Federal Trade Commission ("FTC") informed HomeAdvisor that the FTC was investigating certain of HomeAdvisor's business practices. On March 11, 2022, the FTC filed a complaint against HomeAdvisor with the FTC's administrative law judge, alleging that certain of HomeAdvisor's business practices related to leads provided to service professionals and its mHelpDesk product are unfair or deceptive in violation of the FTC Act and requesting injunctive relief. While HomeAdvisor believes that the claims are without merit and is defending vigorously against them, the FTC administrative proceeding is ongoing, and the outcome cannot be predicted at present.

Service Professional Class Action Litigation against HomeAdvisor

This purported class action pending in Colorado is described in detail on pages 26-27 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2021. *See Airquip, Inc. et al. v. HomeAdvisor, Inc. et al.*, No. l:16-cv-1849 and *Costello et al. v. HomeAdvisor, Inc. et al.*, No. 1:18-cv-1802, both filed in U.S. District Court in Colorado and consolidated under the caption *In re HomeAdvisor, Inc. Litigation.* This lawsuit alleges that our HomeAdvisor business engages in certain deceptive practices affecting the service professionals who join its network, including charging them for substandard customer leads or failing to disclose certain charges. There have been no material or otherwise noteworthy developments in this case since the filing of our Annual Report on Form 10-K for the fiscal year ended December 31, 2021. The Company believes that the allegations in this lawsuit are without merit and will continue to defend vigorously against them.

Item 1A. *Risk Factors*

This quarterly report on Form 10-Q contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The use of words such as "anticipates," "estimates," "expects," "plans," "intends," "will continue," "may", "could" and "believes," among similar expressions, generally identify forward-looking statements. These forward-looking statements include, among others, statements relating to our future business, financial condition, results of operations and financial performance, our business prospects and strategy, trends and prospects in home services industry and other similar matters. These forward-looking statements are based on Company management's expectations and assumptions about future events as of the date of this report, which are inherently subject to uncertainties, risks and changes in circumstances that are difficult to predict.

Actual results could differ materially from those contained in these forward-looking statements for a variety of reasons, including, among others: (i) the impact of the COVID-19 outbreak on our businesses, (ii) our ability to compete, (iii) the failure or delay of the home services market to migrate online, (iv) adverse economic events or trends (particularly those that adversely impact consumer confidence and spending behavior), (v) our ability to establish and maintain relationships with quality service professionals, (vi) our ability to build, maintain and/or enhance our various brands, including through our Angi brand integration initiative, (vii) our ability to expand our pre-priced bookings offerings, (viii) our ability to market our various products and services in a successful and cost-effective manner, (ix) our ability to drive traffic to our properties and businesses, including through the continued display of links to websites offering our products and services in a prominent manner in search results, (x) our continued ability to communicate with consumers and service professionals via e-mail (or other sufficient means), (xi) our ability to access, share and use personal data about consumers, (xii) our ability to develop and monetize versions of our products and services for mobile and other digital devices, (xiii) any challenge to the contractor classification or employment status of our service professionals, (xiv) our ability to protect our systems, technology and infrastructure from cyberattacks and to protect personal and confidential user information, (xv) the occurrence of data security breaches, fraud and/or additional regulation involving or impacting credit card payments, (xvi) the integrity, quality, efficiency and scalability of our technology systems and infrastructures (and those of third parties with whom we do business), (xvii) operational and financial risks relating to acquisitions and the integration of suitable targets, (xviii) our ability to operate (and expand into) international markets successfully, (xix) our ability to adequately protect our intellectual property rights and not infringe the intellectual property rights of third parties, (xx) changes in key personnel, (xxi) various risks related to our relationship with IAC and (xxii) various risks related to our outstanding indebtedness.

Certain of these and other risks and uncertainties are discussed in our filings with the SEC, including in Part I-Item 1A-Risk Factors of our Annual Report on Form 10-K for the fiscal year ended December 31, 2021. Other unknown or unpredictable factors that could also adversely affect our business, financial condition and operating results may arise from time to time. In light of these risks and uncertainties, the forward-looking statements discussed in this quarterly report may not prove to be accurate. Accordingly, you should not place undue reliance on these forward-looking statements, which only reflect the views of Company management as of the date of this quarterly report. We do not undertake to update these forward-looking statements.

Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds*

Unregistered Sales of Equity Securities

The employee matters agreement dated as of September 29, 2017, by and between us and IAC, provides, among other things, that we will reimburse IAC for the cost of certain equity awards held by our current and former employees and that IAC may elect to receive payment either in cash or shares of our capital stock.

Pursuant to the employee matters agreement, no shares of Class A common stock and no shares of Class B common stock were issued to IAC during the quarter ended March 31, 2022.

Issuer Purchases of Equity Securities

The following table sets forth purchases by the Company of its Class A common stock during the three months ended March 31, 2022:

Period	(a) Total Number of Shares Purchased		(b) Average Price Paid Per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(1)	(d) Maximum Number of Shares that May Yet Be Purchased Under Publicly Announced Plans or Programs(2)
January 2022	954,447	$	7.78	954,447	15,115,389
February 2022	89,675	$	7.99	89,675	15,025,714
March 2022	—	$	—	—	15,025,714
Total	1,044,122	$	7.80	1,044,122	15,025,714

(1) Reflects repurchases made pursuant to the share repurchase authorizations previously announced in March 2020.

(2) Represents the total number of shares of Class A common stock that remained available for repurchase as of March 31, 2022 pursuant to the March 2020 share repurchase authorizations. The Company may repurchase shares pursuant to this share repurchase authorization over an indefinite period of time in the open market and in privately negotiated transactions, depending on those factors Company management deems relevant at any particular time, including, without limitation, market conditions, share price and future outlook.

Item 6. *Exhibits*

The documents set forth below, numbered in accordance with Item 601 of Regulation S-K, are filed herewith, incorporated by reference to the location indicated or furnished herewith.

Exhibit Number	Description	Location
3.1	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Angi Inc.	Exhibit 3.1 to the Registrant's Current Report on Form 8-K, filed on March 17, 2021.
3.2	Amended and Restated Bylaws of Angi Inc.	Exhibit 3.2 to the Registrant's Current Report on Form 8-K, filed on March 17, 2021.
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.(1)	
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.(1)	
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.(2)	
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.(2)	
101.INS	Inline XBRL Instance (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)	
101.SCH	Inline XBRL Taxonomy Extension Schema(1)	
101.CAL	Inline XBRL Taxonomy Extension Calculation(1)	
101.DEF	Inline XBRL Taxonomy Extension Definition(1)	
101.LAB	Inline XBRL Taxonomy Extension Labels(1)	
101.PRE	Inline XBRL Taxonomy Extension Presentation(1)	
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	

(1) Filed herewith.

(2) Furnished herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 10, 2022

Angi Inc.

By: /s/ JEFFREY W. PEDERSEN
Jeffrey W. Pedersen
Chief Financial Officer

Signature	Title	Date
/s/ JEFFREY W. PEDERSEN Jeffrey W. Pedersen	Chief Financial Officer	May 10, 2022

Exhibit 31.1

Certification

I, Oisin Hanrahan, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended March 31, 2022 of Angi Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 10, 2022

/s/ OISIN HANRAHAN
Oisin Hanrahan
Chief Executive Officer

Exhibit 31.2

Certification

I, Jeffrey W. Pedersen, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended March 31, 2022 of Angi Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 10, 2022

/s/ JEFFREY W. PEDERSEN
Jeffrey W. Pedersen
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Oisin Hanrahan, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to my knowledge:

(1) the Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2022 of Angi Inc. (the "Report") which this statement accompanies fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Angi Inc.

Dated:	May 10, 2022	/s/ OISIN HANRAHAN
		Oisin Hanrahan
		Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Jeffrey W. Pedersen, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to my knowledge:

(1) the Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2022 of Angi Inc. (the "Report") which this statement accompanies fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Angi Inc.

Dated: May 10, 2022

/s/ JEFFREY W. PEDERSEN
Jeffrey W. Pedersen
Chief Financial Officer