



Investor Day Presentation

June 15, 2021

BLUCORATM



A Repositioned Company: Executing a Clear Strategy to Deliver Sustained Growth

Chris Walters
President & CEO

BLU**C**CORATM

Forward-Looking Statements and Non-GAAP Financial Measures

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements generally are identified by the words “anticipate,” “believe,” “plan,” “project,” “expect,” “future,” “going to,” “guidance,” “intend,” “may,” “will,” “should,” “could,” “would,” “estimate,” “predict,” “opportunity,” “potential,” “continue,” “target,” and similar expressions and include topics such as our outlook and expectations concerning future performance. Actual results may differ significantly from management’s expectations due to various risks and uncertainties including, but not limited to: the impact of the COVID-19 pandemic on our results of operations and our business, including the impact of the resulting economic and market disruption, the extension of tax filing deadlines, and other related government actions; our ability to effectively implement our future business plans and growth strategy; our ability to effectively compete within our industry; our ability to attract and retain financial professionals, qualified employees, clients, and customers, as well as our ability to provide strong customer/client service; our ability to close, finance, and realize all of the anticipated benefits of acquisitions, as well as our ability to integrate the operations of recently acquired businesses, and the potential impact of such acquisitions on our existing indebtedness and leverage; our future capital requirements and the availability of financing and our ability to meet our current and future debt service obligations and maintain compliance with our debt covenants; any downgrade of our credit ratings; our ability to generate strong investment performance for our clients and the impact of the financial markets on our clients’ portfolios; the impact of new or changing legislation and regulations (or interpretations thereof) on our business, including our ability to successfully address and comply with such legislation and regulations (or interpretations thereof) and increased costs, reductions of revenue, and potential fines, penalties, or disgorgement to which we may be subject as a result thereof; risks, burdens, and costs, including fines, penalties, or disgorgement, associated with our business being subjected to regulatory inquiries, investigations, or initiatives, including those of the Financial Industry Regulatory Authority, Inc. and the U.S. Securities and Exchange Commission (“SEC”); risks associated with legal proceedings, including litigation and regulatory proceedings; our ability to manage leadership and employee transitions, including costs and time burdens on management and our board of directors related thereto; political and economic conditions and events that directly or indirectly impact the wealth management and tax preparation software industries; our ability to respond to rapid technological changes, including our ability to successfully release new products and services or improve upon existing products and services; the compromising of confidentiality, availability or integrity of information, including cyberattacks; our expectations concerning the revenues we generate from fees associated with the financial products that we distribute; risks related to goodwill and other intangible asset impairment; our ability to develop, establish, and maintain strong brands; risks associated with the use and implementation of information technology and the effect of security breaches, computer viruses, and computer hacking attacks; our ability to comply with laws and regulations regarding privacy and protection of user data; our ability to maintain our relationships with third party partners, providers, suppliers, vendors, distributors, contractors, financial institutions, industry associations, and licensing partners, and our expectations regarding and reliance on the products, tools, platforms, systems, and services provided by these third parties; our beliefs and expectations regarding the seasonality of our business; our assessments and estimates that determine our effective tax rate; our ability to protect our intellectual property and the impact of any claim that we have infringed on the intellectual property rights of others. A more detailed description of these and certain other factors that could affect actual results is included in Blucora’s most recent Annual Report on Form 10-K for the year ended December 31, 2020 filed with the SEC on February 26, 2021 and subsequent reports filed with or furnished to the SEC. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation and reflect our good faith beliefs, assumptions and expectations, but they are not guarantees of future performance or events. We disclaim any obligation to update or revise any forward-looking statements to reflect changes in underlying assumptions, factors, or expectations, new information, data or methods, future events or other changes after the date of this presentation, except as may be required by law.

Third-Party Information and Market and Industry Data

We have neither sought nor obtained consent from any third party for the use of previously published information. Any such statements or information should not be viewed as indicating the support of such third party for the views expressed herein. We shall not be responsible or have any liability for any misinformation contained in any third-party report, SEC or other regulatory filing. All registered or unregistered service marks, trademarks and trade names referred to in this presentation are the property of their respective owners, and our use herein does not imply an affiliation with, or endorsement by, the owners of these service marks, trademarks and trade names.

The data included in this presentation regarding our industries, including trends in the market and the Company’s position and the position of its competitors within our industries, are based on the Company’s estimates, which have been derived from management’s knowledge and experience in our industries, and information obtained from customers, trade and business organizations, internal research, publicly available information, industry publications and surveys and other contacts in our industries. The Company has also cited information compiled by industry publications, governmental agencies and publicly available sources. Although the Company believes these third-party sources to be reliable, it has not independently verified the data obtained from these sources and we cannot assure you of the accuracy or completeness of the data. Estimates of market size and relative positions in a market are difficult to develop and inherently uncertain and the Company cannot assure you that it is accurate. Accordingly, you should not place undue weight on the industry and market share data presented in this presentation.

Non-GAAP Financial Information

This presentation contains non-GAAP financial measures relating to our performance. You can find the reconciliation of these measures to the most directly comparable GAAP financial measure in the Appendix at the end of this presentation. The non-GAAP financial measures disclosed by the Company should not be considered a substitute for, or superior to, the financial measures prepared in accordance with GAAP.

Addressing Key Investor Questions

- How will we drive sustainable organic growth in each business?
- When will meaningful synergies be realized between the two businesses?
- What are most attractive capital allocation opportunities for the business?
- What is the timeline for delivering these plans?

Blucora – Repositioned to Deliver Sustainable Growth

Solid progress repositioning Blucora

Building on two strong businesses

Executing clear, sustainable growth strategy

Delivering strong results

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Solid progress repositioning Blucora

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Delivering strong results

A Leading Provider of Tax-Focused Financial Solutions

Revenue (2020)

\$755mm

up 5% vs. 2019

Employees

~900¹

Market Cap.

~\$825mm¹

Balance Sheet

Strong

Two Synergistic Businesses



Wealth Management

~60% of 2020 Operating Income^{2*}



Tax Software

~40% of 2020 Operating Income^{2*}



**Dallas,
Texas**

Headquarters

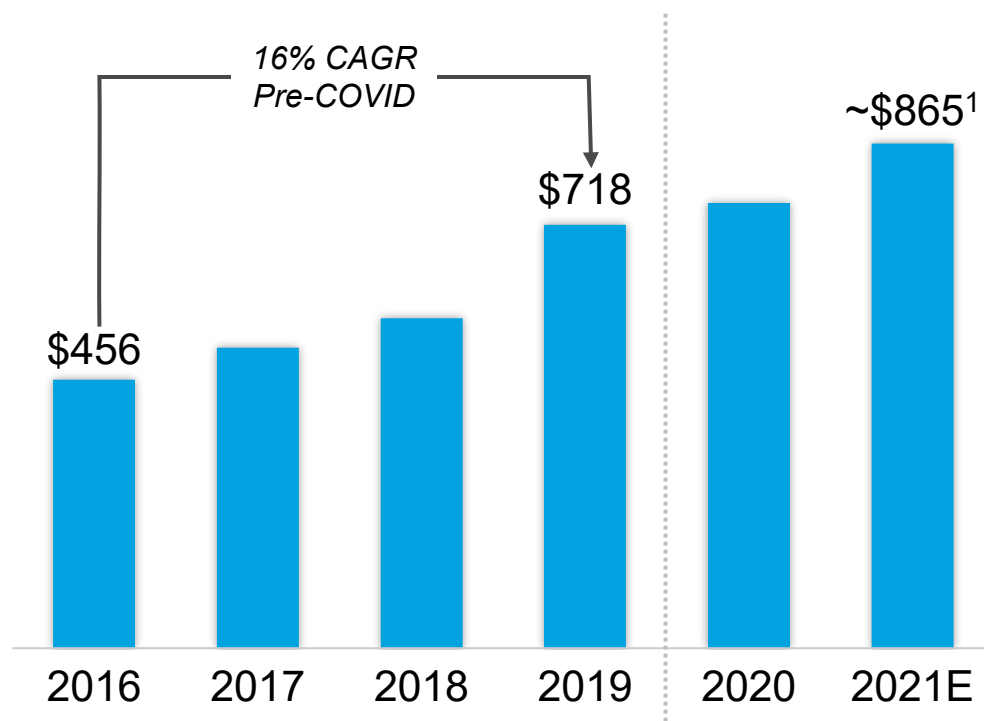
¹ Estimated employee count as of 12/31/20. Market cap. as of June 11, 2021 per NASDAQ. Rounded to nearest \$5mm.

² Excluding corporate level activity.

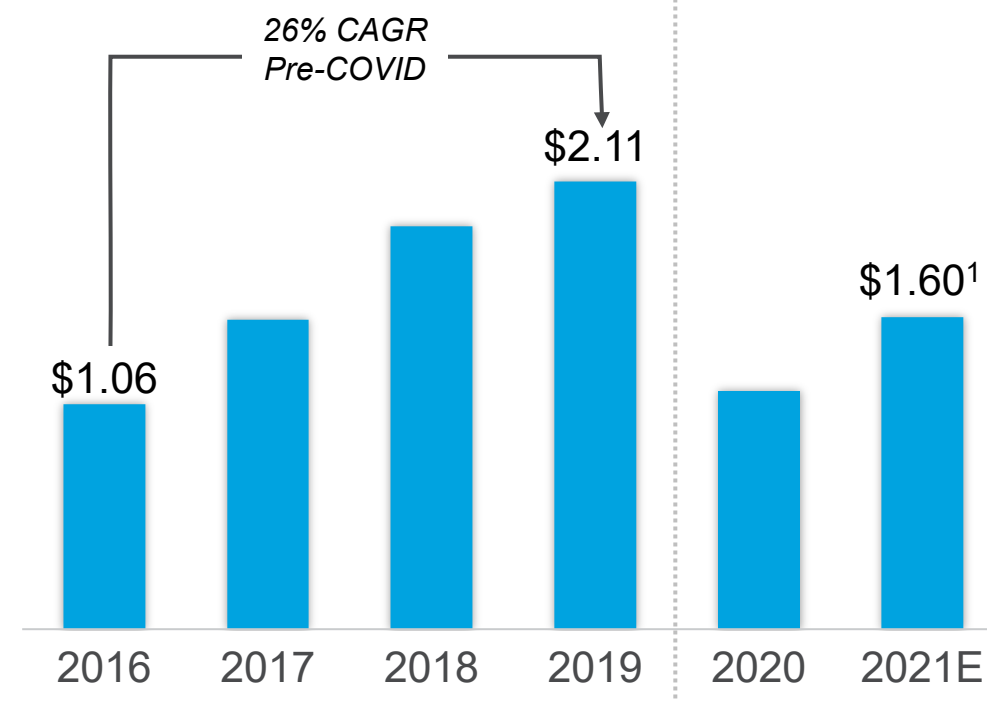
* Non-GAAP measure. See the appendix for a description of Non-GAAP measures in this presentation and reconciliations of non-GAAP to GAAP measures (as applicable).

Building on a Solid Performance Record Despite COVID-19 Headwinds

Revenue (\$mm)



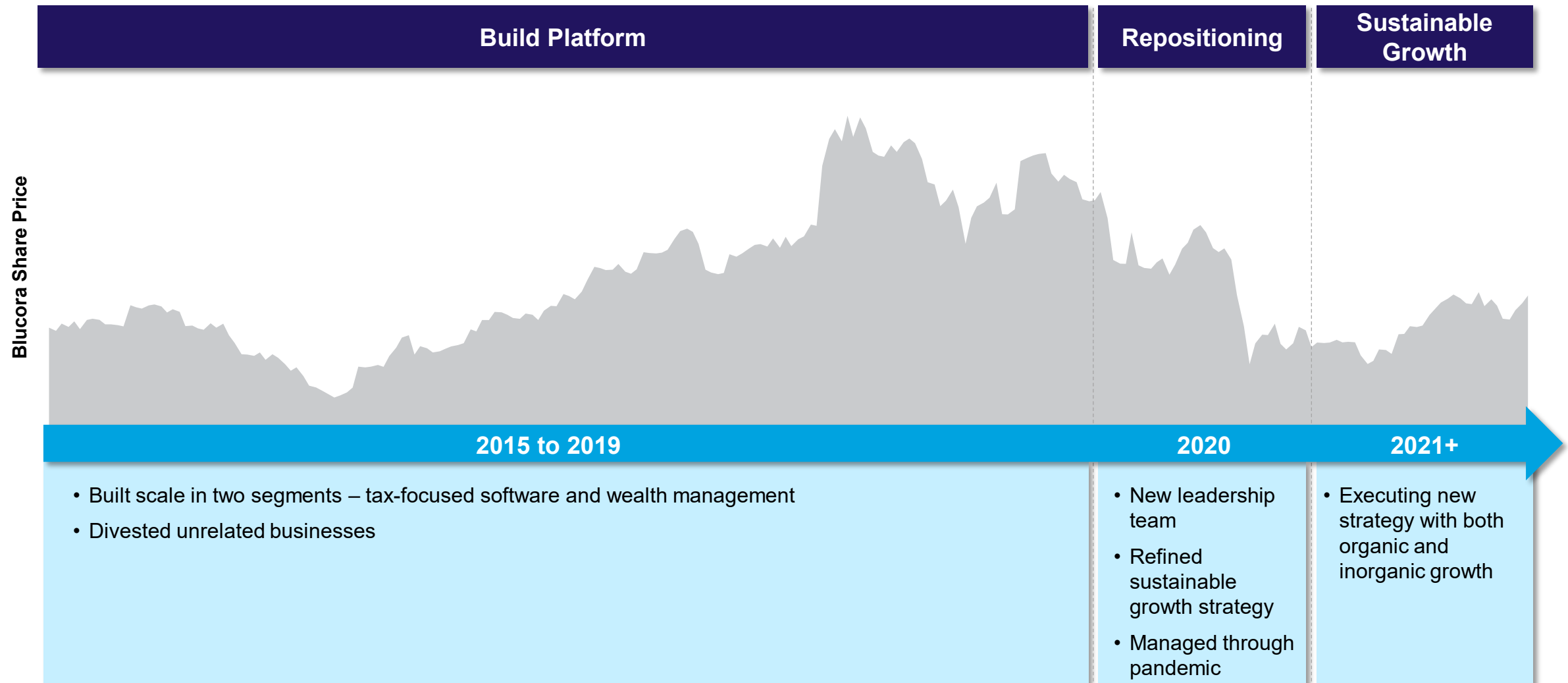
Non-GAAP Net Income Per Share*



COVID Impacts

- **TaxAct:** elevated marketing and operations expenses due to extended tax filing deadline
- **Avantax:** lower Fed Funds rate and negative impact on asset values from financial market disruption

Our Repositioning is Well Underway



Summary of Key Repositioning Actions in 2020 / 2021

Repositioning for Long-Term Success

Elevated or added top executives

8 of 8

Added new Board Members

4 of 10

Brought in new Financial Professionals¹

200+

Expanded number of TaxAct partnerships

10x

Increased employee engagement³

10-15%

Boosted Financial Professional satisfaction

25pp

Improved TaxAct net promoter score

18pts

Cut unallocated corporate G&A²

8%

¹ Gross figure for Financial Professionals.

² As a percent of revenue, reflects comparison of 2020 vs. midpoint of 2021E guidance.

³ Change in internal Employee Engagement Surveys taken in 2020 and 2021

Our Leadership: 8 Updates Since 2020

New Additions

Expanded Roles

Chris Walters*
President &
Chief Executive Officer



Ann Bruder
Chief Legal &
Administration Officer



Curtis Campbell
President of TaxAct
and Software



Jody Diaz
Chief Human Resources
Officer



Raj Doshi
Chief Growth and
Marketing Officer



Erin Gajdalo
SVP of
Operational Performance



Todd Mackay
President of
Wealth Management

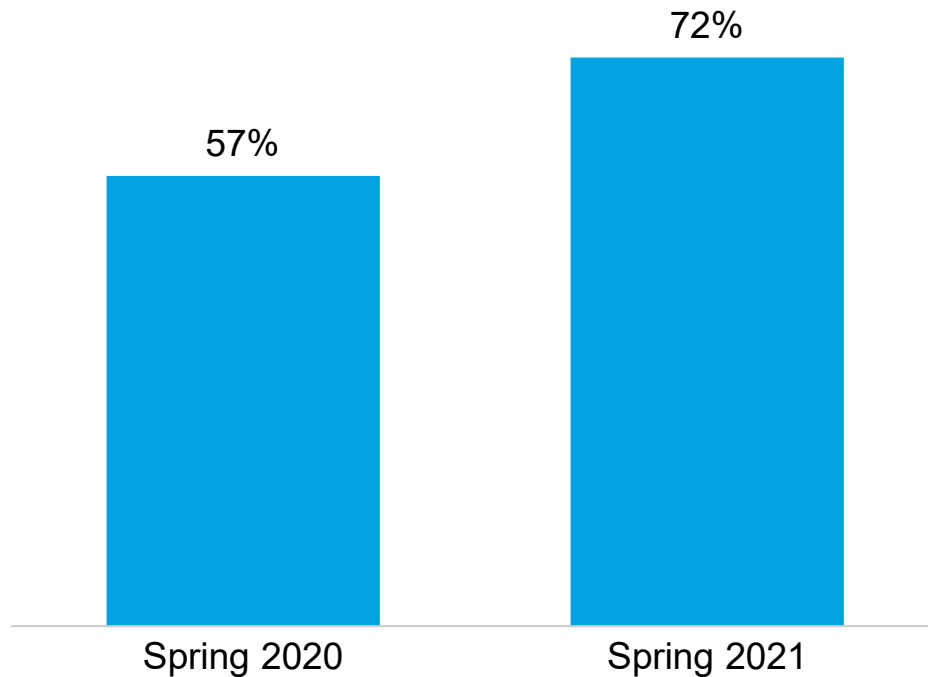


Marc Mehlman
Chief Financial
Officer

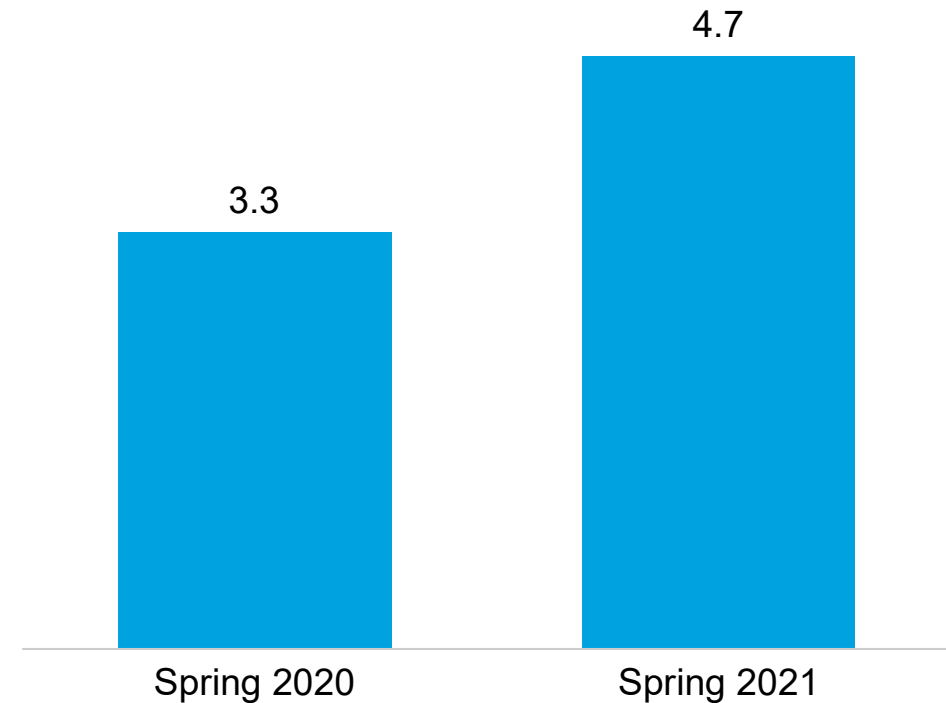


Transforming Our Culture to Maximize Potential

Culture Alignment*



Glassdoor Rating



*"The people here at Blucora are supportive, collaborative and caring. I have been very impressed with the interactions I've had with all levels across the organization. **Leadership is solidifying and stable. Communications are forthcoming and show that leadership truly care about their employees. The work is exciting and we are given the tools and resources needed to perform our jobs effectively.**"*

