As filed with the Securities and Exchange Commission on August 8, 2023

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 June 30, 2023
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 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 August 4, 2023, the following shares of the Registrant's common stock were outstanding:

Class A Common Stock	84,264,278
Class B Common Stock	422,019,247
Class C Common Stock	—
Total outstanding Common Stock	506,283,525

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PART I
FINANCIAL INFORMATION

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

ANGI INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(Unaudited)

	June 30, 2023	December 31, 2022
	(In thousands, except par value amounts)	
ASSETS		
Cash and cash equivalents	$ 370,579	$ 321,155
Accounts receivable, net	78,484	93,880
Other current assets	62,279	69,167
Total current assets	511,342	484,202
Capitalized software, leasehold improvements and equipment, net	129,670	153,855
Goodwill	885,893	882,949
Intangible assets, net	173,388	178,105
Deferred income taxes	148,850	145,460
Other non-current assets, net	53,075	63,207
TOTAL ASSETS	$ 1,902,218	$ 1,907,778
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Accounts payable	$ 36,925	$ 30,862
Deferred revenue	53,990	50,907
Accrued expenses and other current liabilities	212,493	200,015
Total current liabilities	303,408	281,784
Long-term debt, net	495,660	495,284
Deferred income taxes	3,014	2,906
Other long-term liabilities	58,252	76,426
Commitments and contingencies		
SHAREHOLDERS' EQUITY:		
Class A common stock, $0.001 par value; authorized 2,000,000 shares; issued 105,273 and 102,810 shares, respectively, and outstanding 84,008 and 82,599, respectively	105	103
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	1,426,280	1,405,294
Accumulated deficit	(220,103)	(190,079)
Accumulated other comprehensive income (loss)	1,122	(1,172)
Treasury stock, 21,265 and 20,211 shares, respectively	(169,581)	(166,184)
Total Angi Inc. shareholders' equity	1,038,245	1,048,384
Noncontrolling interests	3,639	2,994
Total shareholders' equity	1,041,884	1,051,378
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 1,902,218	$ 1,907,778

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 June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(In thousands, except per share data)			
Revenue	$ 375,068	$ 515,782	$ 767,475	$ 951,941
Cost of revenue (exclusive of depreciation shown separately below)	31,662	127,771	73,703	226,769
Gross profit	343,406	388,011	693,772	725,172
Operating costs and expenses:				
Selling and marketing expense	212,713	251,159	417,622	476,960
General and administrative expense	96,985	119,626	199,503	229,281
Product development expense	25,549	20,954	50,861	38,813
Depreciation	22,179	13,354	47,614	27,353
Amortization of intangibles	2,663	3,804	5,325	7,608
Total operating costs and expenses	360,089	408,897	720,925	780,015
Operating loss	(16,683)	(20,886)	(27,153)	(54,843)
Interest expense	(5,034)	(5,026)	(10,063)	(10,048)
Other income (expense),net	5,188	(1,750)	8,999	(2,141)
Loss before income taxes	(16,529)	(27,662)	(28,217)	(67,032)
Income tax benefit (provision)	2,050	3,665	(1,262)	9,748
Net loss	(14,479)	(23,997)	(29,479)	(57,284)
Net earnings attributable to noncontrolling interests	(220)	(235)	(545)	(338)
Net loss attributable to Angi Inc. shareholders	$ (14,699)	$ (24,232)	$ (30,024)	$ (57,622)
Per share information attributable to Angi Inc. shareholders:				
Basic loss per share	$ (0.03)	$ (0.05)	$ (0.06)	$ (0.11)
Diluted loss per share	$ (0.03)	$ (0.05)	$ (0.06)	$ (0.11)
Stock-based compensation expense by function:				
Selling and marketing expense	$ 1,484	$ 1,891	$ 2,764	$ 3,130
General and administrative expense	6,236	8,662	15,134	18,297
Product development expense	2,410	2,864	5,109	4,975
Total stock-based compensation expense	$ 10,130	$ 13,417	$ 23,007	$ 26,402

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 June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(in thousands)			
Net loss	$ (14,479)	$ (23,997)	$ (29,479)	$ (57,284)
Other comprehensive income (loss):				
Change in foreign currency translation adjustment	1,916	(3,225)	2,418	(3,971)
Change in unrealized gains on available-for-sale marketable debt securities	(2)	—	—	—
Total other comprehensive income (loss)	1,914	(3,225)	2,418	(3,971)
Comprehensive loss	(12,565)	(27,222)	(27,061)	(61,255)
Components of comprehensive (income) loss attributable to noncontrolling interests:				
Net earnings attributable to noncontrolling interests	(220)	(235)	(545)	(338)
Change in foreign currency translation adjustment attributable to noncontrolling interests	(81)	326	(124)	269
Comprehensive (income) loss attributable to noncontrolling interests	(301)	91	(669)	(69)
Comprehensive loss attributable to Angi Inc. shareholders	$ (12,866)	$ (27,131)	$ (27,730)	$ (61,324)

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

ANGI INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
Three and Six Months Ended June 30, 2023
(Unaudited)

	Angi Inc. Shareholders' Equity												
	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	Accumulated Other Comprehensive (Loss) Income	Treasury Stock	Total Angi Inc. Shareholders' Equity	Noncontrolling Interests	Total Shareholders' Equity
	$	Shares	$	Shares	$	Shares							
	(In thousands)												
Balance as of March 31, 2023	$ 104	104,119	$ 422	422,019	$ —	—	$ 1,416,748	$ (205,404)	$ (711)	$ (166,184)	$ 1,044,975	$ 3,362	$ 1,048,337
Net (loss) earnings	—	—	—	—	—	—	—	(14,699)	—	—	(14,699)	220	(14,479)
Other comprehensive income	—	—	—	—	—	—	—	—	1,833	—	1,833	81	1,914
Stock-based compensation expense	—	—	—	—	—	—	11,268	—	—	—	11,268	—	11,268
Issuance of common stock pursuant to stock-based awards, net of withholding taxes	1	1,154	—	—	—	—	(1,704)	—	—	—	(1,703)	—	(1,703)
Purchase of treasury stock	—	—	—	—	—	—	—	—	—	(3,397)	(3,397)	—	(3,397)
Other	—		—	—	—	—	(32)	—	—	—	(32)	(24)	(56)
Balance as of June 30, 2023	$ 105	105,273	$ 422	422,019	$ —	—	$ 1,426,280	$ (220,103)	$ 1,122	$ (169,581)	$ 1,038,245	$ 3,639	$ 1,041,884
Balance as of December 31, 2022	$ 103	102,811	$ 422	422,019	$ —	—	$ 1,405,294	$ (190,079)	$ (1,172)	$ (166,184)	$ 1,048,384	$ 2,994	$ 1,051,378
Net (loss) earnings	—	—	—	—	—	—	—	(30,024)	—	—	(30,024)	545	(29,479)
Other comprehensive income	—	—	—	—	—	—	—	—	2,294	—	2,294	124	2,418
Stock-based compensation expense	—	—	—	—	—	—	25,138	—	—	—	25,138	—	25,138
Issuance of common stock pursuant to stock-based awards, net of withholding taxes	2	2,462	—	—	—	—	(4,115)	—	—	—	(4,113)	—	(4,113)
Purchase of treasury stock	—	—	—	—	—	—	—	—	—	(3,397)	(3,397)	—	(3,397)
Other	—	—	—	—	—	—	(37)	—	—	—	(37)	(24)	(61)
Balance as of June 30, 2023	$ 105	105,273	$ 422	422,019	$ —	—	$ 1,426,280	$ (220,103)	$ 1,122	$ (169,581)	$ 1,038,245	$ 3,639	$ 1,041,884

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

ANGI INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
Three and Six Months Ended June 30, 2022
(Unaudited)

	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	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Angi Inc. Shareholders' Equity	Noncontrolling Interests	Total Shareholders' Equity
	$	Shares	$	Shares	$	Shares							
	(In thousands)												
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
Net (loss) earnings	—	—	—	—	—	—	—	(24,232)	—	—	(24,232)	235	(23,997)
Other comprehensive loss	—	—	—	—	—	—	—	—	(2,899)	—	(2,899)	(326)	(3,225)
Stock-based compensation expense	—	—	—	—	—	—	14,111	—	—	—	14,111	—	14,111
Issuance of common stock pursuant to stock-based awards, net of withholding taxes	1	471	—	—	—	—	(1,451)	—	—	—	(1,450)	—	(1,450)
Balance as of June 30, 2022	$ 101	100,897	$ 422	422,019	$ —	—	$ 1,374,200	$ (119,251)	$ (393)	$ (166,184)	$ 1,088,895	$ 10,977	$ 1,099,872
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	—	—	—	—	—	—	—	(57,622)	—	—	(57,622)	338	(57,284)
Other comprehensive loss	—	—	—	—	—	—	—	—	(3,702)	—	(3,702)	(269)	(3,971)
Stock-based compensation expense	—	—	—	—	—	—	27,667	—	—	—	27,667	—	27,667
Issuance of common stock pursuant to stock-based awards, net of withholding taxes	1	1,152	—	—	—	—	(3,924)	—	—	—	(3,923)	—	(3,923)
Purchase of treasury stock	—	—	—	—	—	—	—	—	—	(8,144)	(8,144)	—	(8,144)
Balance as of June 30, 2022	$ 101	100,897	$ 422	422,019	$ —	—	$ 1,374,200	$ (119,251)	$ (393)	$ (166,184)	$ 1,088,895	$ 10,977	$ 1,099,872