- Employee Review on Glassdoor

Blucora – Repositioned to Deliver Sustainable Growth

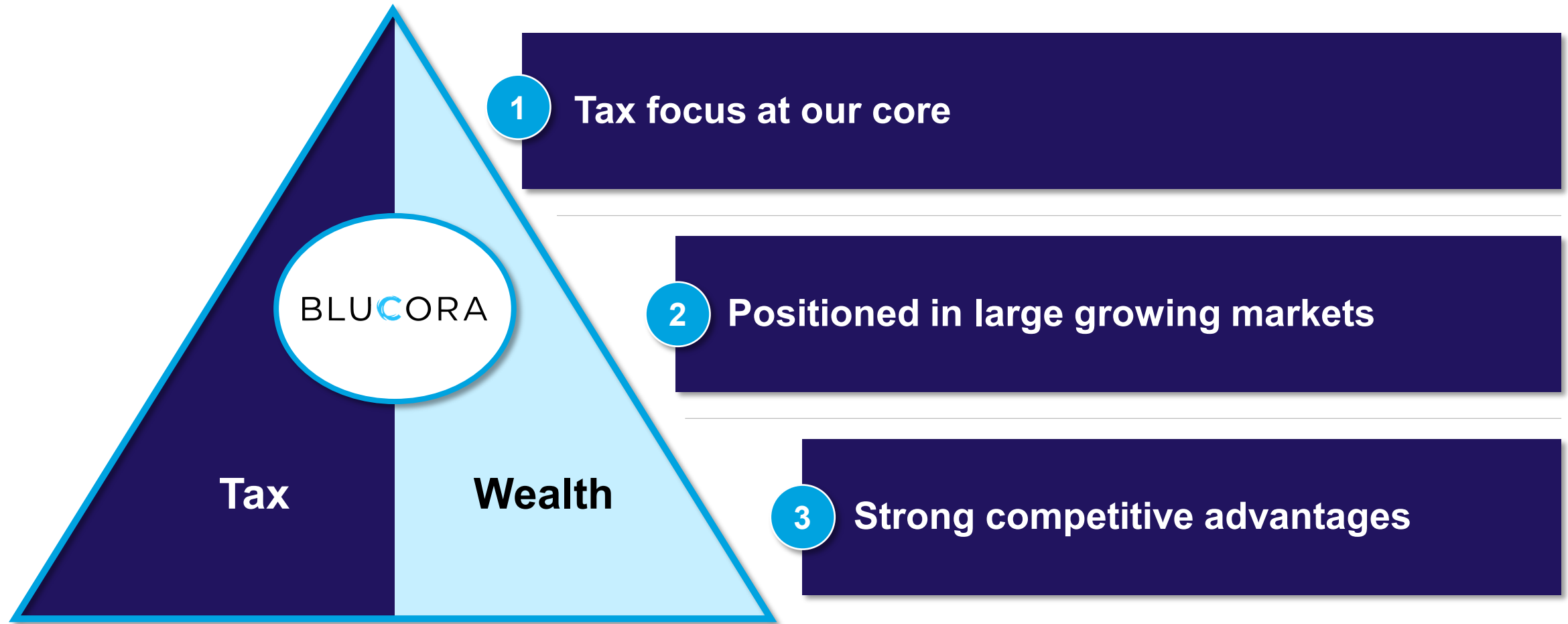
Solid progress repositioning Blucora

Building on two strong businesses

Executing clear, sustainable growth strategy

Delivering strong results

Blucora is Building on Two Strong, Differentiated Businesses



The Blucora Difference: Tax Focus at Our Core

The Blucora Opportunity

Most approaches do not deliver effective, holistic, long-term tax optimization strategies

Tax Software Industry

Focus on maximizing once-a-year refund

Wealth Management Industry

Focus on investment returns; largely ignores taxes

The Blucora Solution

Holistic approach with taxes at the core



Why a Strong Tax Focus Makes a Difference

Advantages

Tax prep creates strong relationships

80% of people view tax professionals as most trusted financial advisor¹

Taxes are huge recurring expense for everyone

Americans spend more on taxes than mortgages, groceries, and vehicles²

Taxes provide valuable data insights into individuals' financial position

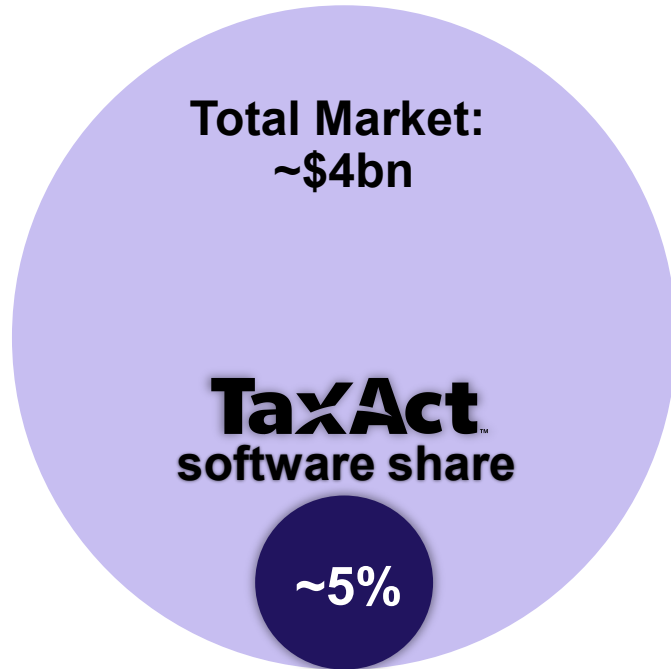
Mortgage – refinance opportunity?

Retirement contributions – adequate?

Student loan interest – consolidation?

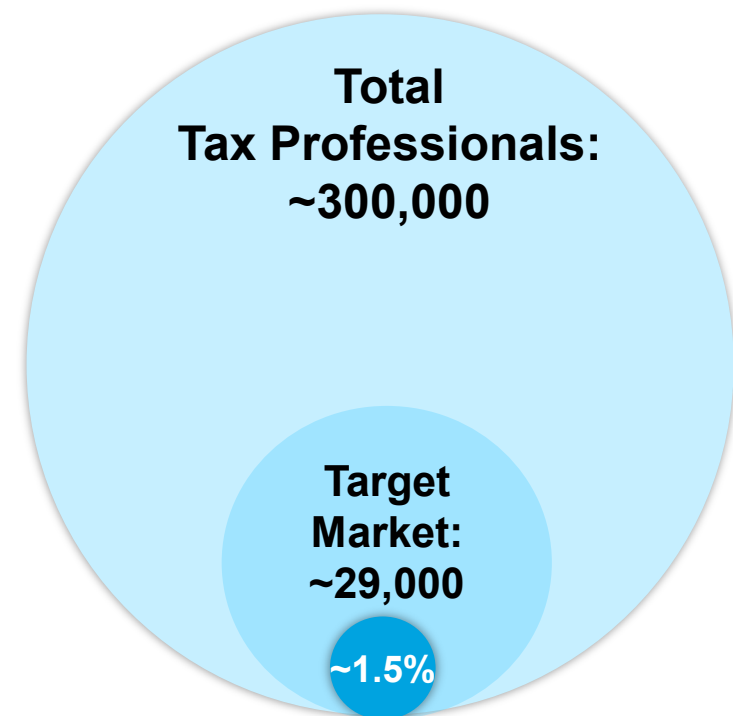
Positioned in Large Growing Markets with Positive Secular Trends

DIY Tax Market¹



~3-4% Annual Unit Growth

Tax Professional Market²



~5-10% Projected Asset Growth in IBD and RIA Markets

Strong Competitive Advantages in Both Segments

Tax Software

Value

Great experience at up to 20%-50%* discount vs. market leader

Features

Simpler and easier to use compared to competitors

Best Guarantee

Offer highest customer guarantee of \$100K for maximum refund

Brand

Respected value-oriented brand

Wealth Management

Focus

Target tax professionals interested in wealth management with two different models for affiliation

Service

Dedicated team delivering optimal service and support

Network

Largest community of tax-focused financial professionals

Capabilities

Tools and training tailored to needs of our financial professional community

Strong ESG Profile

Environmental



Millions of tax returns filed electronically, eliminating paper waste



New LEED certified corporate headquarters



Launched paperless workplace initiative

Social



41% of roles in workforce are held by women



63% of Leadership Team either female, or ethnically / racially diverse



Donated 500K meals to COVID-19 relief

Governance



9 of 10 Board Members are independent Directors



All Board committees composed of independent Directors



Annual elections for every Director seat

Blucora – Repositioned to Deliver Sustainable Growth

Solid progress repositioning Blucora

Building on two strong businesses

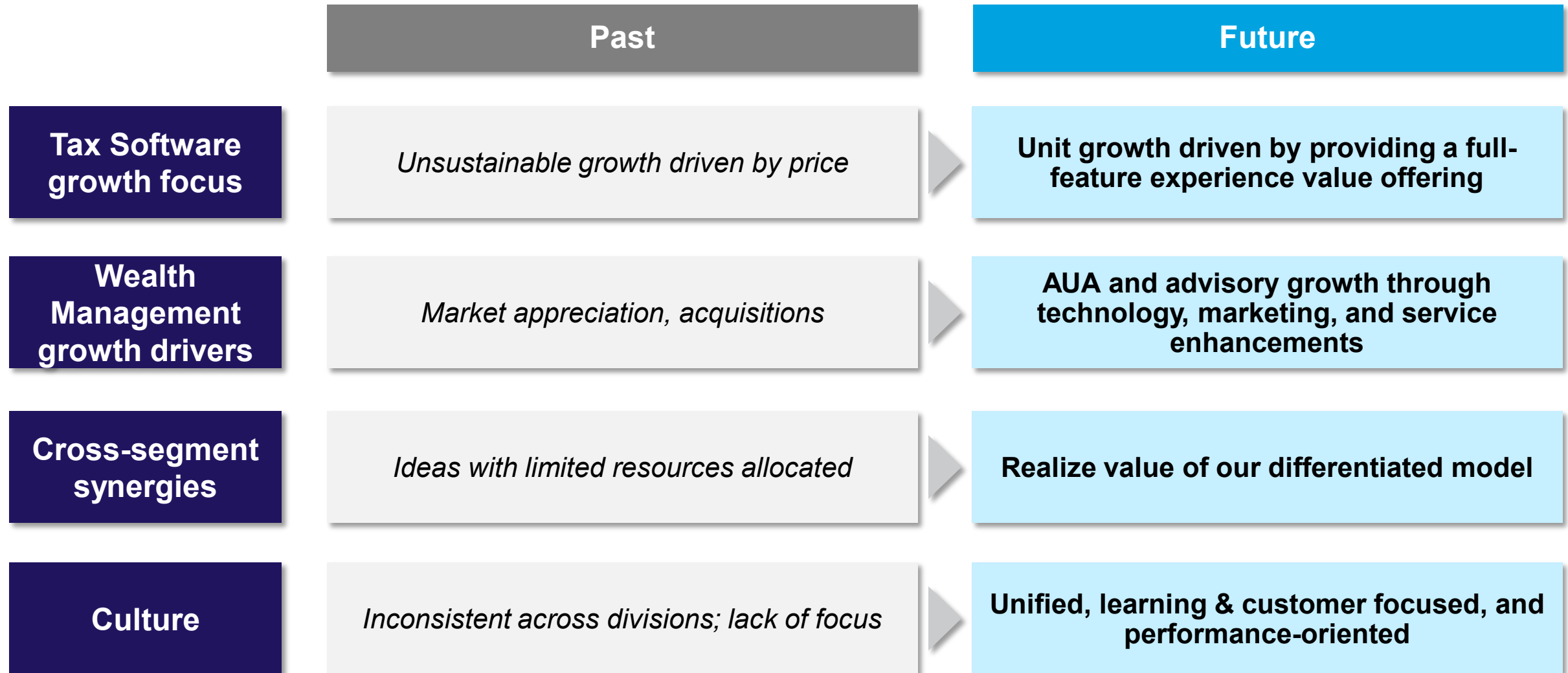
Executing clear, sustainable growth strategy

Delivering strong results

Our Focused Strategy to Drive Sustainable Growth

	Tax Software	Wealth Management
Drive Customer Acquisition	Investment in marketing, product enhancements and partnerships	Investment in relationship management teams and technology enhancements
Maximize Customer Retention & Value	Propel conversion and retention through focus on customer experience	Surpass financial professionals' expectations with improved service
Execute on Synergies	Drive Net New Asset growth Enhance customer satisfaction with tech / tools Maximize operating leverage by reducing costs as a % of revenue	

Building The New Blucora



We Are Executing on Blucora-Wide Synergies Today

Synergies Driver	2021E	2024 Goals
Revenue Acceleration	<ul style="list-style-type: none">• Efforts launched• Learnings underway• Executing refinements	<p>~\$2bn Net New Assets</p> <p><i>Details on Following Page</i></p>
Technology Expertise	<ul style="list-style-type: none">• Tax smart applications• Account opening• Client portal	Continued technology enhancements
Cost Effective Shared Services ¹	3.2% ²	<3.0%

How We Will Measure Success in the Next 3 Years: Our Growth Goals



Blucora – Repositioned to Deliver Sustainable Growth

Solid progress repositioning Blucora

Building on two strong businesses

Executing clear, sustainable growth strategy

Delivering strong results

How We Will Measure Success In The Next 3 Years: Our Growth Targets

Organic
Revenue
Growth

7 – 9%

Adj.
EBITDA
Growth*

10 – 14%

CFO to FCF
Conversion*

>75%

Non-GAAP
EPS
Growth*

>10%

Pre-Tax
Non-GAAP
EPS Growth*

>20%

Tax Software KPIs

Monetized
Filers

ARPU

Wealth Management KPIs

AUA

AUM

*Non-GAAP measure. See the appendix for a description of Non-GAAP measures in this presentation, including a note concerning the inability to reconcile forward-looking 2024 non-GAAP financial metrics to the nearest applicable GAAP metrics.

Repositioned to Deliver Sustainable Growth

**Solid Progress
Repositioning
Blucora**

**Transformed leadership team, changing
culture, and stabilized both franchises
amidst COVID-19**

**Building on two
strong
businesses**

**Sharp focus on tax-centric financial
services with distinctive positioning within
tax software and tax-smart wealth advice**

**Executing clear,
sustainable
strategy for
growth**

**Delivering on plan to accelerate customer
acquisition, improve retention and drive
operating leverage**

**Delivering strong
results**

3 Year Projected CAGRs:

Revenue: 7-9%

Adj. EBITDA*: 10-14%



Driving Growth by Delighting Our Customers

Curtis Campbell
President of TaxAct and Software

BLU**C**CORATM

Tax Software at a Glance

Tax Software

(FYE 2021E)

3.1mm

Consumer
e-Files

2.2mm

Professional
e-Files¹

56

NPS Metric

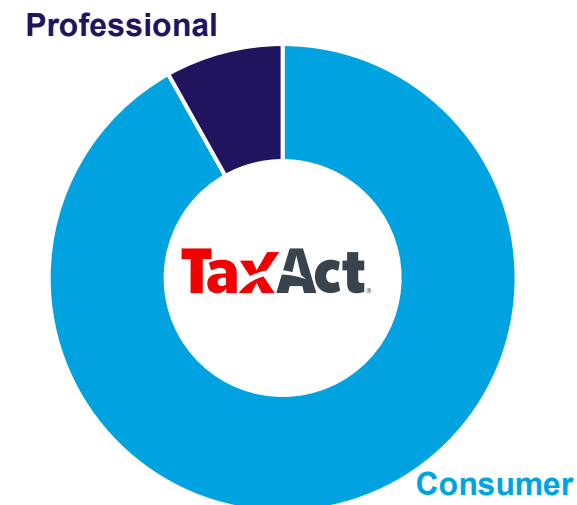
~24,500

Tax Pro
Customers

- Best fully featured value offering for consumers and professionals
- Delivering a premium experience at a reasonable price point

Revenue Breakdown

(FYE 2021E)



FY Revenue Estimate Mid-Point: **\$225mm¹**
FY Segment Operating Income Mid-Point: **\$81mm¹**
Operating Margin: **36%^{1,2}**

1. Midpoint of 2021 guidance, issued June 15, 2021. See slide 89 for estimated range of guidance. Data projected for FYE 2021.

2. Reflects midpoint of operating income estimated range divided by midpoint of revenue estimated range.

TaxAct – Repositioned to Deliver Sustainable Growth

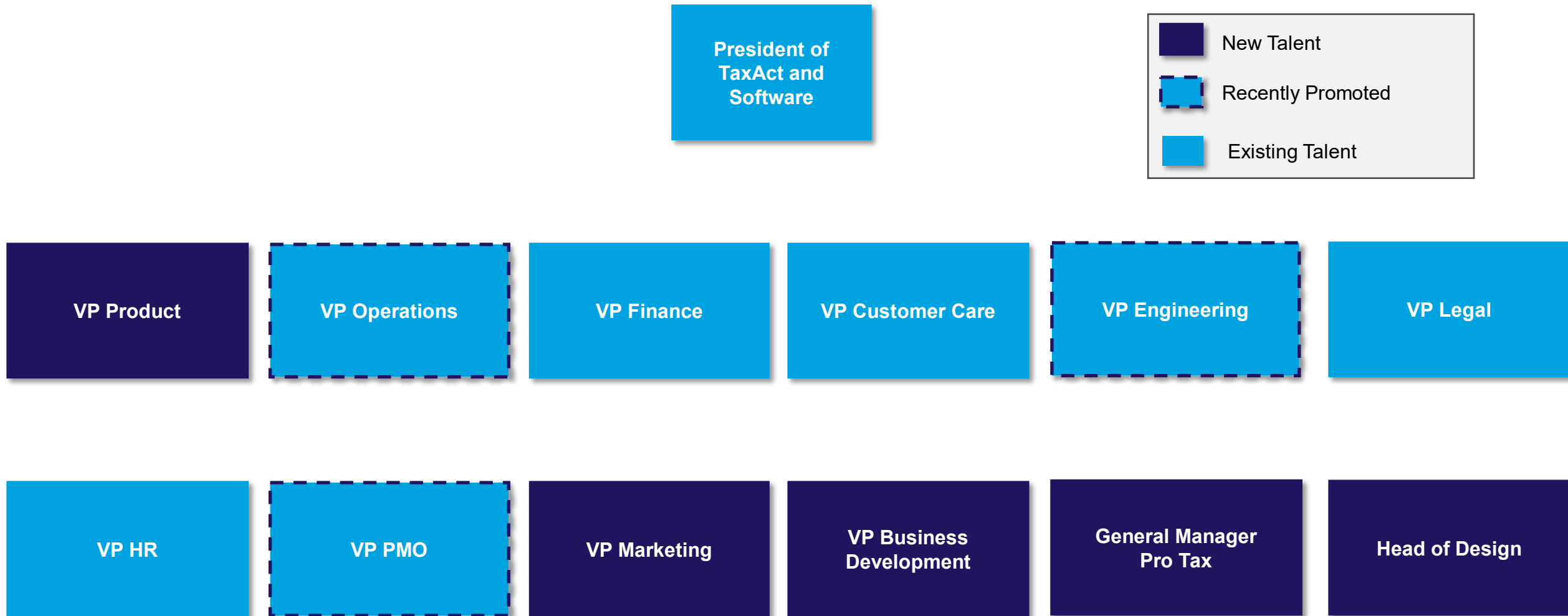
Solid progress repositioning Tax Software

Building on a strong platform

Executing clear, sustainable growth strategy

Delivering strong results

Our New Team Has Moved Decisively ...



... Delivering Strong Outcomes Amidst a Challenging Season

Enhanced Go-to-Market

- ✓ Shifted from agency model to in-house
- ✓ Implemented new marketing tech stack
- ✓ Improvement in marketing efficiency
- ✓ Improved our value to price proposition

Expanded Partnerships

- ✓ Hired skilled partnership team
- ✓ 10x increase in new partnerships vs. prior year

New and Improved Product Experiences

- ✓ Refreshed end to end user experience
- ✓ Launched hybrid-assist tax offering
- ✓ Introduced new value services

Strong Business Results

- ✓ Improved Start Rate
- ✓ Improved Conversion Rate
- ✓ Improved Paid Customer Retention
- ✓ Increased Revenue Guidance
- ✓ Increased Segment Income Guidance
- ✓ Gaining Share within Tax Pro Market

Tax Year 2020 Key Metrics Summary

	Season Results (Preliminary)		Commentary
Improved Marketing Efficiency	Marketing Spend	Down 32%	<ul style="list-style-type: none"> Focused marketing spend on target segments with higher likelihood to convert Higher start rate driven by better quality traffic and optimized/personalized user journeys
	Unique Visitors	Down 27%	
	Start Rate	Up 28%	
Continued Increases in Engagement/ CSAT	Conversion Rate	Up 2pts	<ul style="list-style-type: none"> Higher quality traffic and ease of use experience drove higher conversion rates NPS further increased over last season's historical high
	NPS Score	Up 1.5pts ¹	
Stabilizing Units and Higher Revenue/ Profitability	New Units	Up 1%	<ul style="list-style-type: none"> Unit decline³ has stabilized with healthier mix of higher ARPU monetized units Revenue and profitability increases driven by unit monetization and marketing efficiency gains
	Total Units	Down 4%	
	Total Revenue ²	Up 8%	
	Total Segment Income ²	Up 63%	

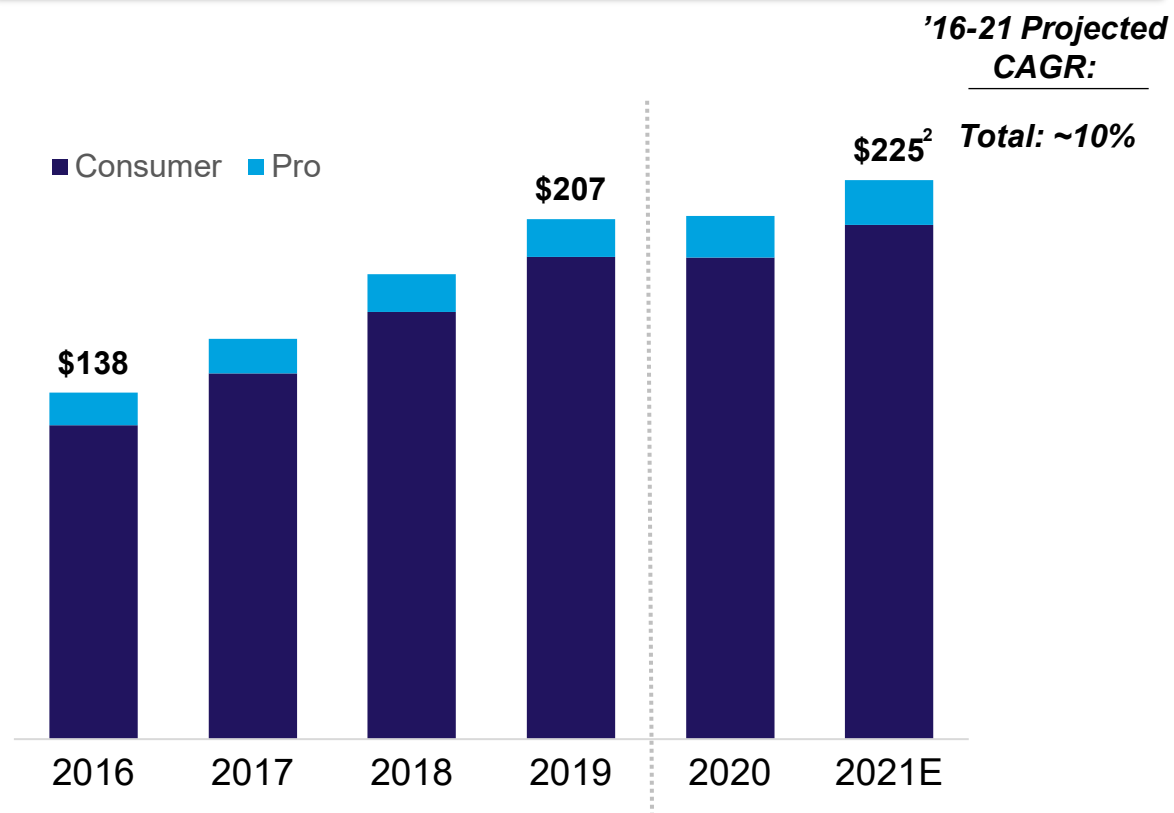
¹ Reflects end of season NPS score June 8, 2021 vs July 15, 2020

² Reflects Midpoint of 2021 guidance, issued June 15, 2021. See slide 89 for estimated range of guidance.. Data projected for FYE 2021.

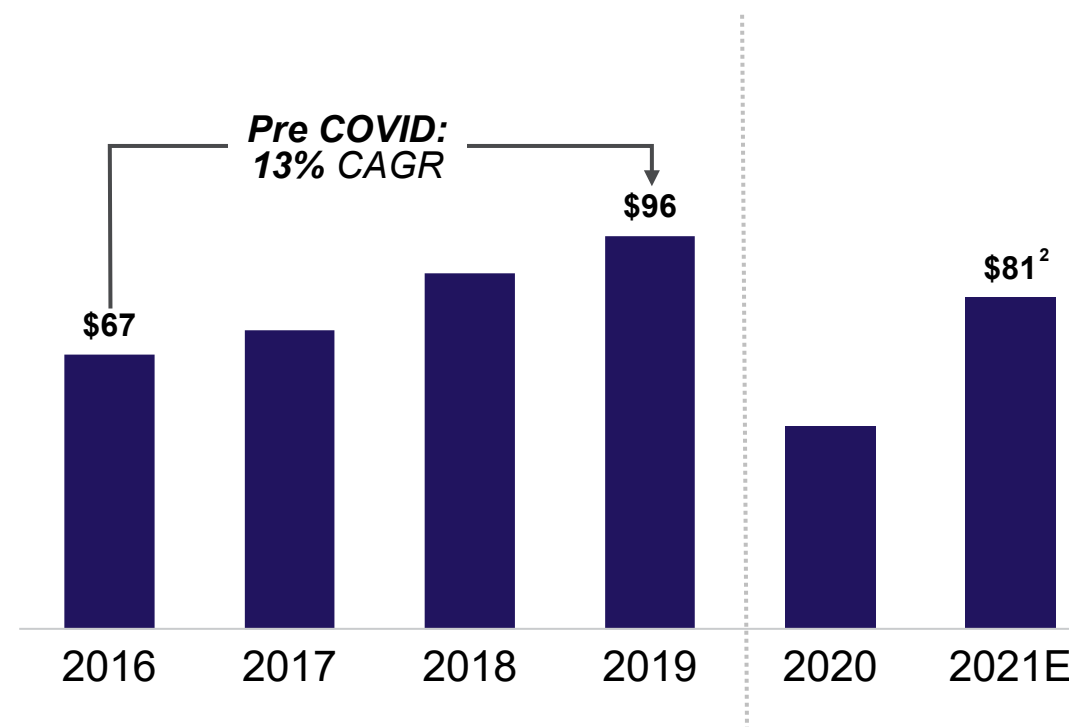
³ See slide 41

2021 Continues TaxAct's Track Record of Top-Line Growth

TaxAct Revenue¹ (\$mm)



Segment Operating Income (\$mm)



COVID Impacts

- **TaxAct:** elevated marketing and operations expenses due to extended tax filing deadline

Source: U.S. Census, IRS Data, TaxPro Survey (N=512), and Company filings. Data as of March 8, 2021.

¹ Excludes SimpleTax. Non-GAAP measure. See the appendix for a description of Non-GAAP measures in this presentation and reconciliations of non-GAAP to GAAP measures (as applicable).

² Reflects midpoint of 2021E guidance, issued June 15, 2021. See slide 89 for estimated range of guidance..

TaxAct – Repositioned to Deliver Sustainable Growth

Solid progress repositioning Tax Software

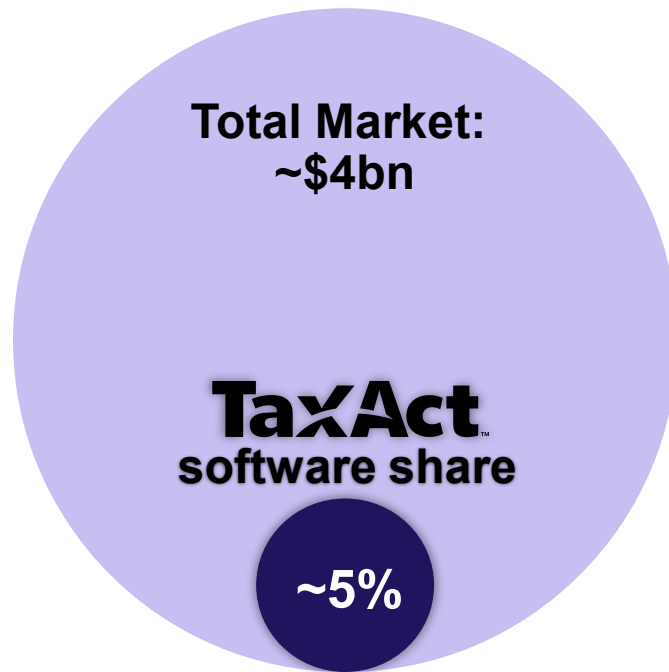
Building on a strong platform

Executing clear, sustainable growth strategy

Delivering strong results

DIY Tax Software is a ~\$4B Top-Line Market With Consistent Growth

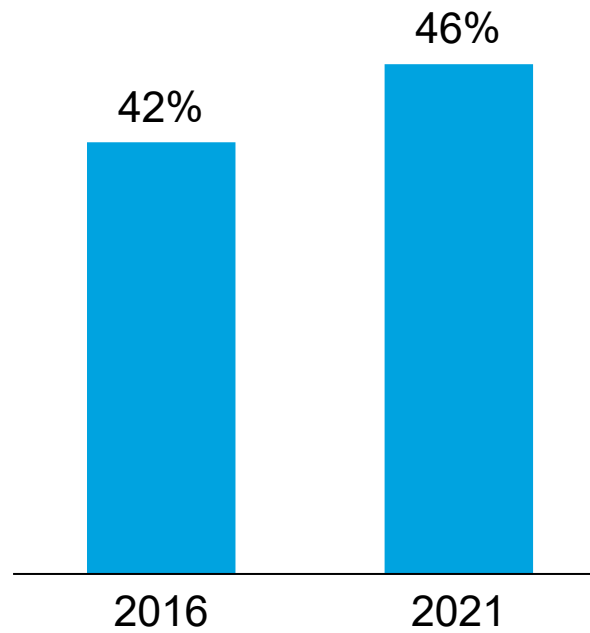
DIY Tax Software Market¹



~3-4% Annual Unit Growth

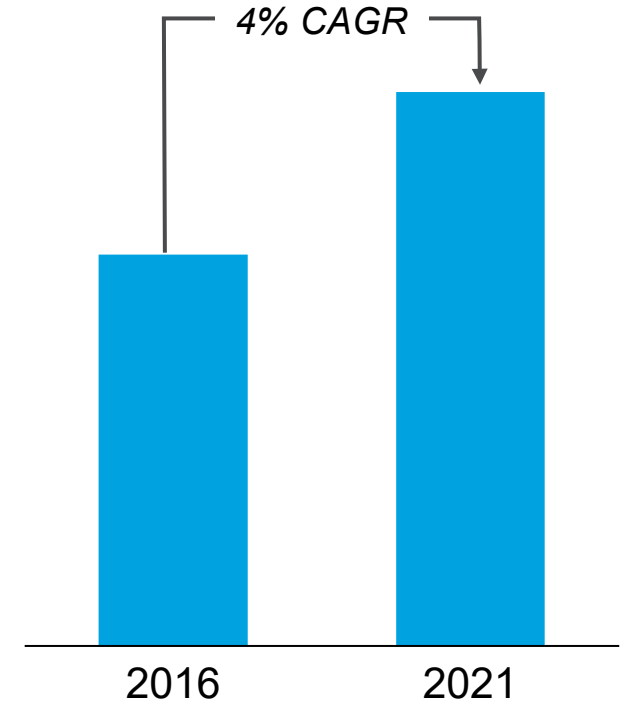
Continued Secular Shift To Digital

% of filings by DIY Software²



Steady Market Growth

DIY Tax Returns Filed Electronically²



¹ Sourced from IRS / internal TaxAct data.

² Sourced from IRS – cumulative statistics comparing self-prepared e-filing receipts as of May-2021 vs. May-2016.

TaxAct Is Positioned to Deliver for Consumer and Tax Pros

Customer Pain Points

Taxes create fear, uncertainty and doubt

Tax preparation is a significant annual expense

Taxes can be a confusing and painful experience

Lack of confidence in best tax outcome

Lack of clarity on how to improve one's financial life

The TaxAct Solution

23 years of deep tax expertise

A full-featured value offering

Delivering simple and delightful experiences

Provides pro tips and deduction maximizer

Provides tax guidance to improve finances

Meet Our Customers

Video

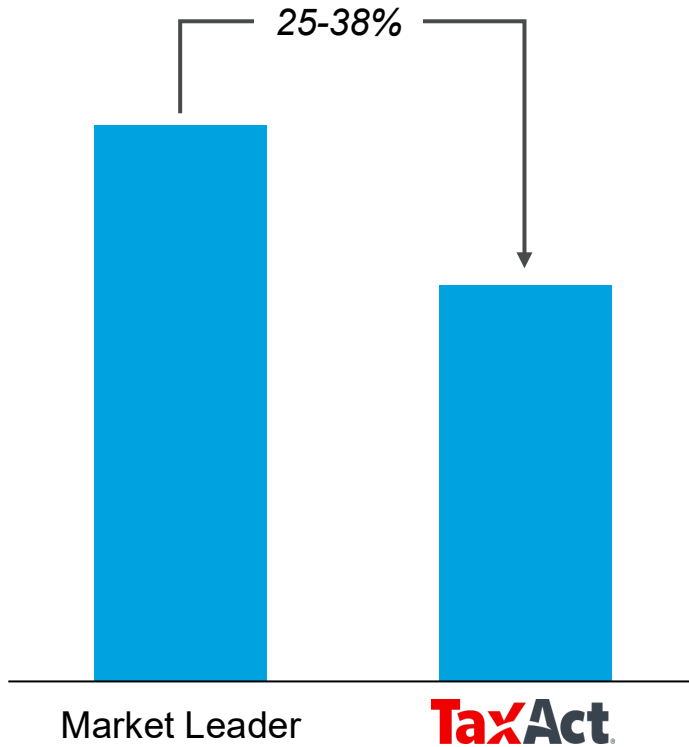
TaxAct Delivers a Full Featured Value Offering ...

	Consumers	Tax Professionals
Value Leader	<ul style="list-style-type: none">• TaxAct – great experience and price, up to 50%* off vs. market leader	<ul style="list-style-type: none">• TaxAct Pro – great experience and price, up to 40%* off vs. market leader
Impactful User Experience	<ul style="list-style-type: none">• Simplicity and ease of use superior to competitors	<ul style="list-style-type: none">• Simplicity and ease of use focused on needs of solo and small tax office
Other Key Differentiators	<ul style="list-style-type: none">• Largest Refund Guarantee of \$100K• Pro Tips• Deduction Maximizer• My Tax Plan	<ul style="list-style-type: none">• Q&A and Forms Entry• Roll Over Unused e-Files• Hybrid Deployment Options

... Including a Return to Value Positioning ...

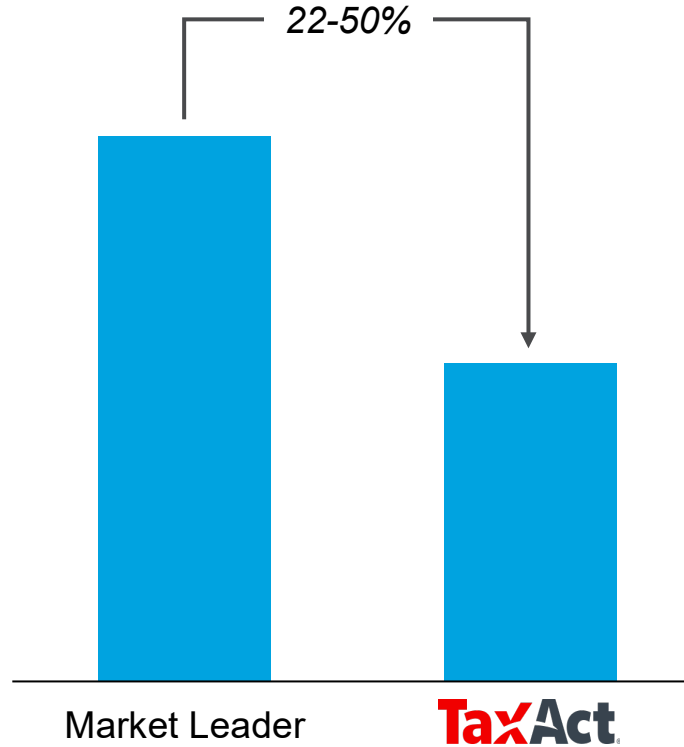
Deluxe

*Medium complexity
(e.g., Homeowners, childcare expenses)*



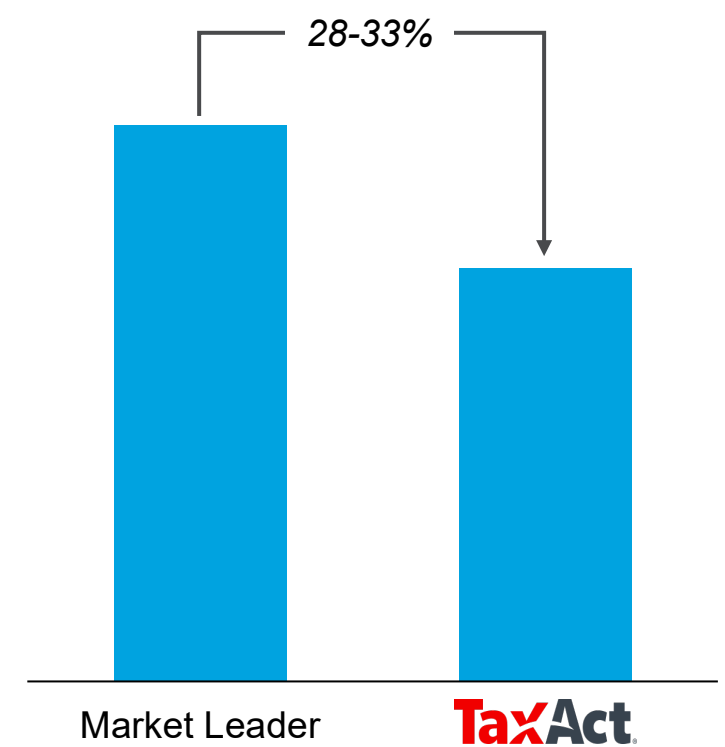
Premier

*High complexity
(e.g., Investments, sale of rental property)*



Self-employed

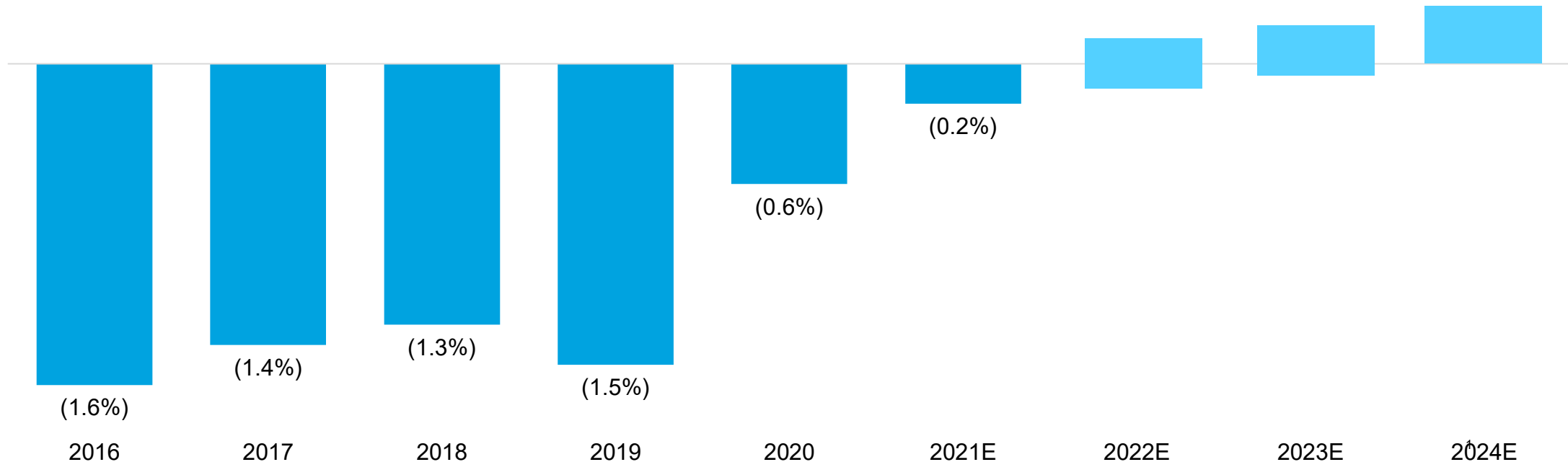
*More tax law requirements vs.
other products*