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

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

	Six Months Ended June 30, 2023	2022
	(In thousands)	
Cash flows from operating activities:		
Net loss	$ (29,479)	$ (57,284)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	47,614	27,353
Provision for credit losses	46,876	47,926
Stock-based compensation expense	23,007	26,402
Non-cash lease expense (including impairment of right-of-use assets)	6,677	8,354
Amortization of intangibles	5,325	7,608
Deferred income taxes	(3,326)	(12,095)
Other adjustments, net	(1,830)	2,429
Changes in assets and liabilities, net of effects of acquisitions and dispositions:		
Accounts receivable	(31,184)	(84,105)
Other assets	5,621	(11,140)
Accounts payable and other liabilities	16,131	55,541
Operating lease liabilities	(12,913)	(8,624)
Income taxes payable and receivable	2,258	1,571
Deferred revenue	3,002	3,143
Net cash provided by operating activities	77,779	7,079
Cash flows from investing activities:		
Capital expenditures	(22,315)	(62,138)
Purchases of marketable debt securities	(12,362)	—
Proceeds from maturities of marketable debt securities	12,500	—
Proceeds from sales of fixed assets	256	164
Net cash used in investing activities	(21,921)	(61,974)
Cash flows from financing activities:		
Purchases of treasury stock	(3,397)	(8,144)
Withholding taxes paid on behalf of employees on net settled stock-based awards	(4,124)	(3,513)
Other, net	(57)	—
Net cash used in financing activities	(7,578)	(11,657)
Total cash provided (used)	48,280	(66,552)
Effect of exchange rate changes on cash and cash equivalents and restricted cash	543	(983)
Net increase (decrease) in cash and cash equivalents and restricted cash	48,823	(67,535)
Cash and cash equivalents and restricted cash at beginning of period	322,136	429,485
Cash and cash equivalents and restricted cash at end of period	$ 370,959	$ 361,950

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. connects quality home service professionals with consumers across more than 500 different categories, from repairing and remodeling homes to cleaning and landscaping. Over 207,000 transacting service professionals actively sought consumer matches, completed jobs, or advertised work through Angi Inc. platforms during the three months ended June 30, 2023. Additionally, consumers turned to at least one of our brands to find a service professional for approximately 27 million projects during the twelve months ended June 30, 2023.

The Company has four operating segments: (i) Ads and Leads; (ii) Services; (iii) Roofing; and (iv) International (consisting of businesses in Europe and Canada) and operates under multiple brands including Angi, HomeAdvisor, Handy, Total Home Roofing, and Angi Roofing.

Ads and Leads provides service professionals the capability to engage with potential customers, including quote and invoicing services, and provides consumers with tools and resources to help them find local, pre-screened and customer-rated service professionals nationwide for home repair, maintenance and improvement projects. Services consumers can request household services directly through the Angi platform and Angi fulfills the request through the use of independently established home services providers engaged in a trade, occupation and/or business that customarily provides such services. The matching and pre-priced booking services and related tools and directories are provided to consumers free of charge. Roofing provides roof replacement and repair services through its wholly-owned subsidiary Angi Roofing, LLC.

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 June 30, 2023, IAC Inc. (“IAC”), formerly known as IAC/InterActiveCorp, owned 83.9% and 98.1% of the economic and voting interests, 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. See “Note 10—Related Party Transactions with IAC” for information on transactions between Angi 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 or benefit 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, 2022.

Segment Changes

In the fourth quarter of 2022, the Company's segment presentation was changed to reflect the following operating segments: Ads and Leads, Services, Roofing and International. Our financial information for all prior periods, including the three and six months ended June 30, 2022 included herein, has been recast to reflect this four operating segment presentation.

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 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; the determination of the customer relationship period for certain costs to obtain a contract with a customer; the recoverability 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 liability for potential refunds and customer credits; 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

The Company accounts for a contract with a customer when it has approval and commitment from all parties, the rights of the parties and payment terms are identified, the contract has commercial substance and collectability of consideration is probable. 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 5—Segment Information."

From January 1, 2020 through December 31, 2022, Services recorded revenue on a gross basis. Effective January 1, 2023, we modified the Services terms and conditions so that the service professional, rather than Angi Inc., has the contractual relationship with the consumer to deliver the service and our performance obligation to the consumer is to connect them with the service professional. This change in contractual terms requires revenue to be reported as the net amount of what is received from the consumer after deducting the amounts owed to the service professional providing the service effective for all arrangements entered into after December 31, 2022. There is no impact to operating loss or Adjusted EBITDA from this change in revenue recognition. For the three and six months ended June 30, 2022, if Services revenue were recorded on a net basis, revenue would have been reduced by $71.1 million and $122.8 million, respectively.

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 or expected completion of its performance obligation is one year or less. At December 31, 2022, the current and non-current deferred revenue balances were $50.9 million and $0.1 million, respectively, and during the six months ended June 30, 2023, the Company recognized $40.1 million of revenue that was included in the deferred revenue balance as of December 31, 2022. At December 31, 2021, the current and non-current deferred revenue balances were $53.8 million and $0.1 million, respectively, and during the six months ended June 30, 2022, the Company recognized $45.8 million of revenue that was included in the deferred revenue balance as of December 31, 2021.

The current and non-current deferred revenue balances at June 30, 2023 are $54.0 million and less than $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

For contracts that have an original duration of one year or less, the Company uses the practical expedient available under Accounting Standards Codification ("ASC") ASC 606, applicable to such contracts and does not consider the time value of money.

In addition, as permitted under the practical expedient available under ASC 606, 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.

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 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.

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.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

NOTE 2—FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

Marketable Debt Securities

The Company did not hold any available-for-sale marketable debt securities at June 30, 2023 and December 31, 2022.

Fair Value Measurements

Instruments measured at fair value on a recurring basis

Cash and cash equivalents are measured at fair value and classified within Level 1 and Level 2 in the fair value hierarchy, because we use quoted prices for identical assets in active markets.

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

	June 30, 2023			
	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	$ 293,434	$ —	$ —	$ 293,434

	December 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	$ 189,000	$ —	$ —	$ 189,000
Treasury discount notes	—	24,961	—	24,961
Total	$ 189,000	$ 24,961	$ —	$ 213,961

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:

	June 30, 2023		December 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(In thousands)			
Long-term debt, net [(a)]	$ (495,660)	$ (405,000)	$ (495,284)	$ (368,750)

(a) At June 30, 2023 and December 31, 2022, the carrying value of long-term debt, net includes unamortized debt issuance costs of $4.3 million and $4.7 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 3—LONG-TERM DEBT

Long-term debt consists of:

	June 30, 2023	December 31, 2022
	(In thousands)	
3.875% ANGI Group Senior Notes due August 15, 2028 ("ANGI Group Senior Notes"); interest payable each February 15 and August 15	$ 500,000	$ 500,000
Less: unamortized debt issuance costs	4,340	4,716
Total long-term debt, net	$ 495,660	$ 495,284

ANGI Group Senior Notes

ANGI Group, LLC ("ANGI Group"), a direct wholly-owned subsidiary of Angi Inc., issued the ANGI Group Senior Notes 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, plus accrued and unpaid interest thereon, if any, to the applicable redemption date set forth in the indenture governing the notes.

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 exceeds 3.75 to 1.0, provided that ANGI Group is permitted to incur such liens under certain permitted credit facilities indebtedness notwithstanding the ratio, all as defined in the indenture. At June 30, 2023, there were no limitations pursuant thereto.

NOTE 4—ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following tables present the components of accumulated other comprehensive income (loss). There were no items reclassified out of accumulated other comprehensive income (loss) into earnings during the three and six months ended June 30, 2023 and 2022.

	Three Months Ended June 30,				
	2023			2022	
	Foreign Currency Translation Adjustment	Unrealized Gains on Available-For-Sale Debt Securities	Accumulated Other Comprehensive (Loss) Income	Foreign Currency Translation Adjustment	Accumulated Other Comprehensive Income (Loss)
	(In thousands)				
Balance at April 1	$ (713)	$ 2	$ (711)	$ 2,506	$ 2,506
Other comprehensive income (loss)	1,835	(2)	1,833	(2,899)	(2,899)
Balance at June 30	$ 1,122	$ —	$ 1,122	$ (393)	$ (393)

	Six Months Ended June 30,				
	2023			2022	
	Foreign Currency Translation Adjustment	Unrealized Gains on Available-For-Sale Debt Securities	Accumulated Other Comprehensive (Loss) Income	Foreign Currency Translation Adjustment	Accumulated Other Comprehensive Income (Loss)
	(In thousands)				
Balance at January 1	$ (1,172)	$ —	$ (1,172)	$ 3,309	$ 3,309
Other comprehensive income (loss)	2,294	—	2,294	(3,702)	(3,702)
Balance at June 30	$ 1,122	$ —	$ 1,122	$ (393)	$ (393)

At June 30, 2023 and June 30, 2022 there was no tax benefit or provision on the accumulated other comprehensive loss.

NOTE 5—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.

ANGI INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

The following table presents revenue by reportable segment:

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
	(In thousands)			
Revenue:				
Domestic				
Ads and Leads	$ 292,487	$ 341,862	$ 585,993	$ 636,608
Services	29,867	108,232	61,926	184,682
Roofing	24,482	42,650	62,854	79,337
Intersegment eliminations[(a)]	(1,001)	(1,950)	(2,463)	(3,627)
Total Domestic	345,835	490,794	708,310	897,000
International	29,233	24,988	59,165	54,941
Total revenue	$ 375,068	$ 515,782	$ 767,475	$ 951,941

(a) Intersegment eliminations related to Ads and Leads revenue earned from sales to Roofing.