... To Bend our Market Share Back to Growth

Execution is leading to improved market share performance with an expectation of shifting to stable to growing share by 2024

DIY Market Share (YoY Change)



TaxAct – Repositioned to Deliver Sustainable Growth

Solid progress repositioning Tax Software

Building on a strong platform

Executing clear, sustainable growth strategy

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Our Plan for Future Growth

1

Drive Customer Acquisition

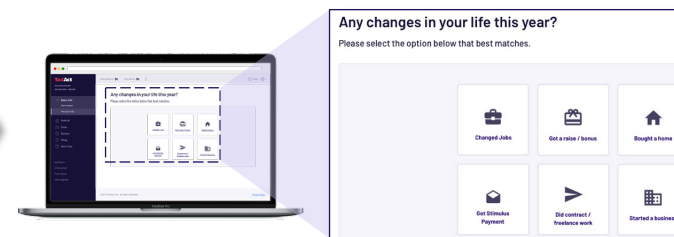
Increase efficiency of marketing and expand partnerships



2

Maximize Customer Retention and Value

Start Rate, Conversion and Value-added Add-ons



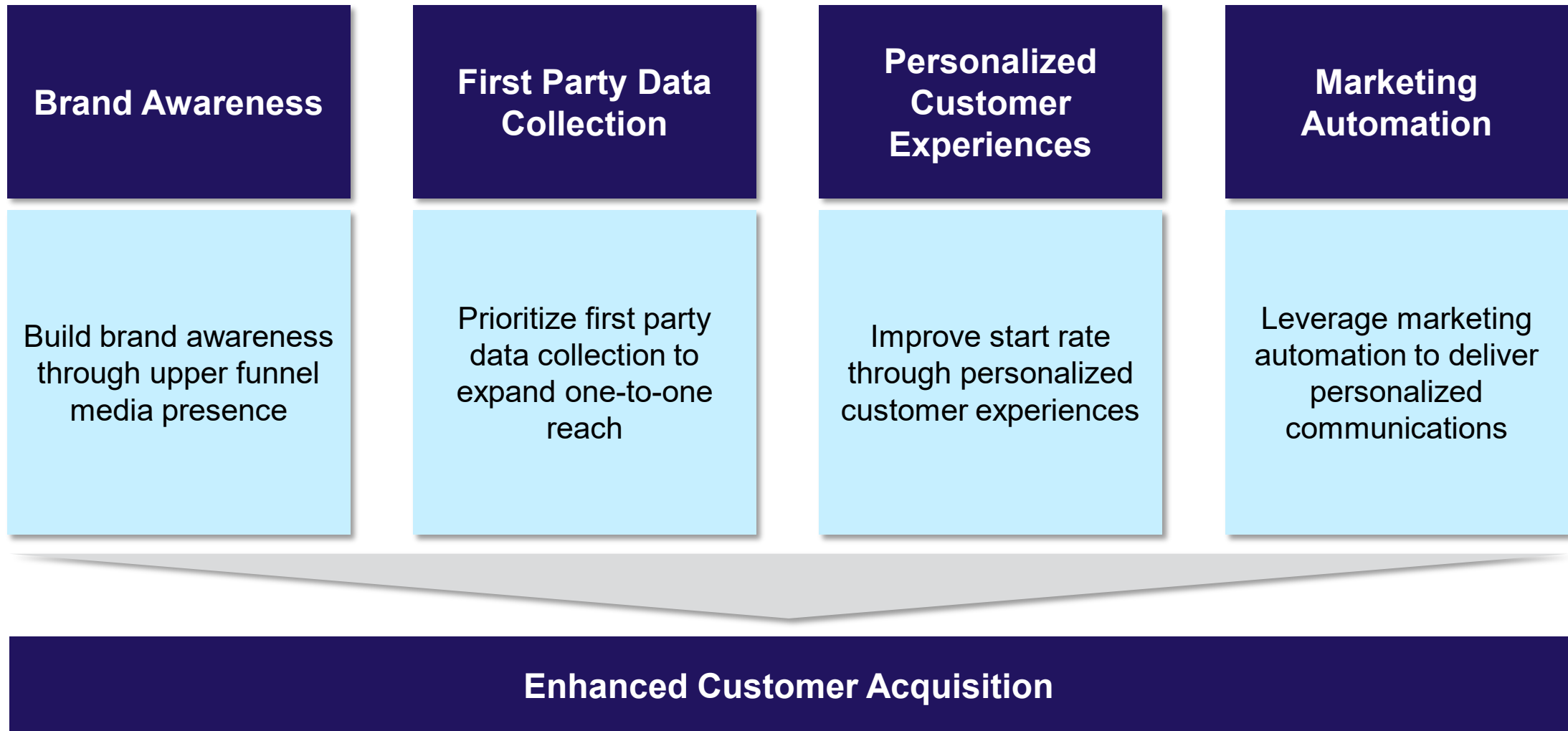
3

Executing on Synergies

Shared services

$$1 + 1 = 3$$

Enhancing Marketing to Drive Customer Acquisition



Investing to Improve the Client Experience

What We Heard From Our Customers

“Help me spend less doing my taxes”

“Help make the complex simple as I am no tax expert”

“Give me confidence that I can get the best outcome”

“Help me take control of this year and the future”

Improved Product Experiences

Full Featured Value Offering, up to 50% cheaper (TY20)

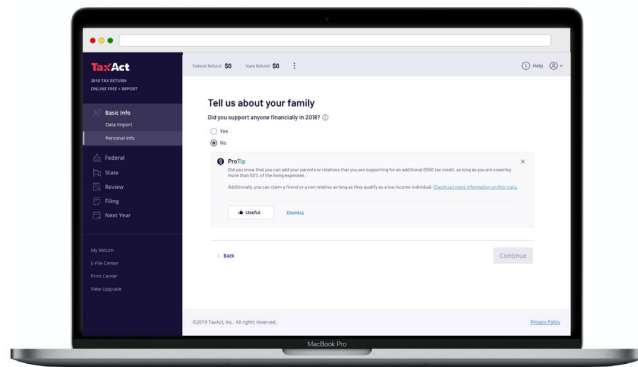
**Data Import
Quick Start
Life Events Guide**

**ProTips
Deduction Maximizer
Tax Expert Help**

TaxAct My Tax Plan

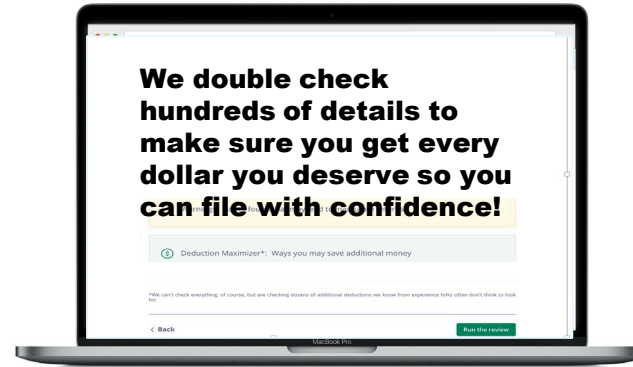
... Building Confidence Through Each Step of the Return Process

Pro Tips – Helping Find Hidden Money



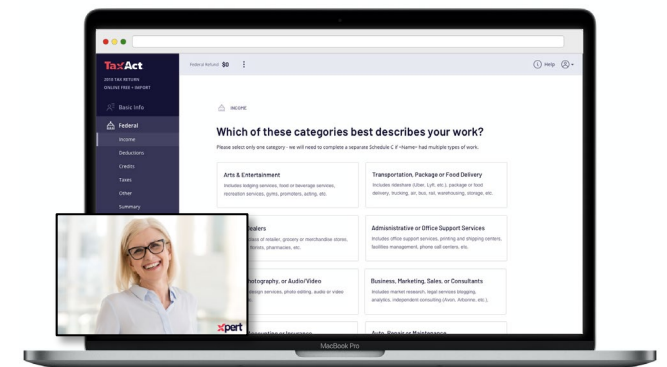
- Pro Tips help find tax breaks and other ways to save money

Deduction Maximizer Checks for Savings Opportunities



- A unique tool that double checks refunds to make sure customers get the money they deserve

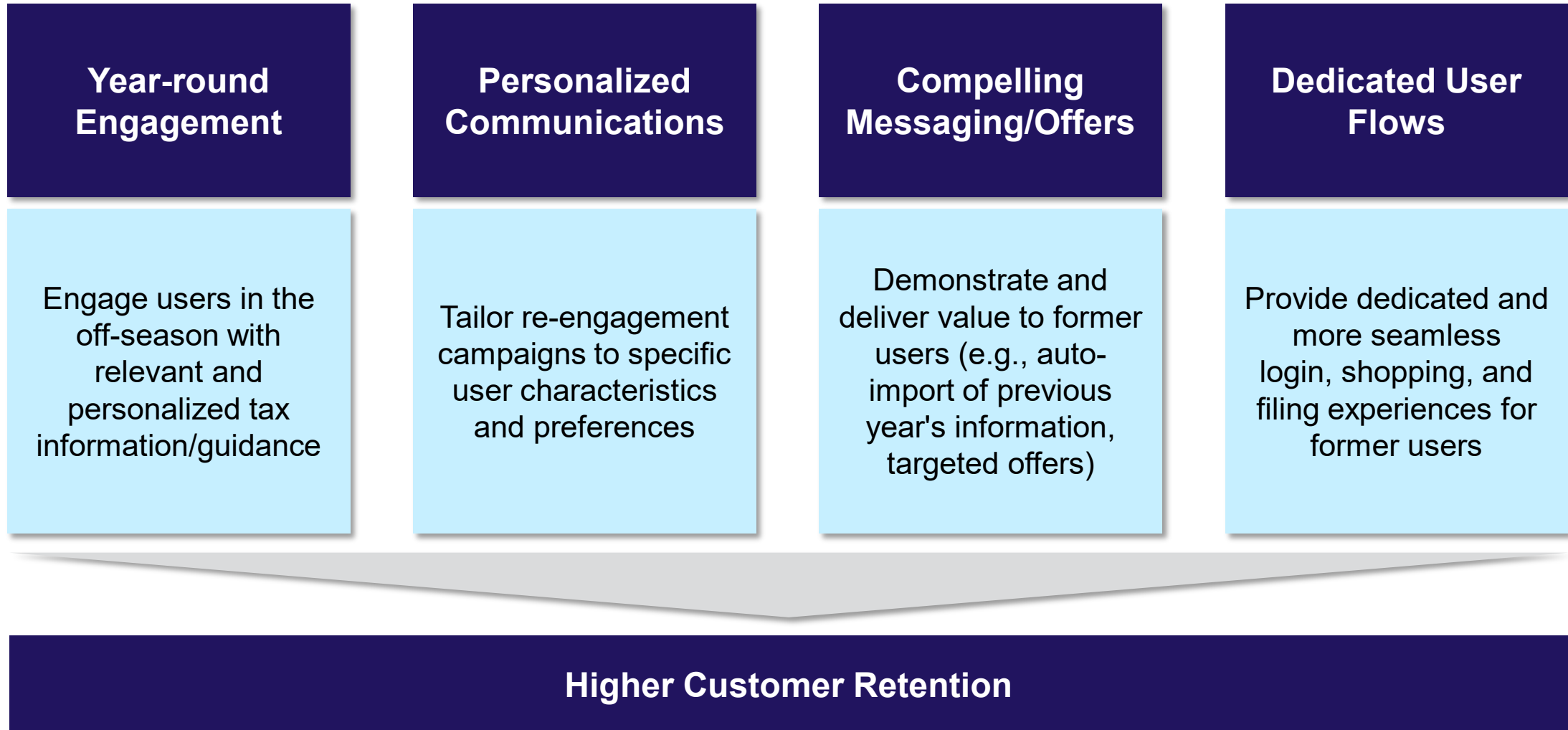
Get Xpert Help in Moments of Doubt



- Xperts are available throughout the experience to aid with tax advice

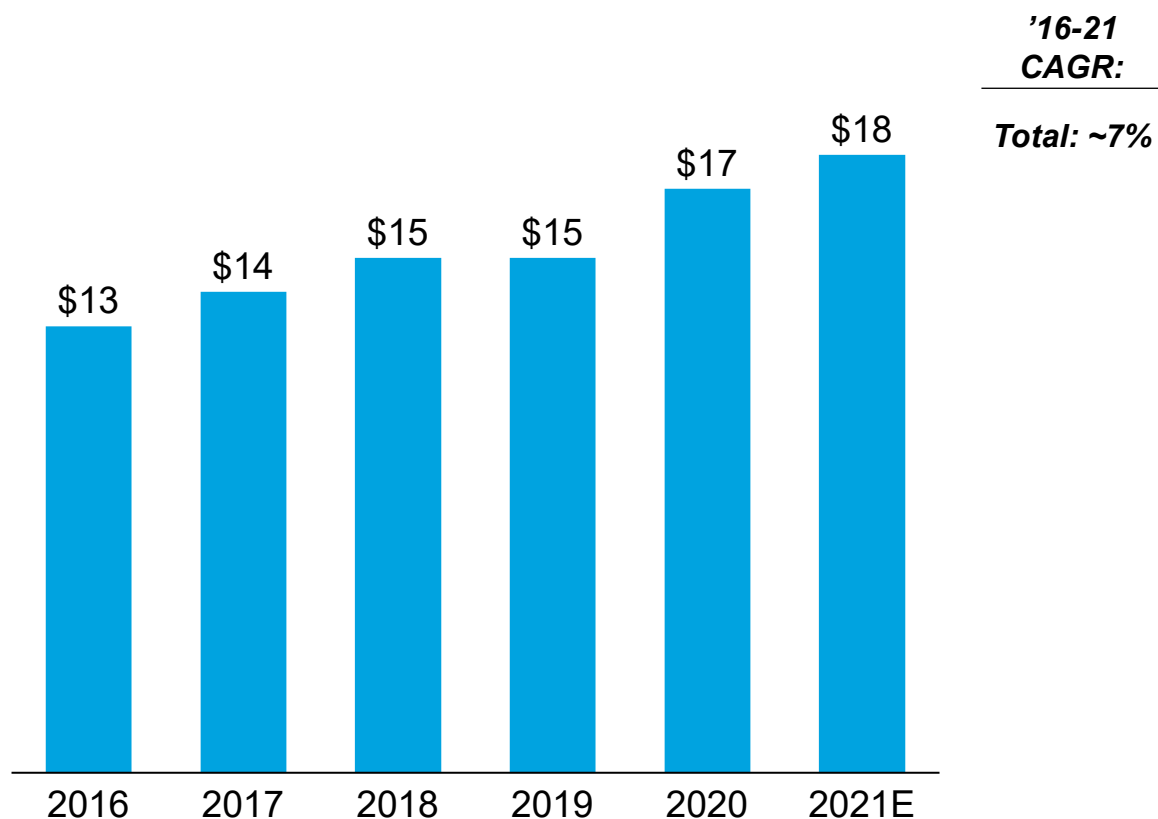
TaxAct also provides a personalized My Tax Plan helping customers save more in the future

Improving Retention, Particularly Among Y2 Filers



Continued Progress in our TaxAct Pro Business

TaxAct Pro Revenue (\$mm)



TaxAct Pro New Features

FastTrack Onboarding Program

PreAck Easy Advance

Client Manager Redesign

Redesign Web and Shopping Experience

Increased Forms Coverage and E-File Capabilities

~24,500

Tax Pro
Customers

2.2mm

Professional
e-Files

We Are Executing on Blucora-Wide Synergies Today

Synergies Driver	2021E	2024 Goals
Revenue Acceleration	<ul style="list-style-type: none">• Efforts launched• Learnings underway• Executing refinements	~\$2bn Net New Assets
Technology Expertise	<ul style="list-style-type: none">• Tax smart applications• Account opening• Client portal	Continued technology enhancements
Cost Effective Shared Services ¹	3.2%²	<3.0%

TaxAct – Repositioned to Deliver Sustainable Growth

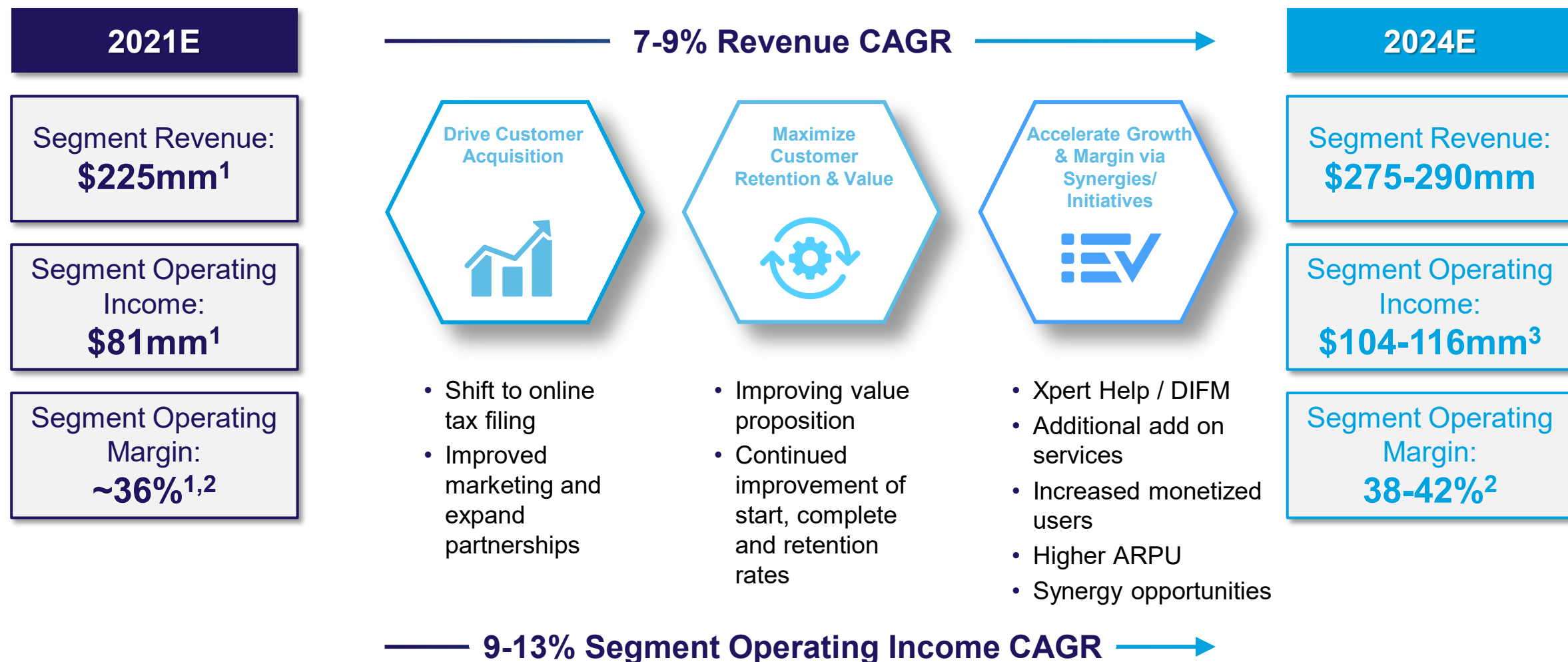
Solid progress repositioning Tax Software

Building on a strong platform

Executing clear, sustainable growth strategy

Delivering strong results

Multiple Drivers of Revenue Growth



¹ Reflects midpoint of 2021E guidance, issued June 15, 2021. See slide 89 for estimated range or guidance.