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

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
	(In thousands)			
Domestic:				
Ads and Leads:				
Consumer connection revenue	$ 209,013	$ 260,896	$ 421,948	$ 475,243
Advertising revenue	70,047	65,189	137,228	129,091
Membership subscription revenue	13,231	15,554	26,430	31,791
Other revenue	196	223	387	483
Total Ads and Leads revenue	292,487	341,862	585,993	636,608
Services revenue	29,867	108,232	61,926	184,682
Roofing revenue	24,482	42,650	62,854	79,337
Intersegment eliminations[(a)]	(1,001)	(1,950)	(2,463)	(3,627)
Total Domestic	345,835	490,794	708,310	897,000
International:				
Consumer connection revenue	23,371	16,941	48,116	38,744
Service professional membership subscription revenue	5,753	7,758	10,811	15,614
Advertising and other revenue	109	289	238	583
Total International	29,233	24,988	59,165	54,941
Total revenue	$ 375,068	$ 515,782	$ 767,475	$ 951,941

(a) Intersegment eliminations related to Ads and Leads revenue earned from sales to Roofing.

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 June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(In thousands)			
Revenue:				
United States	$ 345,618	$ 490,049	$ 707,844	$ 895,557
All other countries	29,450	25,733	59,631	56,384
Total	$ 375,068	$ 515,782	$ 767,475	$ 951,941

	June 30, 2023	December 31, 2022
	(In thousands)	
Long-lived assets (excluding goodwill, intangible assets, and ROU assets):		
United States	$ 124,685	$ 147,322
All other countries	4,985	6,533
Total	$ 129,670	$ 153,855

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(In thousands)			
Operating income (loss):				
Ads and Leads	$ 4,791	$ 23,292	$ 18,271	$ 38,778
Services	(5,175)	(21,051)	(17,627)	(46,801)
Roofing	(1,302)	(3,789)	(891)	(9,939)
Corporate	(16,568)	(18,091)	(31,507)	(31,113)
International	1,571	(1,247)	4,601	(5,768)
Total	$ (16,683)	$ (20,886)	$ (27,153)	$ (54,843)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(In thousands)			
Adjusted EBITDA[(b)]:				
Ads and Leads	$ 28,155	$ 42,164	$ 68,006	$ 76,489
Services	$ 1,700	$ (13,913)	$ (468)	$ (32,480)
Roofing	$ (1,294)	$ (3,090)	$ (473)	$ (8,116)
Corporate	$ (13,109)	$ (15,102)	$ (25,463)	$ (25,552)
International	$ 2,837	$ (370)	$ 7,191	$ (3,821)

(b) The Company's primary financial measure and GAAP segment measure is Adjusted EBITDA, which is defined as operating income (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 income (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 June 30, 2023				
	Operating Income (Loss)	Stock-Based Compensation Expense	Depreciation	Amortization of Intangibles	Adjusted EBITDA[(b)]
			(In thousands)		
Ads and Leads	$ 4,791	$ 5,307	$ 15,394	$ 2,663	$ 28,155
Services	(5,175)	$ 1,192	$ 5,683	$ —	$ 1,700
Roofing	(1,302)	$ (167)	$ 175	$ —	$ (1,294)
Corporate	(16,568)	$ 3,459	$ —	$ —	$ (13,109)
International	1,571	$ 339	$ 927	$ —	$ 2,837
Operating loss	(16,683)				
Interest expense	(5,034)				
Other income, net	5,188				
Loss before income taxes	(16,529)				
Income tax benefit	2,050				
Net loss	(14,479)				
Net earnings attributable to noncontrolling interests	(220)				
Net loss attributable to Angi Inc. shareholders	$ (14,699)				

	Three Months Ended June 30, 2022				
	Operating Income (Loss)	Stock-Based Compensation Expense	Depreciation	Amortization of Intangibles	Adjusted EBITDA[(b)]
			(In thousands)		
Ads and Leads	$ 23,292	$ 5,404	$ 10,805	$ 2,663	$ 42,164
Services	(21,051)	$ 4,513	$ 1,650	$ 975	$ (13,913)
Roofing	(3,789)	$ 385	$ 148	$ 166	$ (3,090)
Corporate	(18,091)	$ 2,989	$ —	$ —	$ (15,102)
International	(1,247)	$ 126	$ 751	$ —	$ (370)
Operating loss	(20,886)				
Interest expense	(5,026)				
Other expense, net	(1,750)				
Loss before income taxes	(27,662)				
Income tax benefit	3,665				
Net loss	(23,997)				
Net earnings attributable to noncontrolling interests	(235)				
Net loss attributable to Angi Inc. shareholders	$ (24,232)				

ANGI INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

	Six Months Ended June 30, 2023				
	Operating Income (Loss)	Stock-Based Compensation Expense	Depreciation	Amortization of Intangibles	Adjusted EBITDA
			(In thousands)		
Ads and Leads	$ 18,271	$ 10,798	$ 33,612	$ 5,325	$ 68,006
Services	(17,627)	$ 5,401	$ 11,758	$ —	$ (468)
Roofing	(891)	$ (2)	$ 420	$ —	$ (473)
Corporate	(31,507)	$ 6,044	$ —	$ —	$ (25,463)
International	4,601	$ 766	$ 1,824	$ —	$ 7,191
Operating loss	(27,153)				
Interest expense	(10,063)				
Other income, net	8,999				
Loss before income taxes	(28,217)				
Income tax provision	(1,262)				
Net loss	(29,479)				
Net earnings attributable to noncontrolling interests	(545)				
Net loss attributable to Angi Inc. shareholders	$ (30,024)				

	Six Months Ended June 30, 2022				
	Operating Income (Loss)	Stock-Based Compensation Expense	Depreciation	Amortization of Intangibles	Adjusted EBITDA
			(In thousands)		
Ads and Leads	$ 38,778	$ 10,324	$ 22,062	$ 5,325	$ 76,489
Services	(46,801)	$ 9,053	$ 3,318	$ 1,950	$ (32,480)
Roofing	(9,939)	$ 1,215	$ 275	$ 333	$ (8,116)
Corporate	(31,113)	$ 5,561	$ —	$ —	$ (25,552)
International	(5,768)	$ 249	$ 1,698	$ —	$ (3,821)
Operating loss	(54,843)				
Interest expense	(10,048)				
Other expense, net	(2,141)				
Loss before income taxes	(67,032)				
Income tax benefit	9,748				
Net loss	(57,284)				
Net earnings attributable to noncontrolling interests	(338)				
Net loss attributable to Angi Inc. shareholders	$ (57,622)				

NOTE 6—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 provision and/or benefit 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 or benefit 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. Included in the income tax benefit for the three months ended June 30, 2023 was a benefit of $3.0 million due to a higher estimated annual effective tax rate from that applied to the first quarter's ordinary loss from continuing operations. The higher estimated annual effective tax rate was primarily due to the reduced impact that forecasted nondeductible compensation expense and foreign and state taxes had on the increase in forecasted ordinary domestic pre-tax losses.

For the three months ended June 30, 2023, the Company recorded an income tax benefit of $2.1 million, which represents an effective income tax rate of 12%. The effective income tax rate is lower than the statutory rate of 21% due primarily to nondeductible stock-based compensation and foreign income taxed at different rates, partially offset by research credits and an adjustment to the forecasted annual effective tax rate. For the six months ended June 30, 2023, the Company recorded an income tax provision of $1.3 million, despite a pre-tax loss, due primarily to nondeductible stock-based compensation and foreign income taxed at different rates, partially offset by research credits. For the three and six months ended June 30, 2022, the Company recorded an income tax benefit of $3.7 million and $9.7 million, which represents an effective income tax rate of 13% and 15%, respectively. For the three and six months ended June 30, 2022, the effective income tax rate is lower than the statutory rate of 21% due primarily to unbenefited foreign losses and tax shortfalls generated by the exercise and vesting for 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's income taxes are routinely under audit by federal, state, local and foreign authorities 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. On June 27, 2023 the Joint Committee of Taxation completed its review of the federal income tax returns for the years ended December 31, 2013 through 2019, which includes the operations of the Company, and approved the audit settlement previously agreed to with the Internal Revenue Service. 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 2013. 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.

ANGI INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

At June 30, 2023 and December 31, 2022, the Company has unrecognized tax benefits, including interest, of $7.0 million and $6.2 million, respectively; all of which are for tax positions included in IAC's consolidated tax return filings. If unrecognized tax benefits at June 30, 2023 are subsequently recognized, the income tax provision would be reduced by $6.6 million. The comparable amount as of December 31, 2022 is $5.8 million. The Company believes it is reasonably possible that its unrecognized tax benefits could decrease by $0.2 million by June 30, 2024 due to settlements; $0.1 million of which would reduce the income tax provision.

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 June 30, 2023, the Company has a U.S. gross deferred tax asset of $210.2 million that the Company expects to fully utilize on a more likely than not basis. Of this amount, $22.8 million will be utilized upon the future reversal of deferred tax liabilities and the remaining net deferred tax asset of $187.4 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 $108.1 million. The Company expects to generate sufficient future taxable income of at least $514.5 million prior to the expiration of these NOLs, the majority of which expire between 2032 and 2037, and a portion of which never expire, to fully realize this deferred tax asset.