² Defined as segment operating income divided by segment revenue. For 2021E, represents midpoint of operating income estimated range divided by midpoint of revenue estimated range.

Driving Growth by Delighting Our Customers

**Solid Progress
Repositioning
Tax**

**New team, stabilizing market share, strong
2020 season**

**Building on a
Strong Platform**

**Growth market, distinctive
value positioning**

**Executing Clear,
Sustainable
Strategy For
Growth**

**Increasing marketing efficiency, ease of use
and retention, capitalizing on synergies**

**Delivering strong
results**

3 Year Projected CAGR¹:
Segment Revenue: 7-9%
Segment Income: 9-13%



Question and Answer

BLUCORA™



Profitably Scaling Tax-Focused Advice

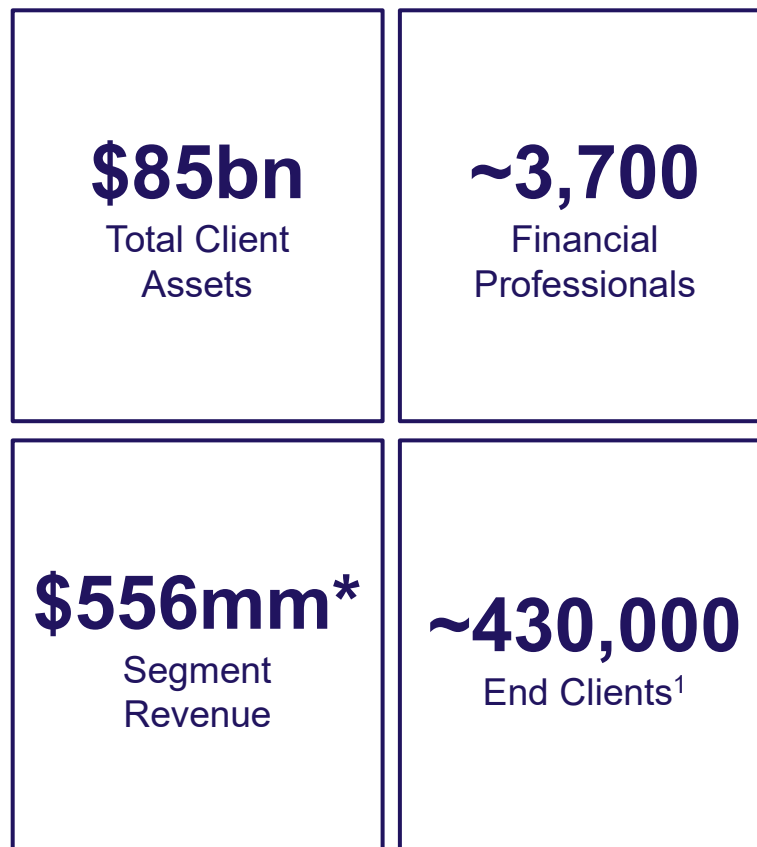
Todd Mackay
President, Wealth Management

BLU**C**CORATM

Wealth Management at a Glance

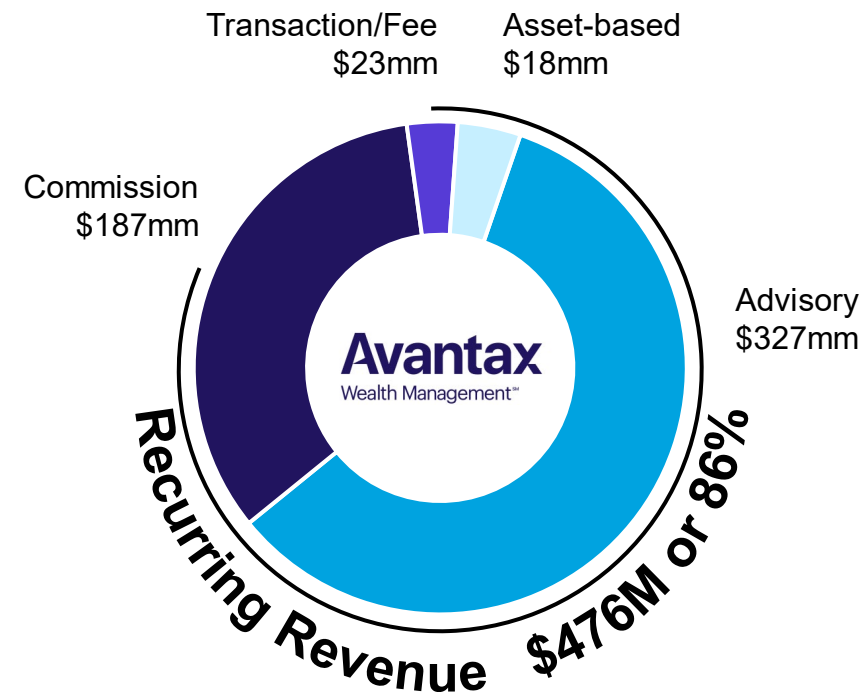
Wealth Management

- **#1 Tax-Focused Independent Broker Dealer and RIA**
- **Integrates trusted tax relationships and information with traditional wealth management services**
- **Unique perspective enables more holistic advice**



Revenue Breakdown

(12 months ended Q1 2021)



Source: Company filings. Data as of March 31 2021.

¹ End clients are defined as unique Tax IDs or FP defined households, for the period ended March 31, 2021 unless otherwise noted, as well as retirement plan participants whom have investments with Avantax affiliated registered reps.

* Trailing 12 months revenue.

Avantax – Repositioned to Deliver Sustainable Growth

Solid progress improving Wealth Management

Building on a strong franchise

Executing clear, sustainable growth strategy




Delivering strong results

We Have Put a New Leadership Team in Place

*"There has been leadership turnover over the years, **but the leadership team that is in place now is turning the ship and getting things in order** - making the FPs the priority. Great culture, an opportunity to be innovative and share your ideas. I am very optimistic about the fate of our company!"*

- Employee Review on Glassdoor

President,
Wealth
Management

 New Talent
 Recently Promoted
 Existing Talent

VP, Wealth
Management
Growth

SVP, Avantax
Planning
Partners

VP, Wealth
Management
Investment
Solutions

VP, Wealth
Management
Business
Development

VP, Service
Excellence

VP, Enterprise
Relationships &
Business
Consulting

Chief of Staff

VP, Finance

VP, General
Counsel

VP, Human
Resources

VP, Software
Development

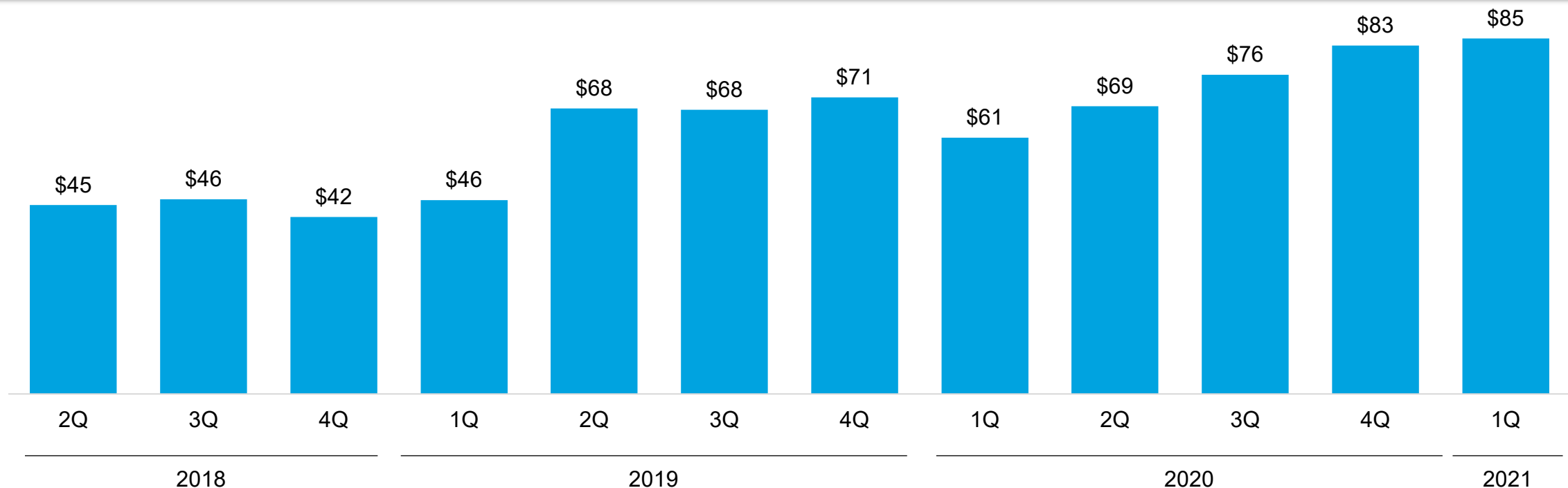
VP, Product
Management

VP, Marketing

VP, Compliance

Growing Assets Despite Tail-end of Predictable Attrition From Acquisitions

Total Advisory and Brokerage Assets (\$bn, at period end)

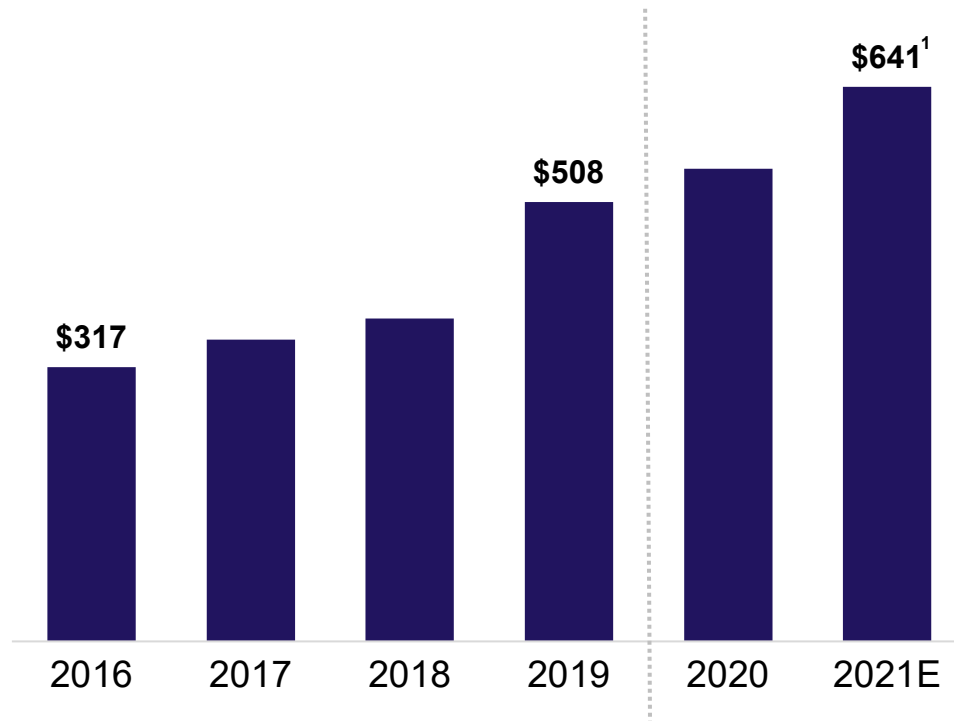


2021 Continues Avantax's Track Record of Top-Line Growth

Avantax Revenue¹ (\$mm)

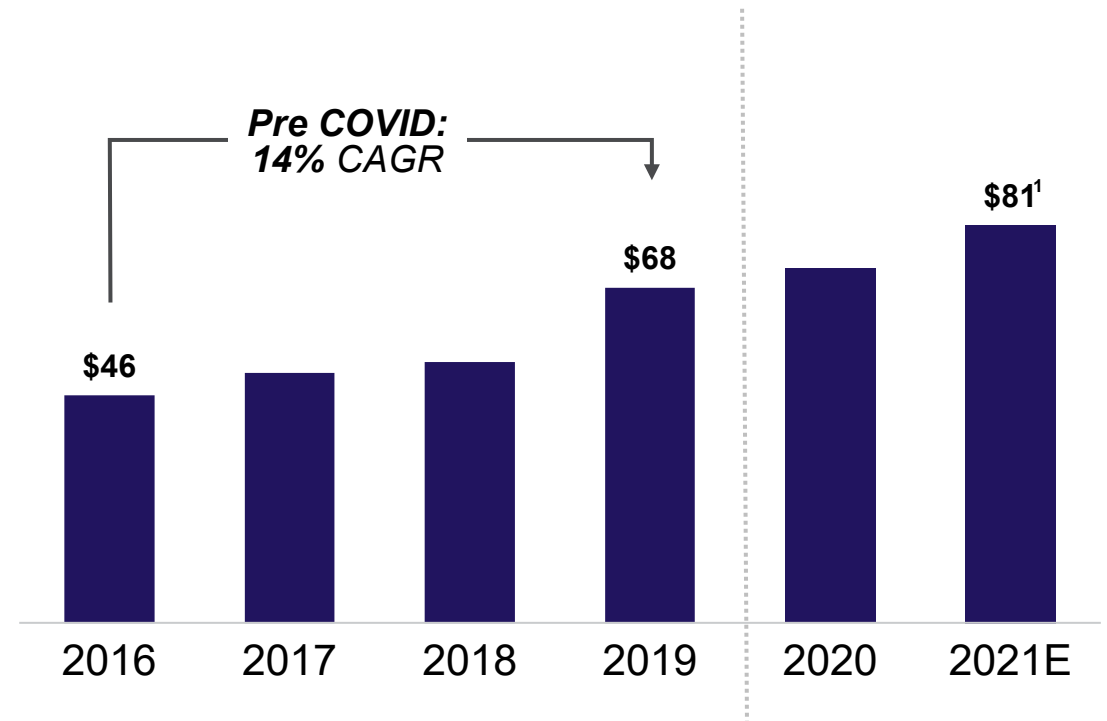
'16-21E
CAGR:

Total: ~15%



Segment Operating Income (\$mm)

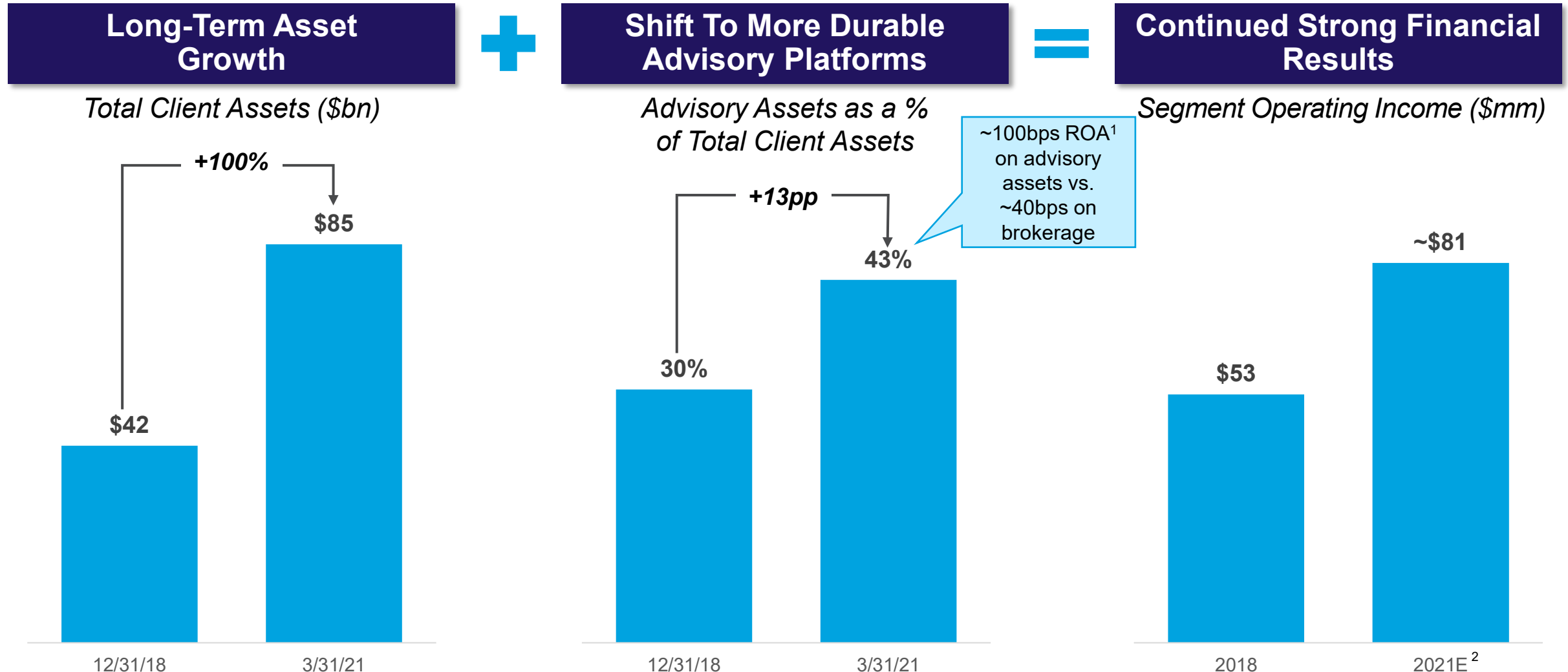
Pre COVID:
14% CAGR



COVID Impacts

- **Avantax:** lower Fed Funds rate and negative impact on asset values from financial market disruption

Improving Returns as We Scale and Shift Toward Plan-Based Advice



Note: Includes impact of acquisition of HKFS on July 1, 2020.

¹ Return on assets (ROA) on advisory assets equals annualized advisory revenue for the three months ended March 31, 2021 divided by quarter-end advisory assets as of March 31, 2021.

ROA on brokerage assets equals annualized brokerage revenue for the three months ended March 31, 2021 divided by quarter-end brokerage assets as of March 31, 2021.

² Reflects midpoint of 2021 guidance issued June 15, 2021. See slide 89 for estimated range of guidance.

Avantax – Repositioned to Deliver Sustainable Growth

Solid progress improving Wealth Management

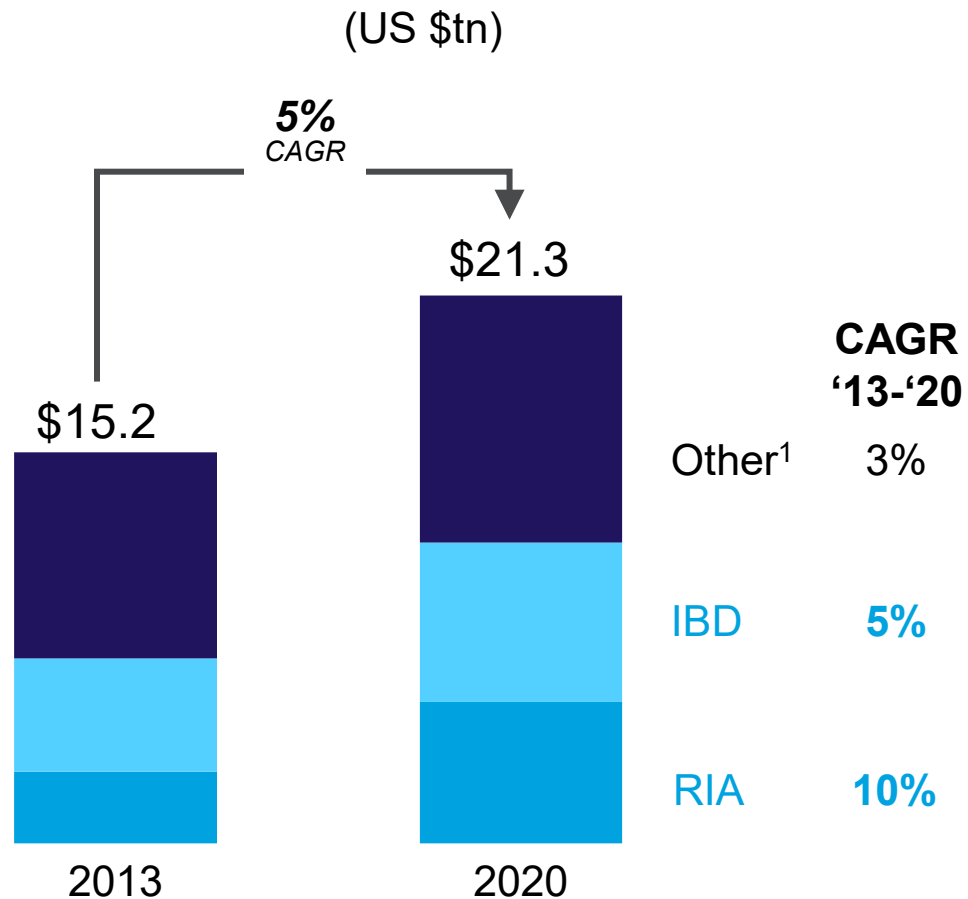
Building on a strong franchise

Executing clear, sustainable growth strategy

Delivering strong results

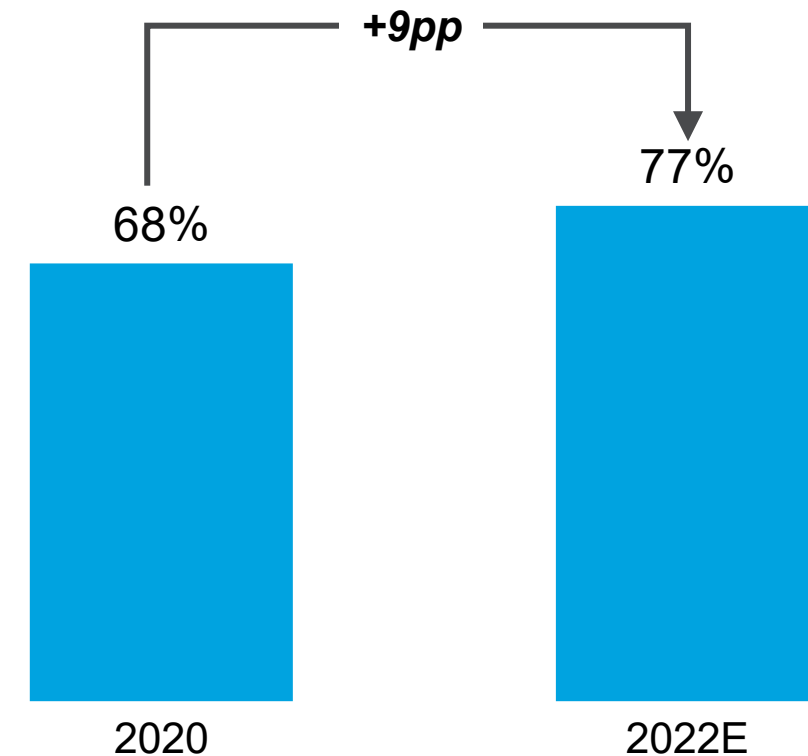
We Benefit From Powerful Secular Tailwinds

Strong Industry Asset Growth in Independent Channels



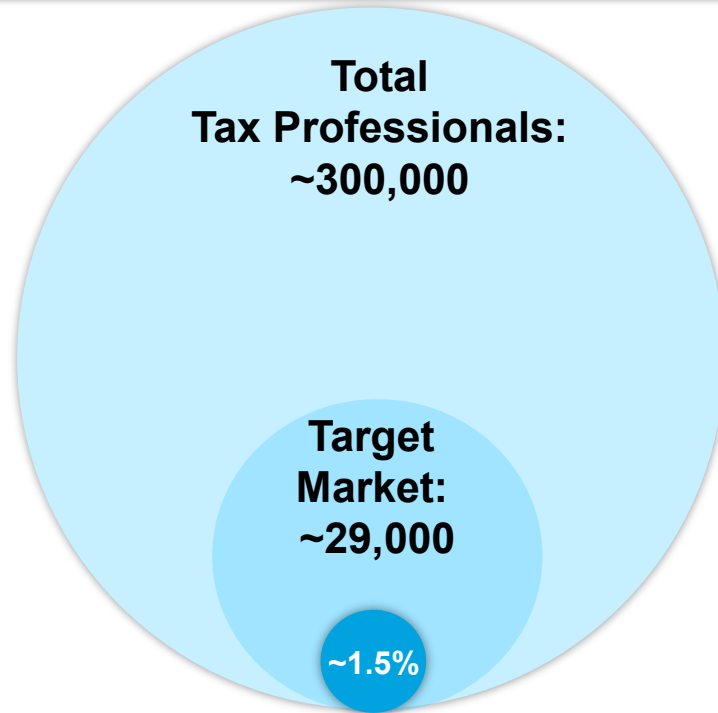
Industry Shifting to Advisory

(Industry Advisory Fees as % of Revenue)



We are a Leader in the Tax-Smart Wealth Advice Market

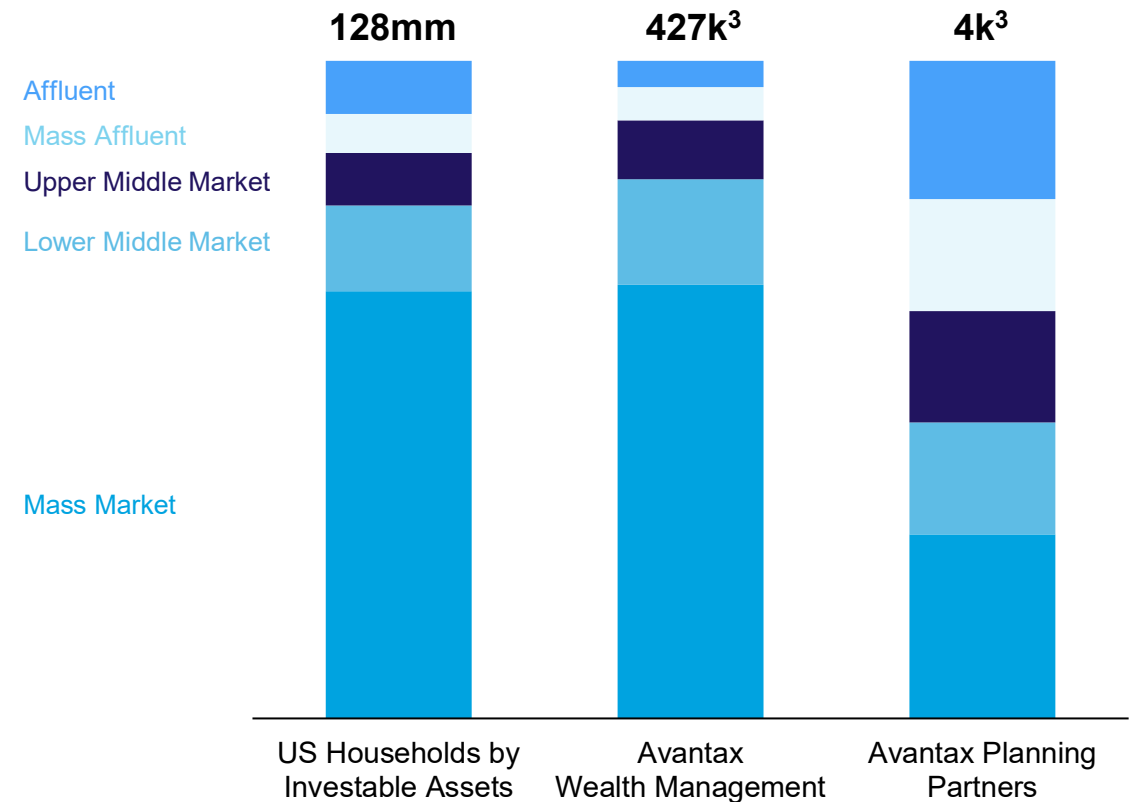
We Have Significant Upside in the Tax Professional Space¹ ...



Our share of Tax Professional Market

~5-10% Projected Asset Growth in IBD and RIA Markets

... And Have Significant Opportunity to Serve More US Households²



Source: IRS and Cerulli.

¹ Sourced per Blucora surveys and internal estimates.

² Sourced from Cerulli. Reflects estimated count.

³ Reflects number of clients.

Many Financial Professionals Fail to Deliver Tax-Smart Wealth Advice

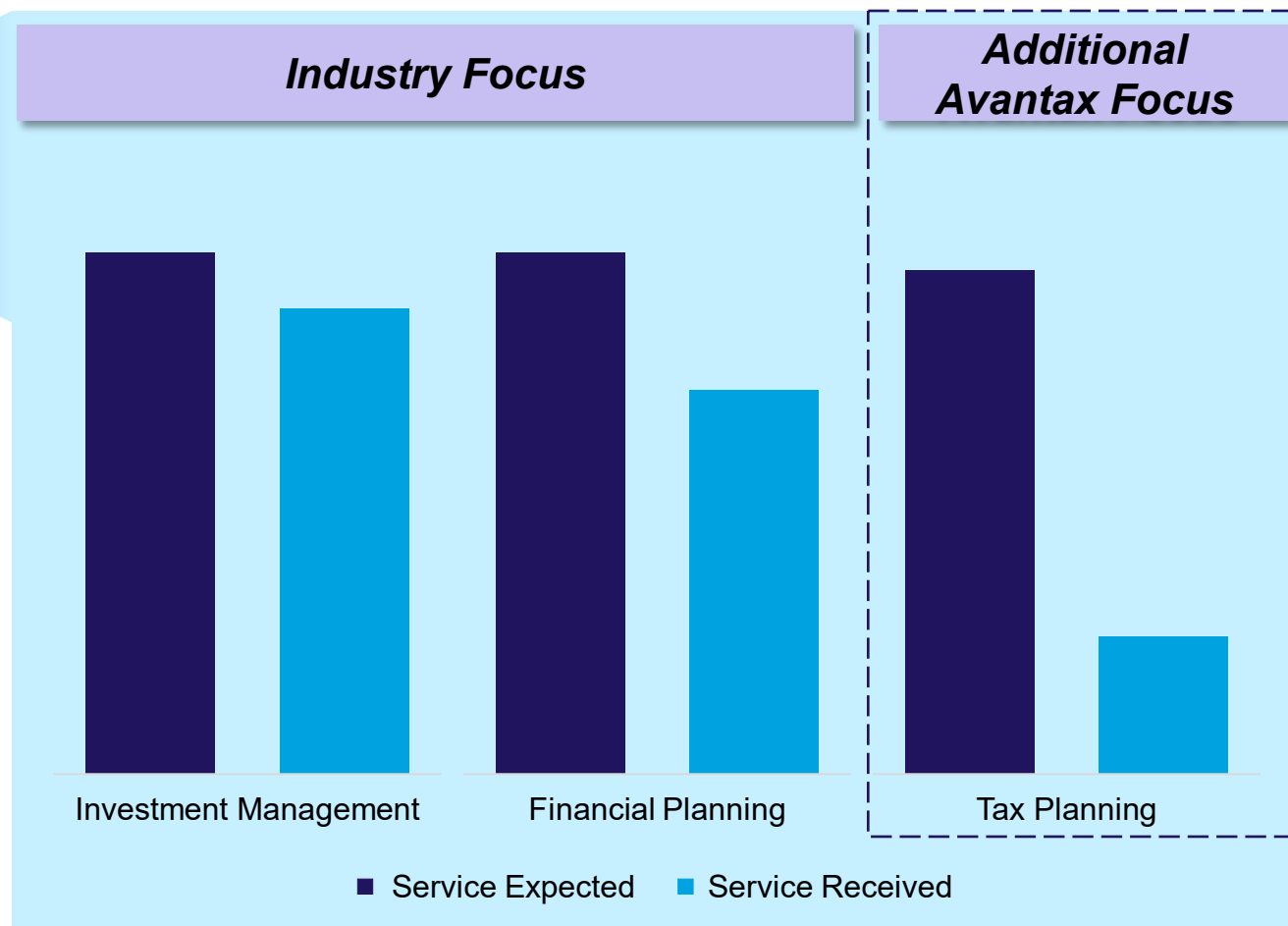
We Help Address an Unfilled Client Need

Other financial professionals provide insufficient advice on tax planning

Avantax financial professionals fill that gap with both tax and wealth knowledge

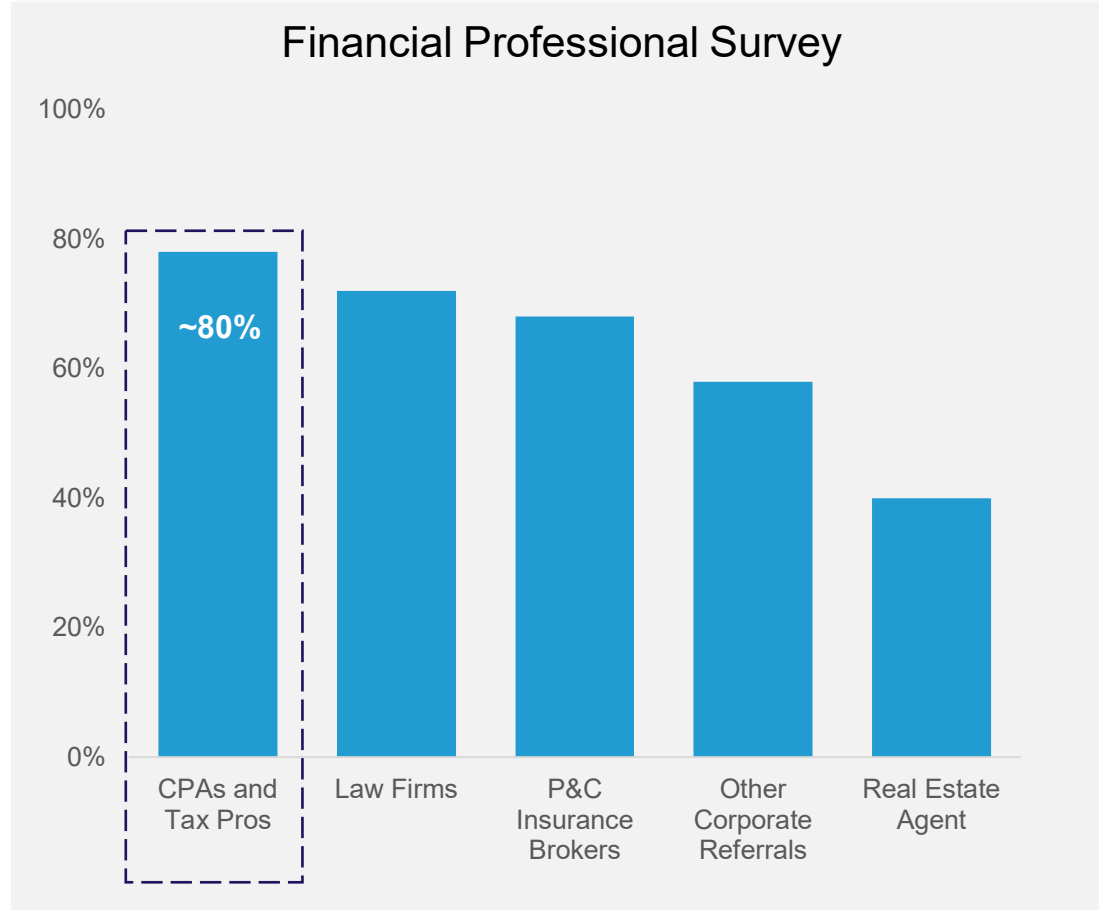
Avantax scale and focus on tax smart offerings provides the solution

Tax-Centric Advisors are Uniquely Positioned



Wealth Advice is a Natural Capability Extension for Tax Professionals ...

Clients Look to Tax Pros for Wealth Advice *Effectiveness of wealth advisor lead generation*



Wealth Advice Enhances Tax Pros' Franchises *Tangible benefits*

Ability to offer holistic financial advice to clients ...

... Contributes to higher client satisfaction with tax firm and its professionals ...

... Resulting in stronger client retention when the accounting firm offers wealth management

Incremental income stream from existing, loyal client base

... And Avantax is the Wealth Partner of Choice for Tax Professionals

Area of Tax Professional Focus	Tax Professional Questions	The Avantax Difference
Tax Smart Focus	<i>Does my wealth partner share my focus on optimizing tax strategies?</i>	Industry-leading tools to help tax professionals deliver tax-smart advice
Affiliation Model <i>(Detail on Following Slide)</i>	<i>Can my wealth management affiliation model align with my commitment to my tax practice?</i>	Uniquely offering both outsourced and independent support models
Service Excellence	<i>Will my wealth partner make the business turnkey for me?</i>	Strong, constantly improving service model and technology applications
Scale and Network	<i>Does my partner have the resources to meet my needs?</i>	The largest network of collaborative financial professionals in the industry

Our Flexible Affiliation Models are a Unique Strategic Advantage

	Avantax Planning Partners <i>Tax professional <u>outsources</u> wealth</i>	Avantax Wealth Management <i>Tax professional <u>becomes</u> wealth advisor</i>
Affiliation Model	RIA	Independent Broker Dealer
Branding	Avantax Planning Partners	Client Firm (supported by Avantax Wealth Management)
Typical Client	Regional accounting / tax firm	Small / mid-sized accounting or tax firm or Sole Practitioner
CPAs Choose Because ...	Fastest speed to service offering Turnkey – least ongoing work required Avantax responsible for all wealth services	Control end-to-end client experience Grow business inclusive of both tax and wealth management Desire to take on majority of wealth management services to client
ROAs ¹	27bps	8bps ²

¹ Return on assets (ROA) for Avantax Wealth Management (AWM) and Avantax Planning Partners (APP) equals operating income for AWM and APP, respectively, for the trailing twelve months ended March 31, 2021 divided by average quarter-end client assets for AWM and APP, respectively, for the trailing twelve months ended March 31, 2021. Operating income for APP is annualized since APP results were not included in Blucora's consolidated results until after the HKFS Acquisition on July 1, 2020.