NOTE 7—LOSS PER SHARE

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

	Three Months Ended June 30,			
	2023		2022	
	Basic	Diluted	Basic	Diluted
	(In thousands, except per share data)			
Numerator:				
Net loss	$ (14,479)	$ (14,479)	$ (23,997)	$ (23,997)
Net earnings attributable to noncontrolling interests	(220)	(220)	(235)	(235)
Net loss attributable to Angi Inc. Class A and Class B Common Stock shareholders	$ (14,699)	$ (14,699)	$ (24,232)	$ (24,232)
Denominator:				
Weighted average basic Class A and Class B common stock shares outstanding	506,086	506,086	502,453	502,453
Dilutive securities [(a)] [(b)]	—	—	—	—
Denominator for loss per share—weighted average shares	506,086	506,086	502,453	502,453
Loss per share attributable to Angi Inc. Class A and Class B Common Stock shareholders:				
Loss per share	$ (0.03)	$ (0.03)	$ (0.05)	$ (0.05)

	Six Months Ended June 30,			
	2023		2022	
	Basic	Diluted	Basic	Diluted
	(In thousands, except per share data)			
Numerator:				
Net loss	$ (29,479)	$ (29,479)	$ (57,284)	$ (57,284)
Net earnings attributable to noncontrolling interests	(545)	(545)	(338)	(338)
Net loss attributable to Angi Inc. Class A and Class B Common Stock shareholders	$ (30,024)	$ (30,024)	$ (57,622)	$ (57,622)
Denominator:				
Weighted average basic Class A and Class B common stock shares outstanding	505,563	505,563	502,231	502,231
Dilutive securities [(a)] [(b)]	—	—	—	—
Denominator for loss per share—weighted average shares	505,563	505,563	502,231	502,231
Loss per share attributable to Angi Inc. Class A and Class B Common Stock shareholders:				
Loss per share	$ (0.06)	$ (0.06)	$ (0.11)	$ (0.11)

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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 and six months ended June 30, 2023 and 2022, 28.1 million and 28.7 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 and six months ended June 30, 2023 and 2022, 0.7 million and 4.4 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 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:

	June 30, 2023	December 31, 2022	June 30, 2022	December 31, 2021
	(In thousands)			
Cash and cash equivalents	$ 370,579	$ 321,155	$ 360,950	$ 428,136
Restricted cash included in other current assets	—	107	130	156
Restricted cash included in other non-current assets	380	874	870	1,193
Total cash and cash equivalents, and restricted cash as shown on the consolidated statement of cash flows	$ 370,959	$ 322,136	$ 361,950	$ 429,485

Restricted cash included in "Other non-current assets" in the accompanying consolidated balance sheet at June 30, 2023 primarily consisted of cash reserved to fund consumer claims.

ANGI INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

Restricted cash included in “Other current assets” in the accompanying consolidated balance sheets at December 31, 2022 and June 30, 2022 primarily consisted of cash reserved to fund insurance claims.

Restricted cash included in “Other current assets” in the accompanying consolidated balance sheet at December 31, 2021 primarily consisted of funds collected from service providers for disputed payments which were not settled as of the period end, in addition to cash reserved to fund insurance claims.

Restricted cash included in “Other non-current assets” in the accompanying consolidated balance sheets for all periods presented above except June 30, 2023 primarily consisted of deposits related to leases. Restricted cash included in “Other non-current assets” in the accompanying consolidated balance sheet at December 31, 2021 also included cash held related to a check endorsement guarantee for Roofing.

Credit Losses

The following table presents the changes in the allowance for credit losses for the six months ended June 30, 2023 and 2022:

	2023	2022
	(In thousands)	
Balance at January 1	$ 43,160	$ 33,652
Current period provision for credit losses	46,876	47,926
Write-offs charged against the allowance for credit losses	(52,874)	(40,764)
Recoveries collected	2,966	2,709
Balance at June 30	$ 40,128	$ 43,523

Accumulated Amortization and Depreciation

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

Asset Category	June 30, 2023	December 31, 2022
	(In thousands)	
Right-of-use assets (included in “other non-current assets”)	$ 68,186	$ 61,818
Capitalized software, leasehold improvements, and equipment	$ 178,722	$ 146,608
Intangible assets	$ 177,064	$ 172,341

Other income (expense), net

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Interest income	$ 4,156	$ 515	$ 7,579	$ 579
Foreign exchange gains (losses)	1,039	(2,264)	1,426	(2,720)
Other	(7)	(1)	(6)	—
Other income (expense), net	$ 5,188	$ (1,750)	$ 8,999	$ (2,141)

NOTE 9—CONTINGENCIES

In the ordinary course of business, the Company is a party to various lawsuits. The Company establishes accruals for specific legal matters when it determines that the likelihood of an unfavorable outcome is probable and the loss is reasonably estimable. The total accrual for legal matters is $9.8 million at June 30, 2023. Management has also identified certain other legal matters where we believe an unfavorable outcome is not probable and, therefore, no accrual is established. 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 uncertain income tax positions 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 6—Income Taxes" for additional information related to uncertain income tax positions.

NOTE 10—RELATED PARTY TRANSACTIONS WITH IAC

Allocation of CEO Compensation and Certain Expenses

Joseph Levin, CEO of IAC and Chairman of Angi, was appointed CEO of Angi on October 10, 2022. As a result, for the three and six months ended June 30, 2023, IAC allocated $2.3 million and $4.6 million, respectively, in costs to Angi (including salary, benefits, stock-based compensation and costs related to the CEO's office). These costs were allocated from IAC based upon time spent on Angi by Mr. Levin. Management considers the allocation method to be reasonable. The allocated costs also include costs directly attributable to the Company that were initially paid for by IAC and billed by IAC to the Company.

The Combination and Related Agreements

Additionally, in connection with the transaction resulting in the formation of the Company in 2017, which is referred to as the "Combination," Angi and IAC entered into a contribution agreement; an investor rights agreement; a services agreement; a tax sharing agreement; and an employee matters agreement, which collectively govern the relationship between IAC and Angi Inc.

The Company was charged by IAC $1.5 million and $3.1 million for the three and six months ended June 30, 2023, respectively, and $0.9 million and $1.3 million for the three and six months ended June 30, 2022 for services rendered pursuant to the services agreement. There were no outstanding payables pursuant to the services agreement at June 30, 2023 and $0.8 million in outstanding payables pursuant to the services agreement at December 31, 2022.

At June 30, 2023 and December 31, 2022, the Company had outstanding payables of $2.4 million and $1.4 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 and six months ended June 30, 2023 and 2022.

Other Arrangements

Additionally, the Company subleases office space to IAC and charged rent pursuant to a lease agreement of $0.2 million and $0.6 million for the three and six months ended June 30, 2023, respectively, and $0.4 million and $0.8 million for the three and six months ended June 30, 2022, respectively. IAC subleases office space to the Company and charged rent pursuant to a lease agreement of $0.3 million and $0.6 million, respectively for both the three and six months ended June 30, 2023 and 2022. At June 30, 2023, the Company has an outstanding receivable of $0.2 million due from IAC pursuant to the sublease agreements. This amount is included in “Other non-current assets” in the accompanying consolidated balance sheet. At December 31, 2022, there were no outstanding receivables or payables pursuant to the sublease agreements.

The Company incurred advertising expense of $1.8 million and $3.6 million for the three and six months ended June 30, 2023, respectively, and $1.9 million and $3.5 million for the three and six months ended June 30, 2022, respectively, related to advertising and audience targeted advertising purchased from other IAC owned businesses. At June 30, 2023, there were related outstanding payables of $1.2 million included in “Accrued expenses and other current liabilities” in the accompanying consolidated balance sheet.

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 207,000 transacting service professionals actively sought consumer matches, completed jobs, or advertised work through Angi Inc. platforms during the three months ended June 30, 2023. Additionally, consumers turned to at least one of our brands to find a professional for approximately 27 million projects during the twelve months ended June 30, 2023.

The Company has four operating segments: (i) Ads and Leads; (ii) Services; (iii) Roofing; and (iv) International (consisting of businesses in Europe and Canada) and operates under multiple brands including Angi, HomeAdvisor, Handy, Total Home Roofing, and Angi Roofing.

Ads and Leads provides service professionals the capability to engage with potential customers, including quote and invoicing services, and provides consumers with tools and resources to help them find local, pre-screened and customer-rated service professionals nationwide for home repair, maintenance and improvement projects. Services consumers can request household services directly through the Angi platform and Angi fulfills the request through the use of independently established home services providers engaged in a trade, occupation and/or businesses that customarily provides such services. The matching and pre-priced booking services and related tools and directories are provided to consumers free of charge. Roofing provides roof replacement and repair services through its wholly-owned subsidiary Angi Roofing, LLC.

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, 2022.

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:

- **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.

- **Services Revenue** primarily reflects domestic revenue from pre-priced offerings by which the consumer requests services through a Company platform and the Company connects them with a service professional to perform the service.

- **Roofing Revenue** primarily reflects revenue from the roof replacement business offering by which the consumer purchases services directly from the Company and the Company engages a service professional to perform the service.

- **Corporate** primarily reflects costs for corporate initiatives, shared costs, such as executive and public company costs, and other expenses not allocated to the operating segments.

- **International Revenue** primarily reflects revenue generated within the International segment (consisting of businesses in Europe and Canada), including consumer connection revenue for consumer matches and membership subscription revenue from service professionals and consumers.

- **Service Requests** are (i) fully completed and submitted domestic service requests for connections with Ads and Leads service professionals, (ii) contacts to Ads and Leads service professionals generated via the service professional directory from unique users in unique categories (such that multiple contacts from the same user in the same category in the same day are counted as one Service Request) and (iii) requests to book Services jobs in the period.

- **Monetized Transactions** are (i) Service Requests that are matched to a paying Ads and Leads service professional in the period and (ii) completed and in-process Services jobs in the period; a single Service Request can result in multiple monetized transactions.

- **Transacting Service Professionals ("Transacting SPs")** are the number of (i) Ads and Leads service professionals that paid for consumer matches or advertising and (ii) Services service professionals that performed a Services job, during the most recent quarter.

- **ANGI Group 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.

Components of Results of Operations

Sources of Revenue

Ads and Leads Revenue is primarily derived from (i) 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), (ii) advertising revenue, which includes revenue from service professionals under contract for advertising, 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. Services is primarily comprised of revenue from jobs sourced directly through the platform and through retail partnerships and completed by a service professional assigned by our platform. Roofing consists of revenue from roofing projects. International is primarily comprised of revenue from consumer connection revenue for consumer matches and membership subscription from service professionals and consumers.

From January 1, 2020 through December 31, 2022, Services recorded revenue on a gross basis. Effective January 1, 2023, we modified the Services terms and conditions so that the service professional, rather than Angi Inc., has the contractual relationship with the consumer to deliver the service and our performance obligation to the consumer is to connect them with the service professional. This change in contractual terms requires revenue be reported as the net amount of what is received from the consumer after deducting the amounts owed to the service professional providing the service effective for all arrangements entered into after December 31, 2022. There is no impact to operating loss or Adjusted EBITDA from this change in revenue recognition. For the three and six months ended June 30, 2022, if Services revenue were recorded on a net basis, revenue would have been reduced by $71.1 million and $122.8 million, respectively.

Cost of Revenue and Gross Profit

Cost of revenue, which excludes depreciation, consists primarily of (i) roofing materials costs associated with Roofing, (ii) payments made to independent third-party service professionals who perform work contracted under Services arrangements that were entered into prior to January 1, 2023 and the change to net revenue reporting or Roofing arrangements, (iii) credit card processing fees, and (iv) hosting fees.

Gross profit is revenue less cost of revenue. Gross margin is gross profit expressed as a percentage of revenue.

Operating Costs and Expenses:

- **Selling and marketing expense** - consists primarily of (i) advertising expenditures, which include marketing fees to promote the brand to consumers and service professionals with (a) online marketing, including fees paid to search engines and other online marketing platforms, partners who direct traffic to our brands, and app platforms, (b) offline marketing, which is primarily television and radio advertising, (ii) compensation expense (including stock-based compensation expense) and other employee-related costs for our sales force and marketing personnel, (iii) service guarantee expense, (iv) software license and maintenance costs, and (v) outsourced personnel 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) provision for credit losses, (iii) outsourced personnel costs for personnel engaged in assisting in customer service functions, (iv) software license and maintenance costs, (v) fees for professional services, and (vi) 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 attributable to Angi Inc. shareholders to operating loss to consolidated Adjusted EBITDA for the three and six months ended June 30, 2023 and 2022.

Results of Operations for the three and six months ended June 30, 2023 compared to the three and six months ended June 30, 2022

Revenue

	Three Months Ended June 30,				Six Months Ended June 30,			
	2023	$ Change	% Change	2022	2023	$ Change	% Change	2022
	(Dollars in thousands)							
Domestic								
Ads and Leads:								
Consumer connection revenue	$ 209,013	$ (51,883)	(20)%	$ 260,896	$ 421,948	$ (53,295)	(11)%	$ 475,243
Advertising revenue	70,047	4,858	7%	65,189	137,228	8,137	6%	129,091
Membership subscription revenue	13,231	(2,323)	(15)%	15,554	26,430	(5,361)	(17)%	31,791
Other revenue	196	(27)	(12)%	223	387	(96)	(20)%	483
Total Ads and Leads revenue	292,487	(49,375)	(14)%	341,862	585,993	(50,615)	(8)%	636,608
Services revenue	29,867	(78,365)	(72)%	108,232	61,926	(122,756)	(66)%	184,682
Roofing revenue	24,482	(18,168)	(43)%	42,650	62,854	(16,483)	(21)%	79,337
Intersegment eliminations	(1,001)	949	49%	(1,950)	(2,463)	1,164	32%	(3,627)
Total Domestic revenue	345,835	(144,959)	(30)%	490,794	708,310	(188,690)	(21)%	897,000
International revenue	29,233	4,245	17%	24,988	59,165	4,224	8%	54,941
Total revenue	$ 375,068	$ (140,714)	(27)%	$ 515,782	$ 767,475	$ (184,466)	(19)%	$ 951,941
Percentage of Total Revenue:								
Domestic	92 %			95 %	92 %			94 %
International	8 %			5 %	8 %			6 %
Total revenue	100 %			100 %	100 %			100 %

	Three Months Ended June 30,				Six Months Ended June 30,			
	2023	Change	% Change	2022	2023	Change	% Change	2022
	(In thousands, rounding differences may occur)							
Operating metrics:								
Service Requests	6,862	(1,769)	(21)%	8,631	12,866	(2,583)	(17)%	15,449
Monetized Transactions	7,805	(498)	(6)%	8,303	14,256	(866)	(6)%	15,122
Transacting SPs	207	(57)	(22)%	264				

For the three months ended June 30, 2023 compared to the three months ended June 30, 2022

Ads and Leads revenue decreased $49.4 million, or 14%, due primarily to a decrease in consumer connection revenue of $51.9 million, or 20% and a decrease in membership subscription revenue of $2.3 million, or 15%, due to a decline in monetized transactions and a decline in service professionals in the Angi network, partially offset by an increase in advertising revenue of $4.9 million, or 7% primarily driven by continued growth in sales and improved retention. The decrease in Monetized Transactions was a result of an effort to rationalize sales to service professionals that are unprofitable as well as efforts to increase lead quality, including changes to certain demand channels, to enhance the user experience for both homeowners and service professionals.

Services revenue decreased $78.4 million, or 72%, due primarily to the change to net revenue reporting described above under “Sources of Revenue” and a decrease of $29.9 million due to the shift away from complex and less profitable offerings.

Roofing revenue decreased $18.2 million, or 43%, due primarily to a decline in projects and a strategic shift of operations to select markets.

International revenue increased $4.2 million, or 17%, due primarily to a larger professional network.

For the six months ended June 30, 2023 compared to the six months ended June 30, 2022

Ads and Leads revenue decreased $50.6 million, or 8%, due primarily to a decrease in consumer connection revenue of $53.3 million, or 11%, and a decrease in membership subscription revenue of $5.4 million, or 17%, due to a decline in monetized transactions and a decline in service professionals in the Angi network, partially offset by an increase in advertising revenue of $8.1 million, or 6% primarily driven by growth in sales and improved retention. The decrease in Monetized Transactions was a result of an effort to rationalize sales to service professionals that are unprofitable as well as efforts to increase lead quality, including changes to certain demand channels, to enhance the user experience for both homeowners and service professionals.

Services revenue decreased $122.8 million, or 66%, due primarily to the change to net revenue reporting described above under “Sources of Revenue” and a decrease of $42.6 million due to the shift away from complex and less profitable offerings.

Roofing revenue decreased $16.5 million, or 21%, due primarily to factors described above in the three-month discussion.

International revenue increased $4.2 million, or 8%, due primarily to the factor described above in the three-month discussion.

Cost of revenue

	Three Months Ended June 30,				Six Months Ended June 30,			
	2023	$ Change	% Change	2022	2023	$ Change	% Change	2022
	(Dollars in thousands)							
Cost of revenue (exclusive of depreciation shown separately below)	$ 31,662	$ (96,109)	(75)%	$ 127,771	$ 73,703	$ (153,066)	(67)%	$ 226,769
As a percentage of revenue	8%			25%	10%			24%

For the three months ended June 30, 2023 compared to the three months ended June 30, 2022

Ads and Leads cost of revenue decreased $1.5 million, or 15%, and stayed consistent as a percentage of revenue, due primarily to the decrease in revenue of $49.4 million.

Services cost of revenue decreased $80.4 million, or 94%, and decreased as a percentage of revenue, due primarily to a $73.0 million decrease in payments to third-party professional service providers due primarily to the change to net revenue reporting effective January 1, 2023, described above. Additionally, payments to third-party professional service providers decreased as a result of the shift away from complex and less profitable offerings.

Roofing cost of revenue decreased $14.4 million, or 46%, and decreased as a percentage of revenue, due primarily to the reduction of revenue discussed above that resulted in a $7.3 million decrease in roofing material costs and a $4.8 million decrease in third-party professional service providers.

For the six months ended June 30, 2023 compared to the six months ended June 30, 2022

Ads and Leads cost of revenue decreased $2.9 million, or 15%, and stayed consistent as a percentage of revenue, due primarily to the decrease in revenue of $50.6 million.

Services cost of revenue decreased $133.9 million, or 91%, and decreased as a percentage of revenue, due primarily to a $120.7 million decrease in payments to third-party professional service providers due primarily to the change to net revenue reporting effective January 1, 2023, described above. Additionally, payments to third-party professional service providers decreased as a result of the shift away from complex and less profitable offerings.

Roofing cost of revenue decreased $16.5 million, or 28%, and decreased as a percentage of revenue, due primarily to the reduction of revenue discussed above that resulted in a $8.7 million decrease in roofing material costs and a $5.0 million decrease in third-party professional service providers.

Gross profit

	Three Months Ended June 30,				Six Months Ended June 30,			
	2023	$ Change	% Change	2022	2023	$ Change	% Change	2022
	(Dollars in thousands)							
Revenue	$ 375,068	$ (140,714)	(27)%	$ 515,782	$ 767,475	$ (184,466)	(19)%	$ 951,941
Cost of revenue (exclusive of depreciation shown separately below)	31,662	(96,109)	(75)%	127,771	73,703	(153,066)	(67)%	226,769
Gross profit	$ 343,406	$ (44,605)	(11)%	$ 388,011	$ 693,772	$ (31,400)	(4)%	$ 725,172
Gross margin	92%		17%	75%	90%		14%	76%

For the three months ended June 30, 2023 compared to the three months ended June 30, 2022

Angi gross profit decreased $44.6 million, or 11%, due primarily to the decrease in revenue described in the revenue discussion above.