² Based on current interest rate environment.

Our Wealth Advisors and CPA Affiliates Are Our Best Brand Ambassadors



Video

Avantax – Repositioned to Deliver Sustainable Growth

Solid progress improving Wealth Management

Building on a strong franchise

Executing clear, sustainable growth strategy

Delivering strong results

Recent Initiatives Will Continue Strengthening the Business

Product Enhancements

- Home office solution for business retirement plans
- Zero-cost brokerage IRA
- Low balance Advisory platform solutions

Technology Enhancements

- Automated tax-smart investing tools for portfolio management
- Automated account opening
- Unified client portal

Investment in Teams

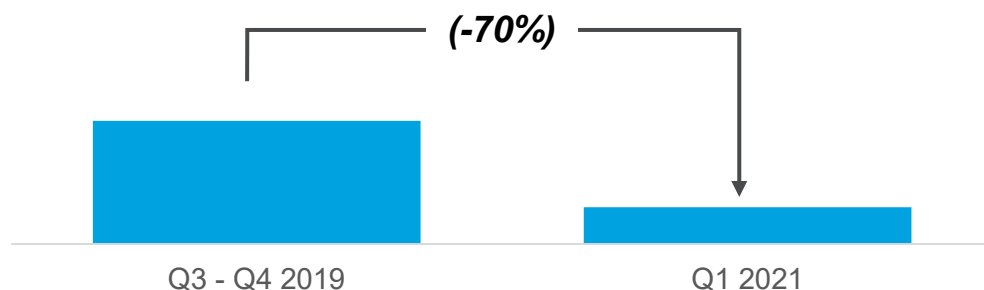
- Expanded relationship management teams
- Additional Service and Operations employees
- Growth in the Retirement Planning Services team

- **Greater mix of fee-based assets**
- **Increased satisfaction**
- **Reduced processing times**

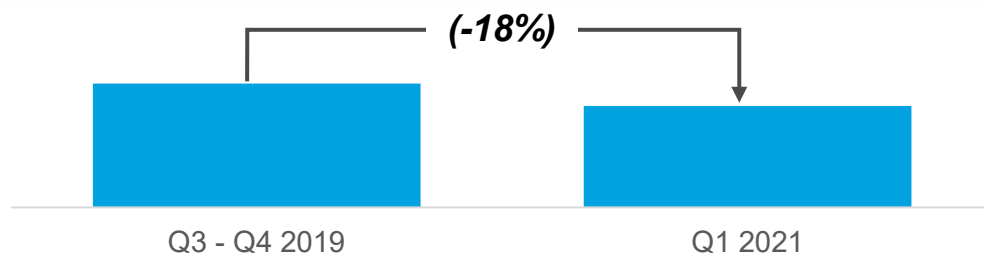
We Have Acted Decisively to Improve the Advisor Experience

Tangible Improvements in Operations ...

Average Speed to Answer¹

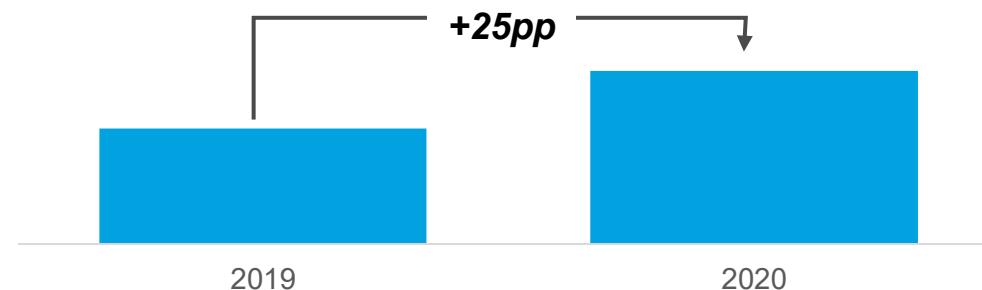


Processing Times¹

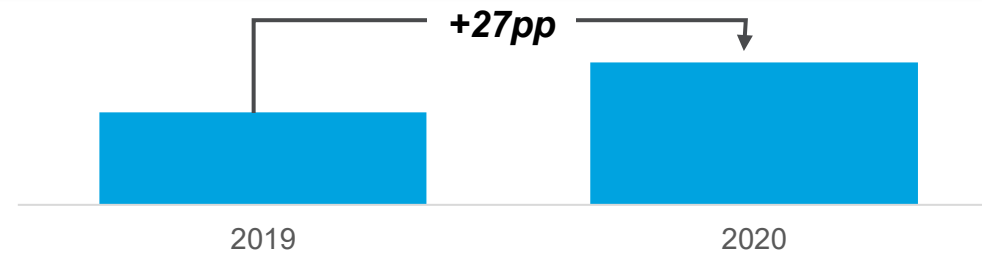


... Driving Meaningfully Improved Advisor Satisfaction

Overall Satisfaction with Avantax²



Satisfaction with Service and Support²



New leadership team has made significant investments in middle- and back-office advisor support

¹ Based on Internal reporting data² Based on current interest rate environment.

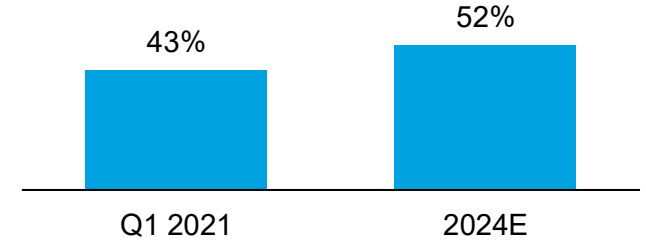
² Based on annual survey of Avantax independent financial professionals

We Are Executing a Focused Plan to Unlock Incremental Upside

1 Deliver Growth in Fee-Based Assets

- Innovative investment solutions, streamlined advisor/client technology experience and sales team focus
- Leveraging our advantages to drive recruitment wins

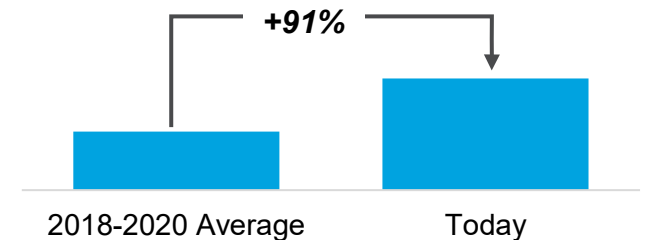
% Fee-based assets



2 Scale Retirement Planning Solutions

- Simple, SME-focused turnkey 401(k) solution
- Expanding service offering from legacy HKFS only to all independent Financial Professionals

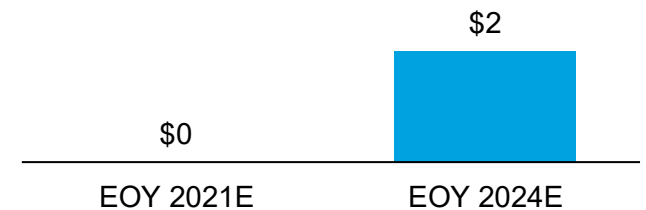
RPS Pipeline Deals



3 Realize Cross-Business Synergies

- Strategies to deliver on benefits of common ownership with TaxAct
- Rigorously tracking performance across each initiative

AUM Realized from Synergies (\$bn)



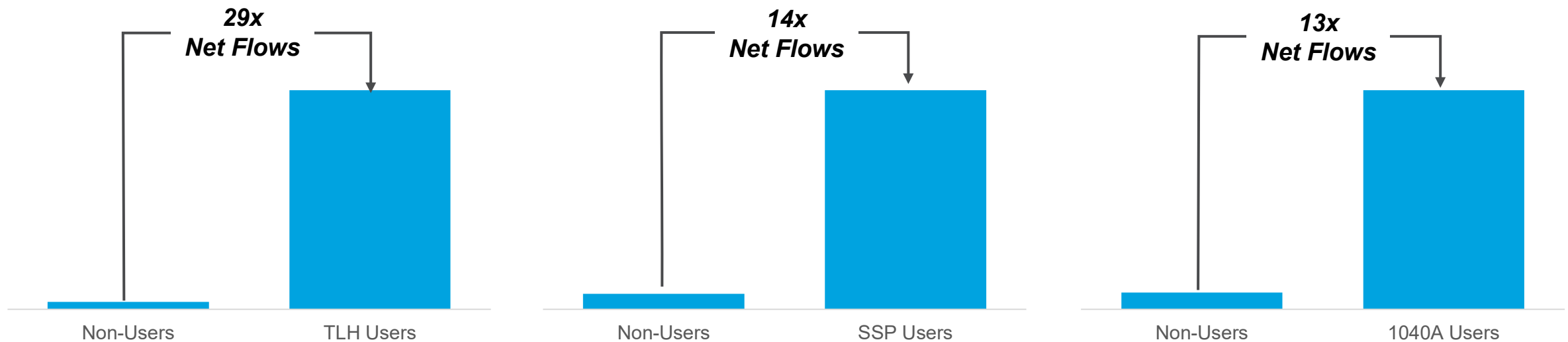
Our Tax-Smart Investing Platform Drives Results for Advisors and Clients

Executing Plan to Deliver End-to-End Tax-Smart Solutions to Automate Wealth Planning

Tax Loss Harvester

Social Security Planner

1040 Analyzer



Our Tax Professional advisors are time constrained, and benefit significantly from our automated platform. Strong adoption of new platform tools, with additional features coming throughout 2021

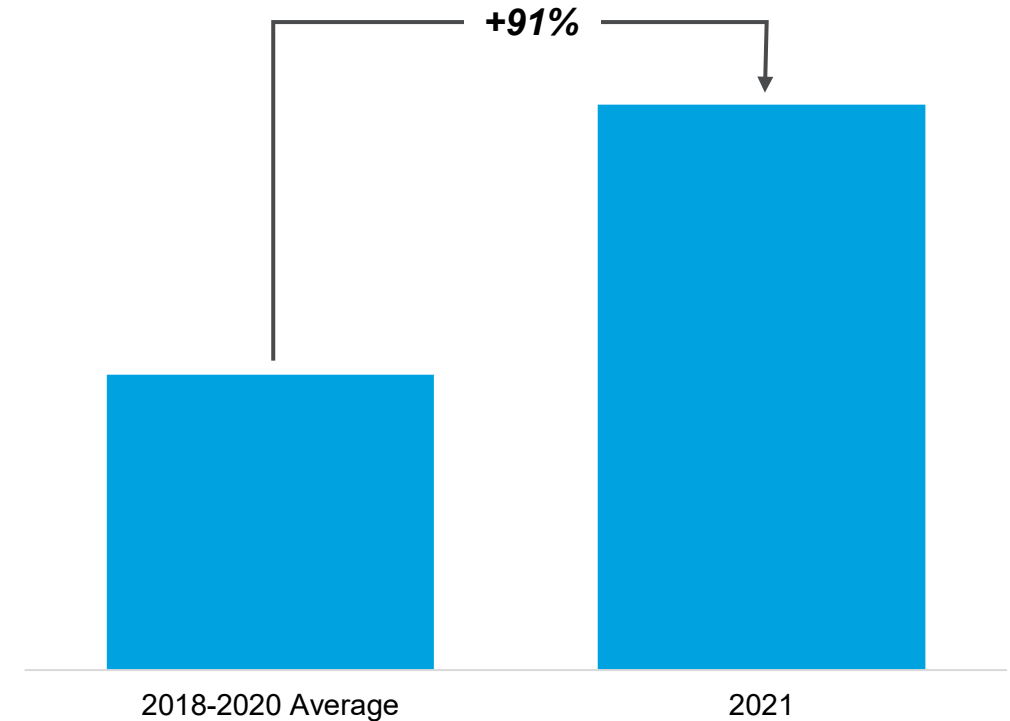
We Are Investing to Scale Our Retirement Plan Solutions Franchise

Taking Action to Accelerate RPS Growth

Growth Initiative	Status
Reinvigorated sales organization	Complete
Implemented rigorous, data-driven client targeting process	Rollout in process; strong results from early participants
Rollout to 3,700 independent affiliates at AWM	Kickoff in June 2021E

Number of Pipeline Deals

As of May 31 of Each Period



We Are Executing on Blucora-Wide Synergies Today

Synergies Driver	2021E	2024 Goals
Revenue Acceleration	<ul style="list-style-type: none">• Efforts launched• Learnings underway• Executing refinements	~\$2bn Net New Assets
Technology Expertise	<ul style="list-style-type: none">• Tax smart applications• Account opening• Client portal	Continued technology enhancements
Cost Effective Shared Services ¹	3.2% ²	<3.0%

Avantax – Repositioned to Deliver Sustainable Growth

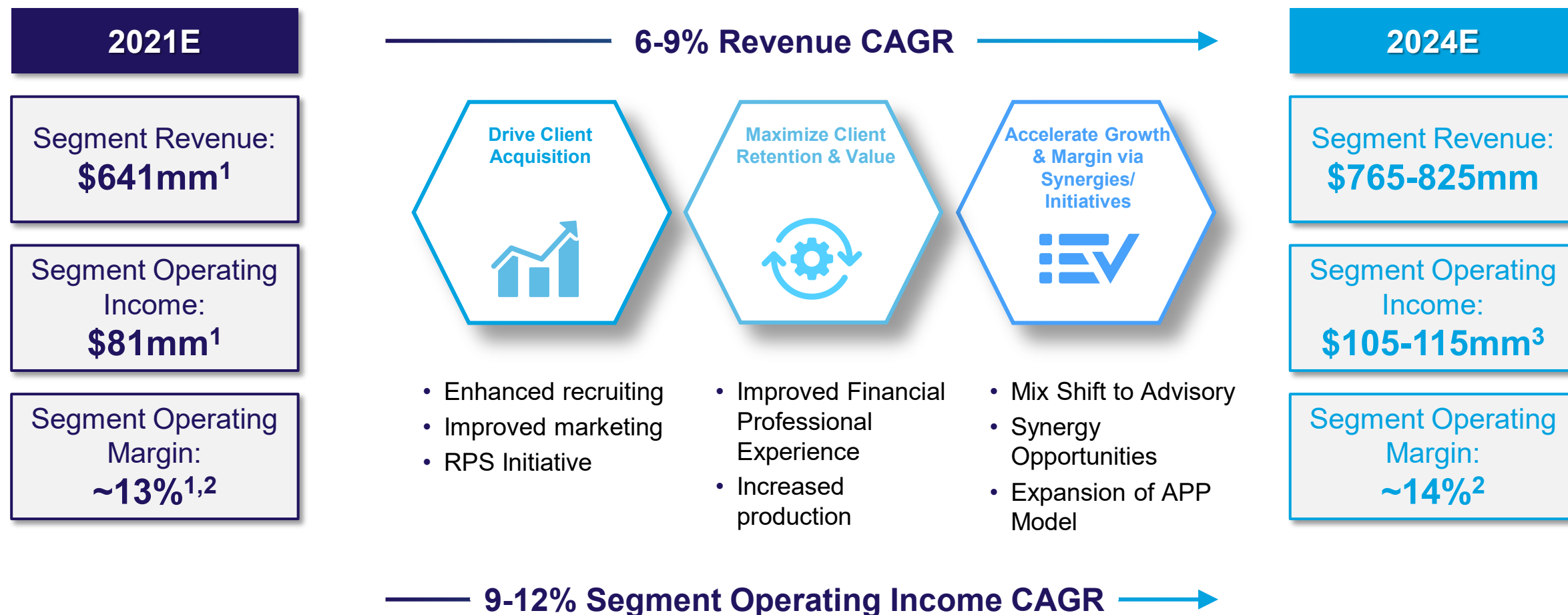
Solid progress improving Wealth Management

Building on a strong franchise

Executing clear, sustainable growth strategy

Delivering strong results

Organic Initiatives Lead to Meaningful Growth



¹ Reflects midpoint of 2021E guidance, issued June 15, 2021. See slide 89 for estimated range of guidance.

² Defined as segment operating income divided by segment revenue. For 2021E, represents midpoint of segment operating income estimated range divided by midpoint of segment revenue estimated range.

³ Reflects midpoint of margin range applied to Revenue range

Multiple Potential Drivers of Upside to Forecast

	Macro Drivers		Capital Allocation
	Equity Market	Interest Rates	RIA Acquisitions
Guidance Assumption	4% annual increase in S&P 500	No increase in Fed Funds Rate	\$15-25mm allocated annually
Illustrative Upside Flex	100pt increase in S&P 500	1.25 to 1.50% Fed Funds Rate	Potential for additional spend
Impact of Upside Flex (Annual \$mm of Segment Operating Income)	+/- \$2mm	+\$40mm to \$55mm ¹ +36 to 50% <i>Upside potential from mid-point of 2024E Segment Operating Income guidance</i>	+\$35mm to \$50mm +31 to 45%

¹ Equates to 1.25% to 1.50% FFR in 2024E at cash sweep balances between \$36 and \$4.0bn. ~\$7mm improvement for every 25 bps increase in Fed Funds Rate at cash sweep balances as of Q1'21.