For the six months ended June 30, 2023 compared to the six months ended June 30, 2022

Angi gross profit decreased $31.4 million, or 4%, due primarily to the decrease in revenue described in the revenue discussion above.

Selling and marketing expense

	Three Months Ended June 30,				Six Months Ended June 30,			
	2023	$ Change	% Change	2022	2023	$ Change	% Change	2022
	(Dollars in thousands)							
Selling and marketing expense	$ 212,713	$ (38,446)	(15)%	$ 251,159	$ 417,622	$ (59,338)	(12)%	$ 476,960
As a percentage of revenue	57%			49%	54%			50%

For the three months ended June 30, 2023 compared to the three months ended June 30, 2022

Ads and Leads selling and marketing expense decreased $23.8 million, or 11%, driven by decreases in advertising expense of $22.5 million and professional fees of $2.3 million. The decrease in advertising expense was primarily due to a $32.0 million decrease in online advertising spend due to increased efficiency partially offset by a $9.0 million increase in offline advertising spend due to efforts to build awareness of the Angi brand. The decrease in professional fees is primarily due to a decrease in marketing and branding consultancy fees.

Services selling and marketing expense decreased $10.7 million, or 50%, driven by decreases of $7.4 million in professional fees and third-party wages, $4.2 million in compensation expense, and $1.9 million in advertising expense, partially offset by an increase of $3.8 million in service guarantee expense. The decrease in third-party wages and professional fees is primarily due to $5.1 million less in phone-based sales wages primarily resulting from increased reliance on more profitable digital conversion channels and $1.1 million less due to streamlined fulfillment operations, partially driven by fewer complex services. The decrease in compensation expense is primarily due to a reduction in headcount. The decrease in advertising expense is primarily due to a decrease in service professional marketing spend. The increase in service guarantee expense is due to the aforementioned change in contractual terms and conditions resulting in the change to net revenue reporting such that this expense is no longer a component of cost of revenue, which is where the expense was recorded prior to January 1, 2023.

Roofing selling and marketing expense decreased $3.3 million, or 41%, primarily driven by a decrease of $2.2 million in compensation expense as a result of a reduction in headcount and a strategic shift of operations to select markets.

For the six months ended June 30, 2023 compared to the six months ended June 30, 2022

Ads and Leads selling and marketing expense decreased $28.1 million, or 7%, driven by decreases in advertising expense of $33.0 million and professional fees of $3.9 million, partially offset by an increase in compensation expense of $8.3 million. The decrease in advertising expense was primarily due to a $43.4 million decrease in online advertising spend due to increased efficiency partially offset by a $8.9 million increase in offline advertising spend due to efforts to build awareness of the Angi brand. The decrease in professional fees is primarily due to a decrease in marketing and branding consultancy fees. The increase in compensation is primarily due to increased sales commissions due to the immediate expensing of commissions for certain transactions beginning October 1, 2022.

Services selling and marketing expense decreased $16.9 million, or 42%, driven by decreases of $12.3 million in professional fees and third-party wages, $7.1 million in compensation expense, and $2.9 million in advertising expense, partially offset by an increase of $7.2 million in service guarantee expense. The decrease in professional fees and third-party wages is primarily due to $8.7 million less in phone-based sales wages primarily resulting from increased reliance on more profitable digital conversion channels and $2.4 million less due to streamlined fulfillment operations, partially driven by fewer complex services. The decrease in compensation expense is primarily due to a reduction in headcount. The decrease in advertising expense is primarily due to a decrease in service professional marketing spend. The increase in service guarantee expense is due to the aforementioned change in contractual terms and conditions such that this expense is no longer a component of cost of revenue, which is where the expense was recorded prior to January 1, 2023.

Roofing selling and marketing expense decreased $4.4 million, or 28%, primarily driven by a decrease of $2.3 million in compensation expense as a result of a reduction in headcount and a strategic shift of operations to select markets.

International selling and marketing expense decreased $8.5 million, or 31%, driven by a decrease of $10.8 million in advertising expense. The decrease in advertising expense is primarily due to improved online efficiency and a decrease in television advertising expense.

General and administrative expense

	Three Months Ended June 30,				Six Months Ended June 30,			
	2023	$ Change	% Change	2022	2023	$ Change	% Change	2022
	(Dollars in thousands)							
General and administrative expense	$ 96,985	$ (22,641)	(19)%	$ 119,626	$ 199,503	$ (29,778)	(13)%	$ 229,281
As a percentage of revenue	26%			23%	26%			24%

For the three months ended June 30, 2023 compared to the three months ended June 30, 2022

Ads and Leads general and administrative expense decreased $15.3 million, or 21%, due primarily to decreases of $4.0 million in compensation expense, $3.9 million in the provision for credit losses, $3.4 million in professional fees, and $2.3 million in third-party wages. The decrease in compensation expense is primarily due to a reduction in headcount. The decrease in the provision for credit losses is primarily due to lower revenue and improved collection rates. The decrease in professional fees is primarily due to a reduction in legal fees. The decrease in third-party wages is primarily due to a reduction in third-party providers.

Services general and administrative expense decreased $5.2 million, or 33%, due primarily to decreases of $3.6 million in compensation expense as a result of a reduction in headcount.

Roofing general and administrative expense decreased $2.8 million, or 42%, due primarily to decreases of $1.2 million in compensation expense as a result of a reduction in headcount.

For the six months ended June 30, 2023 compared to the six months ended June 30, 2022

Ads and Leads general and administrative expense decreased $22.0 million, or 16%, due primarily to decreases of $11.8 million in compensation expense, $3.4 million in third-party wages, and $2.1 million in professional fees. The decrease in compensation expense is primarily due to a reduction in headcount. The decrease in third-party wages is primarily due to a reduction in third-party providers. The decrease in professional fees is primarily due to a reduction in legal fees.

Services general and administrative expense decreased $7.2 million, or 24%, due primarily to decreases of $3.6 million in compensation expense and $2.4 million in the provision for credit losses. The decrease in compensation expense is primarily due to a reduction in headcount. The decrease in the provision for credit losses is primarily due to improved collection rates and lower revenue.

Roofing general and administrative expense decreased $4.4 million, or 31%, due primarily to a decrease of $2.3 million in compensation expense. The decrease in compensation expense is primarily due to a decrease in stock-based compensation and a reduction in headcount.

Corporate general and administrative expense increased $3.3 million, or 12%, due primarily to an increase of $1.8 million in termination fees for leases as a result of Angi Inc. reducing its real estate footprint in 2023.

Product development expense

	Three Months Ended June 30,				Six Months Ended June 30,			
	2023	$ Change	% Change	2022	2023	$ Change	% Change	2022
	(Dollars in thousands)							
Product development expense	$ 25,549	$ 4,595	22%	$ 20,954	$ 50,861	$ 12,048	31%	$ 38,813
As a percentage of revenue	7%			4%	7%			4%

For the three months ended June 30, 2023 compared to the three months ended June 30, 2022

Product development expense increased $4.6 million, or 22%. This contrasts with a $24.8 million, or 70%, decrease in capital expenditures for the three months ended June 30, 2023 compared to the three months ended June 30, 2022, which is primarily comprised of internally developed software. The increase in product development expense was driven by a decrease in the percentage of internally developed software that was subject to capitalization in the second quarter of 2023 compared to the second quarter of 2022.

For the six months ended June 30, 2023 compared to the six months ended June 30, 2022

Product development expense increased $12.0 million, or 31%. This contrasts with a $39.8 million, or 64%, decrease in capital expenditures for the six months ended June 30, 2023 compared to the six months ended June 30, 2022, which is primarily comprised of internally developed software. The increase in product development expense was driven by a decrease in the percentage of internally developed software that was subject to capitalization in the six months ended June 30, 2023 compared to the six months ended June 30, 2022.

Depreciation

	Three Months Ended June 30,				Six Months Ended June 30,			
	2023	$ Change	% Change	2022	2023	$ Change	% Change	2022
	(Dollars in thousands)							
Depreciation	$ 22,179	$ 8,825	66%	$ 13,354	$ 47,614	$ 20,261	74%	$ 27,353
As a percentage of revenue	6%			3%	6%			3%

For the three and six months ended June 30, 2023 compared to the three and six months ended June 30, 2022

Depreciation increased primarily due to capitalized software placed in service after the second quarter of 2022.

Operating income (loss)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2023	$ Change	% Change	2022	2023	$ Change	% Change	2022
	(Dollars in thousands)							
Ads and Leads	$ 4,791	$ (18,501)	(79)%	$ 23,292	$ 18,271	$ (20,507)	(53)%	$ 38,778
Services	(5,175)	15,876	75%	(21,051)	(17,627)	29,174	62%	(46,801)
Roofing	(1,302)	2,487	66%	(3,789)	(891)	9,048	91%	(9,939)
Corporate	(16,568)	1,523	8%	(18,091)	(31,507)	(394)	(1)%	(31,113)
Total Domestic	(18,254)	1,385	7%	(19,639)	(31,754)	17,321	35%	(49,075)
International	1,571	2,818	NM	(1,247)	4,601	10,369	NM	(5,768)
Total	$ (16,683)	$ 4,203	20%	$ (20,886)	$ (27,153)	$ 27,690	50%	$ (54,843)
As a percentage of revenue	(4)%			(4)%	(4)%			(6)%

NM = Not meaningful

For the three and six months ended June 30, 2023 compared to the three and six months ended June 30, 2022

Operating losses decreased for the three and six months ended June 30, 2023 compared to the three and six months ended June 30, 2022 due primarily to the factors described above in the revenue, cost of revenue, sales and marketing, general and administrative, product development, and depreciation expense discussions.

At June 30, 2023, there is $54.1 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 2.51 years.

Adjusted EBITDA

	Three Months Ended June 30,				Six Months Ended June 30,			
	2023	$ Change	% Change	2022	2023	$ Change	% Change	2022
	(Dollars in thousands)							
Ads and Leads	$ 28,155	$ (14,009)	(33)%	$ 42,164	$ 68,006	$ (8,483)	(11)%	$ 76,489
Services	1,700	15,613	NM	(13,913)	(468)	32,012	99%	(32,480)
Roofing	(1,294)	1,796	58%	(3,090)	(473)	7,643	94%	(8,116)
Corporate	(13,109)	1,993	13%	(15,102)	(25,463)	89	—%	(25,552)
Total Domestic	15,452	5,393	54%	10,059	41,602	31,261	302%	10,341
International	2,837	3,207	NM	(370)	7,191	11,012	NM	(3,821)
Total	$ 18,289	$ 8,600	89%	$ 9,689	$ 48,793	$ 42,273	648%	$ 6,520
As a percentage of revenue	5%			2%	6%			1%

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 income (loss) to Adjusted EBITDA for the Company's reportable segments, see "Note 5—Segment Information" to the consolidated financial statements included in "Item 1. Consolidated Financial Statements."

For the three months ended June 30, 2023 compared to the three months ended June 30, 2022

Ads and Leads Adjusted EBITDA decreased $14.0 million, or 33%, to $28.2 million, and decreased as a percentage of revenue, driven by lower gross profit due to a decrease in revenue, partially offset by lower selling and marketing expense due to improved marketing efficiency and lower general and administrative expense due to lower compensation costs and other operating expenses.

Services Adjusted EBITDA increased $15.6 million, from a loss of $13.9 million to income of $1.7 million, and increased as a percentage of revenue, driven by higher gross profit due to pricing and fulfillment optimization efforts over the past year and lower operating expenses due to a reduced overall cost base as a result of exiting complex and less profitable offerings.

Roofing Adjusted EBITDA loss decreased $1.8 million, or 58% to $1.3 million, and decreased as a percentage of revenue, driven by a decrease in selling and marketing expense and general and administrative expense due to headcount rationalization and a strategic shift of operations to select markets.

Corporate Adjusted EBITDA loss decreased $2.0 million, or 13%, to $13.1 million, driven by a decrease in sales and marketing expense.

International Adjusted EBITDA increased $3.2 million, from a loss of $0.4 million to income of $2.8 million, driven by lower selling and marketing expense due to more efficient marketing spend.

For the six months ended June 30, 2023 compared to the six months ended June 30, 2022

Ads and Leads Adjusted EBITDA decreased $8.5 million, or 11%, to $68.0 million, and remained constant as a percentage of revenue, driven by lower gross profit due to a decrease in revenue, partially offset by lower selling and marketing expense due to improved marketing efficiency and lower general and administrative expense due to lower compensation costs and other operating expenses.

Services Adjusted EBITDA loss decreased $32.0 million, or 99%, to $0.5 million, and decreased as a percentage of revenue, driven by higher gross profit due to pricing and fulfillment optimization efforts over the past year and lower operating expenses due to a reduced overall cost base as a result of exiting complex and less profitable offerings.

Roofing Adjusted EBITDA loss decreased $7.6 million, or 94% to $0.5 million, and decreased as a percentage of revenue, driven by a decrease in selling and marketing expense and general and administrative expense due to headcount rationalization and a strategic shift of operations to select markets.

International Adjusted EBITDA increased $11.0 million, from a loss of $3.8 million to income of $7.2 million, driven by lower selling and marketing expense due to more efficient marketing spend.

Interest expense

Interest expense relates to interest on the ANGI Group Senior Notes.

For a detailed description of long-term debt, net, see "Note 3—Long-term Debt" to the consolidated financial statements included in "Item 1. Consolidated Financial Statements."

	Three Months Ended June 30,				Six Months Ended June 30,			
	2023	$ Change	% Change	2022	2023	$ Change	% Change	2022
	(In thousands)							
Interest expense	$ 5,034	$ 8	—%	$ 5,026	$ 10,063	$ 15	—%	$ 10,048

For the three and six months ended June 30, 2023 compared to the three and six months ended June 30, 2022

Interest expense was flat compared to the three months ended June 30, 2022.

Other income (expense), net

	Three Months Ended June 30,				Six Months Ended June 30,			
	2023	$ Change	% Change	2022	2023	$ Change	% Change	2022
	(In thousands)							
Other income (expense), net	$ 5,188	$ 6,938	NM	$ (1,750)	$ 8,999	$ 11,140	NM	$ (2,141)

For the three months ended June 30, 2023 and 2022

Other income, net for the three months ended June 30, 2023 primarily includes interest income of $4.2 million, and a foreign currency exchange gain of $1.0 million.

Other expense, net for the three months ended June 30, 2022 primarily includes a foreign currency exchange loss of $2.3 million, partially offset by interest income of $0.5 million.

For the six months ended June 30, 2023 and 2022

Other income, net for the six months ended June 30, 2023 primarily includes interest income of $7.6 million and a foreign currency exchange gain of $1.4 million.

Other expense, net for the six months ended June 30, 2022 primarily includes foreign currency losses of $2.7 million, partially offset by interest income of $0.6 million.

Income tax benefit (provision)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2023	$ Change	% Change	2022	2023	$ Change	% Change	2022
	(Dollars in thousands)							
Income tax benefit (provision)	$ 2,050	$ (1,615)	(44)%	$ 3,665	$ (1,262)	$ (11,010)	NM	$ 9,748
Effective income tax rate	12%			13%	NM			15%

For further details of income tax matters, see “Note 6—Income Taxes” to the consolidated financial statements included in “Item 1. Consolidated Financial Statements.”

For the three months ended June 30, 2023 compared to the three months ended June 30, 2022

In 2023, the Company recorded a benefit due primarily to nondeductible stock-based compensation and foreign income taxed at different rates, partially offset by research credits and an adjustment to the forecasted annual effective tax rate.

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

For the six months ended June 30, 2023 compared to the six months ended June 30, 2022

In 2023, the Company recorded a provision despite a pre-tax loss due primarily to nondeductible stock-based compensation and foreign income taxed at different rates, partially offset by research credits.

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 unbenefited foreign losses.

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, and our internal budgets are based and may impact management compensation. 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 attributable to Angi Inc. shareholders to operating loss to consolidated Adjusted EBITDA:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(In thousands)			
Net loss attributable to Angi Inc. shareholders	$ (14,699)	$ (24,232)	$ (30,024)	$ (57,622)
Add back:				
Net earnings attributable to noncontrolling interests	220	235	545	338
Income tax (benefit) provision	(2,050)	(3,665)	1,262	(9,748)
Other (income) expense, net	(5,188)	1,750	(8,999)	2,141
Interest expense	5,034	5,026	10,063	10,048
Operating loss	(16,683)	(20,886)	(27,153)	(54,843)
Add back:				
Stock-based compensation expense	10,130	13,417	23,007	26,402
Depreciation	22,179	13,354	47,614	27,353
Amortization of intangibles	2,663	3,804	5,325	7,608
Adjusted EBITDA	$ 18,289	$ 9,689	$ 48,793	$ 6,520

For a reconciliation of operating income (loss) to Adjusted EBITDA for the Company's reportable segments, see "Note 5—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, 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

	June 30, 2023	December 31, 2022
	(In thousands)	
Cash and cash equivalents:		
United States	$ 360,488	$ 311,422
All other countries	10,091	9,733
Total cash and cash equivalents	370,579	321,155
Long-term debt:		
ANGI Group Senior Notes	$ 500,000	$ 500,000
Less: unamortized debt issuance costs	4,340	4,716
Total long-term debt, net	$ 495,660	$ 495,284

At June 30, 2023, all of the Company's international cash can be repatriated without significant consequences.

For a detailed description of long-term debt, see "Note 3—Long-term Debt" to the consolidated financial statements included in "Item 1. Consolidated Financial Statements."

Cash Flow Information

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

	Six Months Ended June 30, 2023	2022
	(In thousands)	
Net cash provided by (used in):		
Operating activities	$ 77,779	$ 7,079
Investing activities	$ (21,921)	$ (61,974)
Financing activities	$ (7,578)	$ (11,657)

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 provision for credit losses, depreciation, stock-based compensation expense, non-cash lease expense (including impairment of right-of-use assets), amortization of intangibles, and deferred income taxes.

2023

Adjustments to earnings consist primarily of $47.6 million of depreciation, $46.9 million of provision for credit losses, $23.0 million of stock-based compensation expense, $6.7 million of non-cash lease expense, and $5.3 million of amortization of intangibles. The decrease from changes in working capital consists primarily of an increase of $31.2 million in accounts receivable, a decrease of $12.9 million in operating lease liabilities, and an increase of $16.1 million in accounts payable and other liabilities. The increase in accounts receivable is due primarily to timing of cash receipts. 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, in part, to timing of payments.

Net cash used in investing activities includes capital expenditures of $22.3 million primarily related to investments in capitalized software to support the Company's products and services and purchases of marketable debt securities of $12.4 million, partially offset by proceeds from maturities of marketable debt securities of $12.5 million.

Net cash used in financing activities includes $4.1 million for the payment of withholding taxes on behalf of employees for stock-based awards that were net settled and $3.4 million for the repurchase of 1.1 million shares of Angi Inc. Class A common stock, on a settlement date basis, at an average price of $3.22 per share.

2022

Adjustments to earnings consist primarily of $47.9 million of provision for credit losses, $27.4 million of depreciation, $26.4 million of stock-based compensation expense, $8.4 million of non-cash lease expense (including impairment of right-of-use assets), and $7.6 million of amortization of intangibles, partially offset by deferred income taxes of $12.1 million. The decrease from changes in working capital consists primarily of an increase of $84.1 million in accounts receivable, an increase of $11.1 million in other assets, and a decrease of $8.6 million in operating lease liabilities, partially offset by increases of $55.5 million in accounts payable and other liabilities. The increase in accounts receivable is due primarily to revenue growth, primarily attributable to Services. The increase in other assets is primarily due to an increase in capitalized sales commissions. 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 primarily due to increases in accrued expenses related to the 2021 brand integration initiative and accrued roofing material costs related to Roofing.

Net cash used in investing activities includes $62.1 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 $3.5 million for the payment of withholding taxes on behalf of employees for stock-based awards that were net settled.

Liquidity and Capital Resources

Share Repurchase Authorizations and Activity

During the six months ended June 30, 2023, the Company repurchased 1.1 million shares, on a trade date basis, of its common stock at an average price of $3.22 per share, or $3.4 million in aggregate. The Company had 14.0 million shares remaining in its share repurchase authorization as of August 4, 2023. The Company may purchase its shares over an indefinite period of time on the open market and in privately negotiated transactions, depending on those factors 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 August 4, 2023; 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)	
RSUs and other equity awards[(a)(b)]	99,733	48,336	13,891
Total outstanding employee stock-based awards	$ 99,733	$ 48,336	13,891

(a) Includes stock options 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 June 30, 2023, 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, 2022, included in the Company's Annual Report on Form 10-K.

Capital Expenditures

The Company's 2023 capital expenditures are expected to be lower than 2022 capital expenditures of $116.4 million by approximately 60%, due primarily to decreased investment in capitalized software.

Liquidity Assessment

The Company's liquidity could be negatively affected by a decrease in demand for its products and services due to economic or other factors.

At June 30, 2023, IAC held all Class B shares of Angi Inc., which represent 83.9% of the economic interest and 98.1% of the voting interest of the Company. As a result, IAC has the ability to control Angi's financing activities, including the issuance of additional debt and equity securities by Angi or any of its subsidiaries, or the incurrence of other indebtedness generally. While Angi 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's capital stock and its representation on the Angi board of directors.

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.

Additional financing may not be available on terms favorable to the Company or at all, and may also be impacted by any disruptions in the financial markets. In addition, the Company's existing indebtedness could limit its ability to obtain additional financing.

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

During the six months ended June 30, 2023, 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, 2022.

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. During 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 (the “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, 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. 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 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 litigation matters which we are defending, including those described below, involves or is likely to involve amounts of that magnitude. The matters described below involve issues or claims that may be of particular interest to our stockholders, regardless of whether they may be material to our financial position or operations based upon the standard set forth in the rules of the Commission.

Service Professional Class Action Litigation against HomeAdvisor

In July 2016, a putative class action, *Airquip, Inc. et al. v. HomeAdvisor, Inc. et al.*, No. 1:16-cv-1849, was filed in the U.S. District Court for the District of Colorado. The complaint, as amended in November 2016, alleged that HomeAdvisor engages in certain deceptive practices affecting the SPs who join its network, including charging them for substandard customer leads and failing to disclose certain charges. The complaint sought certification of a nationwide class consisting of all HomeAdvisor SPs since October 2012, asserted claims for fraud, breach of implied contract, unjust enrichment and violation of the federal RICO statute and the Colorado Consumer Protection Act ("CCPA"), and sought injunctive relief and damages in an unspecified amount.

In July 2018, plaintiffs' counsel filed a separate putative class action in the U.S. District Court for the District of Colorado, *Costello et al. v. HomeAdvisor, Inc. et al.*, No. 1:18-cv-1802, on behalf of the nine SPs also proposed as new plaintiffs in the *Airquip* case, naming as defendants HomeAdvisor, Angi and IAC (as well as an unrelated company), and asserting 45 claims largely duplicative of those asserted in a proposed second amended complaint in the *Airquip* case. In November 2018, the judge presiding over the *Airquip* case issued an order consolidating the two cases to proceed before him under the caption *In re HomeAdvisor, Inc. Litigation*.

In January 2019, the plaintiffs renewed their motion for leave to file a consolidated second amended complaint, naming as defendants, in addition to HomeAdvisor, Angi and IAC, CraftJack, Inc. (a wholly-owned subsidiary of the Company) and two unrelated entities. In February 2019, the defendants opposed the motion on various grounds. In September 2019, the court issued an order granting the plaintiffs' motion. In October and December 2019, the four defendants affiliated with HomeAdvisor filed motions to dismiss certain claims in the amended complaint. In September 2020, the court issued an order granting in part and denying in part the defendants' motions to dismiss. In May 2022, the plaintiffs filed a motion for class certification. In June 2022, the Company opposed the motion, which remains pending.

The Company believes that the allegations in this lawsuit are without merit and will continue to defend vigorously against them.

False Advertising Litigation against HomeAdvisor

In March 2018, the San Francisco District Attorney filed a lawsuit in the Superior Court of California, *People of the State of California v. HomeAdvisor, Inc.*, No. CGC-18-565008, alleging that HomeAdvisor violated California's Unfair Competition Law and False Advertising Law by misleading California consumers about the scope of its background check program. The claims focus on certain television commercials, radio advertisements, and website disclosures during the 2014-18 period. In May 2018, the court issued a preliminary injunction against the Company barring it from airing the then-current versions of the advertisements. In May 2020, the state Court of Appeals affirmed the preliminary injunction. The parties then engaged in lengthy settlement negotiations with the assistance of a mediator. On May 18, 2023, the court approved the parties' proposed consent judgement, pursuant to which the Company agreed to not to make certain representations concerning its background check program and to pay a civil money penalty in the amount of $6,820,000.

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 continued migration of the home services market online, (ii) our ability to market our various products and services in a successful and cost-effective manner, (iii) the continued display of links to websites offering our products and services in a prominent manner in search results, (iv) our ability to successfully implement our brand initiative and expand Services (our pre-priced offerings), while balancing the overall mix of service requests and directory services on Angi platforms, (v) our ability to establish and maintain relationships with quality and trustworthy service professionals, (vi) our continued ability to develop and monetize versions of our products and services for mobile and other digital devices, (vii) our ability to access, share and use personal data about consumers, (viii) our continued ability to communicate with consumers and service professionals via e-mail (or other sufficient means), (xix) any challenge to the contractor classification or employment status of our service professionals, (x) our ability to compete, (xi) adverse economic events or trends (particularly those that impact consumer confidence and spending behavior), (xii) our ability to build, maintain and/or enhance our various brands, (xiii) the adverse impact of COVID-19 and other similar outbreaks on our businesses, (xiv) our ability to protect our systems, technology and infrastructure from cyberattacks and to protect personal and confidential user information (including credit card information), as well as the impact of cyberattacks experienced by third parties, (xv) the occurrence of data security breaches and/or fraud, (xvi) increased liabilities and costs related to the processing, storage, use and disclosure of personal and confidential user information, (xvii) the integrity, quality, efficiency and scalability of our systems, technology and infrastructures (and those of third parties with whom we do business), (xviii) changes in key personnel, (xix) various risks related to our relationship with IAC, (xx) our ability to generate sufficient cash to service our indebtedness and (xxi) certain risks related to ownership of our Class A common stock.

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, 2022. 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 Company did not issue or sell any shares of its common stock or any other equity securities pursuant to unregistered transactions during the quarter ended June 30, 2023.

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 June 30, 2023:

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)
April 2023	—	$ —	—	15,025,714
May 2023	806,143	$ 3.24	806,143	14,219,571
June 2023	248,200	$ 3.15	248,200	13,971,371
Total	1,054,343	$ 3.22	1,054,343	13,971,371

(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 June 30, 2023 pursuant to the March 2020 share repurchase authorization. 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 5. ***Other Information***

Rule 10b5-1 Trading Plans

On June 5, 2023, Angela Hicks Bowman, a director and officer of the Company (Chief Customer Officer), adopted a Rule 10b5-1 trading plan that provides for the sale of up to 60,000 shares of the Company's Class A common stock and all of the net shares of the Company's Class A common stock acquired upon the exercise of up to 447,000 Company stock options (the "Plan"). Sales pursuant to the Plan are scheduled to occur (assuming the satisfaction of the applicable price and other conditions set forth in the Plan) during the period commencing on October 4, 2023 and ending on September 13, 2024, absent the earlier amendment or termination of the Plan in accordance with its terms. The Plan is intended to qualify for the affirmative defense of Rule 10b5-1.

No other director or officer of the Company adopted or terminated a Rule 10b5-1 trading plan or non-Rule 10b5-1 trading arrangement (as such term is defined in Item 408(a) of Regulation S-K) during the quarter ended June 30, 2023.

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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, 2022.
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: August 8, 2023

Angi Inc.

By: /s/ ANDREW RUSSAKOFF
Andrew Russakoff
Chief Financial Officer

Signature	Title	Date
/s/ ANDREW RUSSAKOFF Andrew Russakoff	Chief Financial Officer	August 8, 2023

Exhibit 31.1

Certification

I, Joseph Levin, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended June 30, 2023 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: August 8, 2023

/s/ JOSEPH LEVIN

Joseph Levin

Chief Executive Officer

Exhibit 31.2

Certification

I, Andrew Russakoff, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended June 30, 2023 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: August 8, 2023	/s/ ANDREW RUSSAKOFF
	Andrew Russakoff
	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, Joseph Levin, 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 quarter ended June 30, 2023 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: August 8, 2023

/s/ JOSEPH LEVIN
Joseph Levin
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, Andrew Russakoff, 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 quarter ended June 30, 2023 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: August 8, 2023

/s/ ANDREW RUSSAKOFF
Andrew Russakoff
Chief Financial Officer