Profitably Scaling Tax-Focused Advice

**Strong
Progress
Improving
Wealth
Management**

**New leadership team, improved advisor
satisfaction / retention shift to advisory**

**Building on a
Strong
Franchise**

**Powerful secure tailwinds, leader in large,
fragmented market**

**Executing Clear,
Sustainable
Growth Strategy**

**Innovate investment solutions, scale
retirement solutions, realize synergies**

**Delivering strong
results**

3 Year Projected CAGR:
Segment Revenue: 6-9%
Segment Income: 9-12%
* Assumes no increase in
FFR



Creating Value Through Disciplined Execution and Capital Allocation

Marc Mehlman
Chief Financial Officer

BLU**C**CORATM

Blucora – Repositioned to Deliver Sustainable Growth

Solid progress repositioning Blucora

Building on two strong businesses

Executing clear, sustainable growth strategy

Delivering strong results

On Right Path to Maximizing Value for Our Stockholders

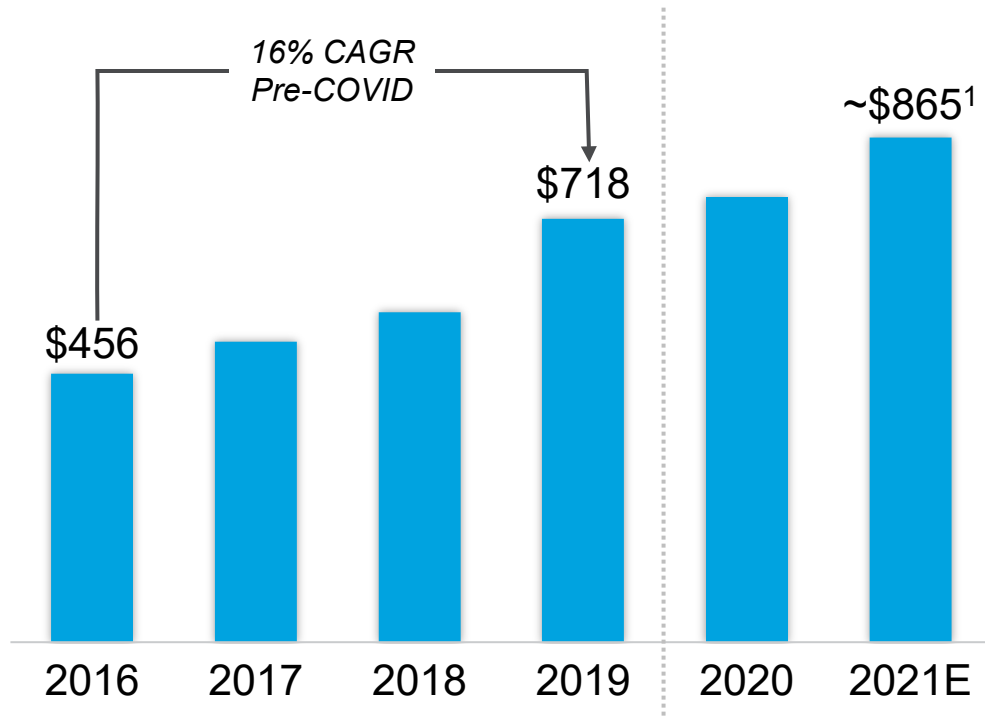
Solid Performance Track Record

Strong Financial Outlook

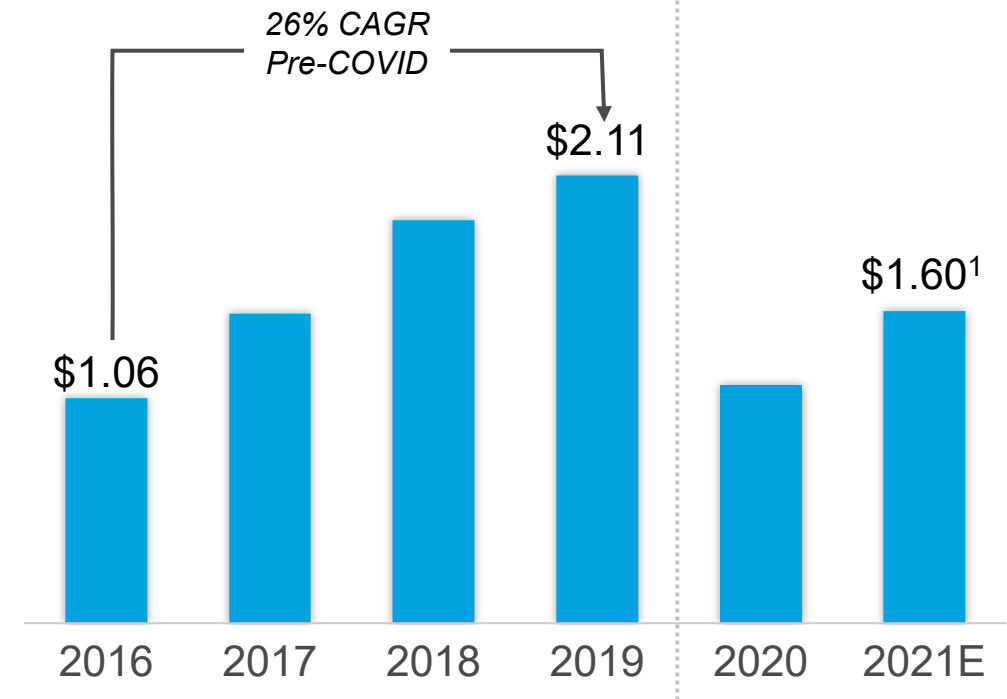
Disciplined Capital Allocation

Building on a Solid Performance Record Despite COVID-19 Headwinds

Revenue (\$mm)



Non-GAAP Net Income Per Share*

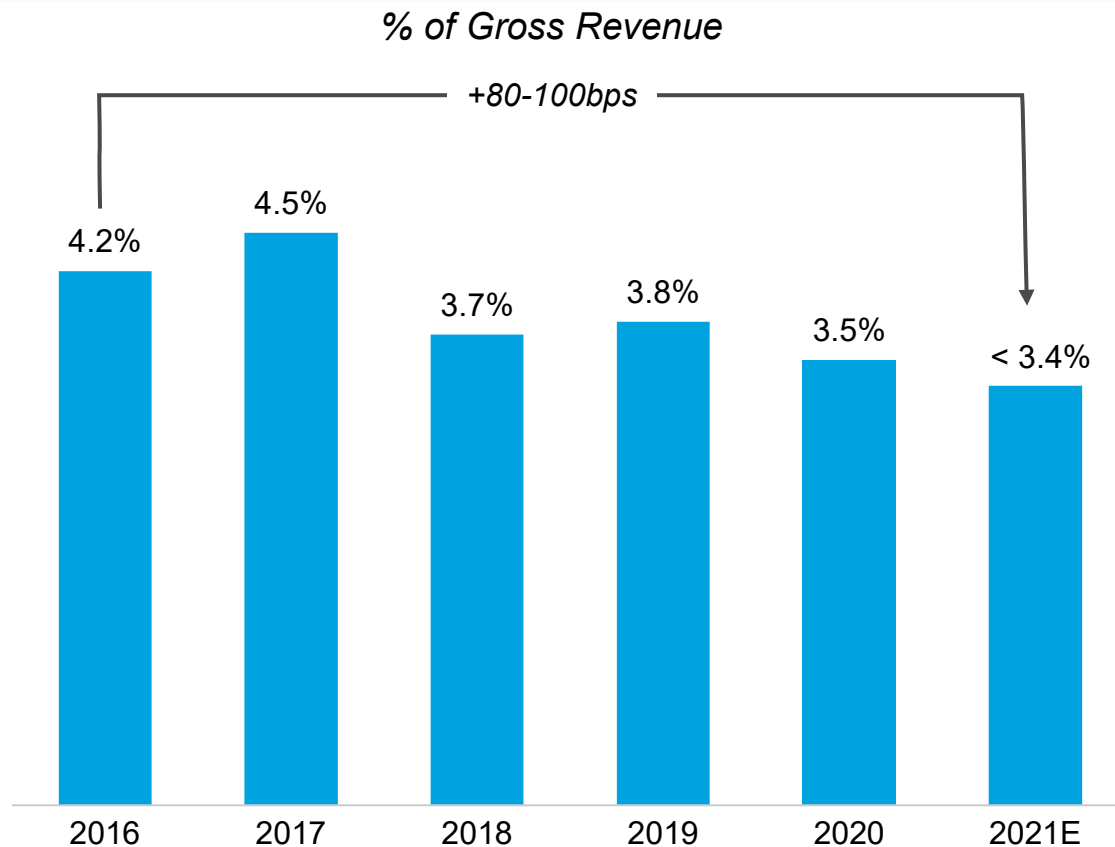


COVID Impacts

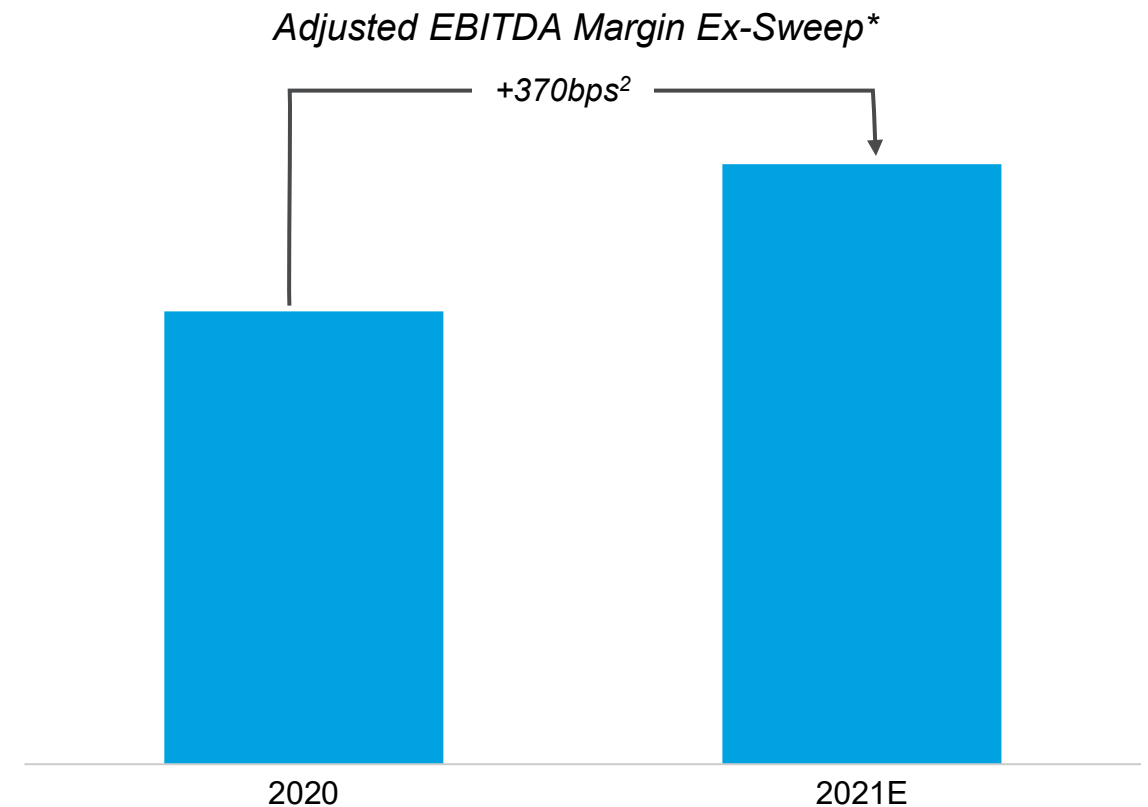
- **TaxAct:** elevated marketing and operations expenses due to extended tax filing deadline
- **Avantax:** negative impact on asset values from financial market disruption and low Fed Funds rate

Blucora Has Carefully Managed Expenses to Expand Margins

Corporate-Level Costs¹ Decreasing...



Significant Margin Improvement

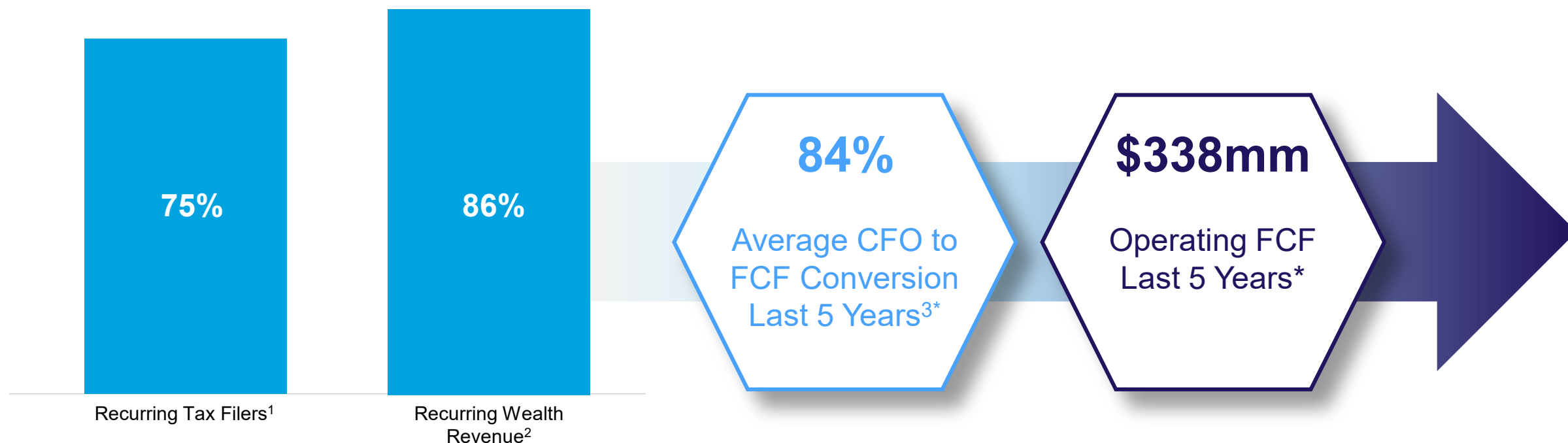


¹ Reflects unallocated corporate-level general & administrative expenses.

² Based on mid-point 2021E Adjusted EBITDA guidance issued June 15, 2021. See slide 89 for estimated range of guidance..

* Non-GAAP measure. See the appendix for a description of Non-GAAP measures in this presentation and reconciliations of non-GAAP to GAAP measures (as applicable).

Stable Business Model Producing Strong Free Cash Flow



¹ Paid federal retention rate.

² Reflects trailing twelve months ended March 31, 2021.

³ Average of 93% for the years 2016-2019.

* Non-GAAP measure. See the appendix for a description of Non-GAAP measures in this presentation and reconciliations of non-GAAP to GAAP measures (as applicable).

Track Record of Balanced and Disciplined Capital Deployment

Over last three years,
\$496mm deployed to
enhance shareholder
returns

Organic Growth

\$68mm

- Product/UX Enhancements
- InfoSec & Tech Protection
- Relationship Management & Recruiting
- Clearing Platform Conversion

Acquisitions

\$320mm¹

- Tax-focused IBD Scale
- RIA Platform & Practices
- IP & Capabilities

Shareholder Return

\$108mm



- Share repurchases 3% of 2019 OS
- 27% non-GAAP payout ratio 2019^{2*}
- Discretionary debt repayment 2018

¹ Includes integration costs.

² Reflects share repurchases divided by non-GAAP net income.

* Non-GAAP measure. See the appendix for a description of Non-GAAP measures in this presentation and reconciliations of non-GAAP to GAAP measures (as applicable).

Track Record of High-Impact, High-Return Strategic Capital Allocation

		2019	2020	2021
Acquisitions				<ul style="list-style-type: none"> Carey & Hanna Carri & Pelletier GuideVine Kevin Gordon SigniFI
Strategic Focus		<ul style="list-style-type: none"> Reinforce leadership as #1 tax-focused wealth advisor Increase economies of scale 	<ul style="list-style-type: none"> Expand wealth channel Enter Retirement Planning Services market 	<ul style="list-style-type: none"> Position for faster growth Improved margin profile
Integration Success	Top-line	<ul style="list-style-type: none"> Financial professional / revenue retention better than modelled 	<ul style="list-style-type: none"> Significant increase in RPS pipeline post-integration 	<div> <ul style="list-style-type: none"> Strong early results on 2021 acquisitions </div>
	Expense	<ul style="list-style-type: none"> 124% of modeled savings¹ 	<ul style="list-style-type: none"> On track to achieve 102% of modeled savings² 	

1 As of end Q1, 2021

2 By end of 2021

On Right Path to Maximizing Value for Our Stockholders

Solid Performance Track Record

Strong Financial Outlook

Disciplined Capital Allocation

Revising 2021 Outlook in Light of YTD Performance

Guidance	Tax Software	Wealth Management	Blucora
Revenue	\$223.5 – \$226.5mm <i>(up \$9.75mm at mid-point from prior guidance)</i>	\$631.5 – \$649.5mm	\$855.0 – \$876.0mm <i>(up \$9.75mm at mid-point from prior guidance)</i>
Revenue Growth	7.1 – 8.5%	15.6 – 18.9%	13.3 – 16.0%
Segment Operating Income	\$80 – \$82mm <i>(up \$6.75mm at mid-point from prior guidance)</i>	\$79 – \$83.5	<i>Adj. EBITDA</i> \$130.5 – \$138.0mm* <i>(up \$6.75mm at mid-point from prior guidance)</i>
Unallocated Corporate G&A	<i>n.a.</i>		\$27.5 – 28.5mm
Non-GAAP EPS	<i>n.a.</i>		\$1.50 – 1.70* <i>(up \$0.13 at mid-point from prior guidance)</i>

Poised to Deliver Sustainable Growth in the Next 3 Years

	Tax Software	Wealth Management	Blucora
Revenue (2024E)	\$275 – \$290mm	\$765 – \$825mm	\$1.0 – \$1.1bn
Revenue Growth (2021-2024 CAGR)	~7-9%	~6-9%	~7-9%
Margin (2024E)	~38-42% <i>Segment Operating Income Margin</i>	~14% <i>Segment Operating Income Margin</i>	~16-18%* <i>Adj. EBITDA Margin</i>

How We Will Measure Success in the Next 3 Years: Our Growth Goals

Organic
Revenue
Growth

7 – 9%

Adj.
EBITDA
Growth*

10 – 14%

CFO to FCF
Conversion*

>75%

Non-GAAP
EPS
Growth*

>10%

Pre-Tax
Non-GAAP
EPS Growth*

>20%

Tax Software Key KPIs

Increase in
Monetized
TaxAct Units
& ARPU

Improved
Start,
Conversion
and
Retention
Rates

Wealth Management Key KPIs

Net New Asset
Growth

Continued
Shift to
Advisory

*Non-GAAP measure. See the appendix for a description of Non-GAAP measures in this presentation, including a note concerning the inability to reconcile forward-looking 2024 non-GAAP financial metrics to the nearest applicable GAAP metrics.

Multiple Potential Drivers of Upside to Forecast

	Macro Drivers		Capital Allocation
	Equity Market	Interest Rates	RIA Acquisitions
Guidance Assumption	4% annual increase in S&P 500	No increase in Fed Funds Rate	\$15-25mm allocated annually
Illustrative Upside Flex	100pt increase in S&P 500	1.25 to 1.50% Fed Funds Rate	Potential for additional spend
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¹ Equates to 1.25% to 1.50% FFR in 2024E at cash sweep balances between \$3.6 and \$4.0bn. ~\$7mm improvement for every 25 bps increase in Fed Funds Rate at cash sweep balances as of Q1'21.

On Right Path to Maximizing Value for Our Stockholders

Solid Performance Track Record

Strong Financial Outlook

Disciplined Capital Allocation

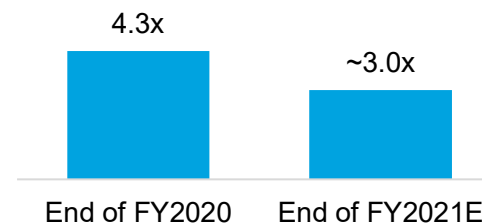
Capital Allocation Priorities

1

Maintain Strong Balance Sheet

- Ample capital to support growth
- On track to deleverage

Net Leverage Ratio*

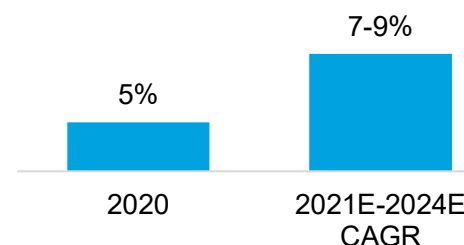


2

Invest to Fuel Business Growth

- Unlocking upside across the business
- Technology, marketing, and service enhancement to create sustainable growth

Revenue Growth

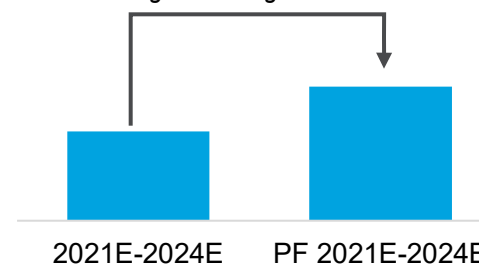


3

Opportunistic Targeted M&A

- Disciplined capital allocation approach
- Significant opportunities within our ecosystem

\$35-\$50mm+¹ Potential Additional Wealth Management Segment Income



¹ Reflects internal M&A / practice conversions.

* Non-GAAP measure. See the appendix for a description of Non-GAAP measures in this presentation and reconciliations of non-GAAP to GAAP measures (as applicable).

Strong Balance Sheet with Capacity to Invest

Capacity to Invest for Future Growth

Balance Sheet Cash

\$192mm¹

Revolver Capacity

\$90mm²

Revolver Access

✓

Covenant-lite Flexible Debt

✓

Net Leverage Ratio^{*}

3.5x³

Target Net Leverage Ratio^{*}

2.0-3.0x

Incremental M&A Debt Capacity

\$350-450mm⁴

¹ Excludes cash segregated under federal or other regulations of \$2.2 million. As of 3/31/21.

² Reflects current revolving credit facility capacity.

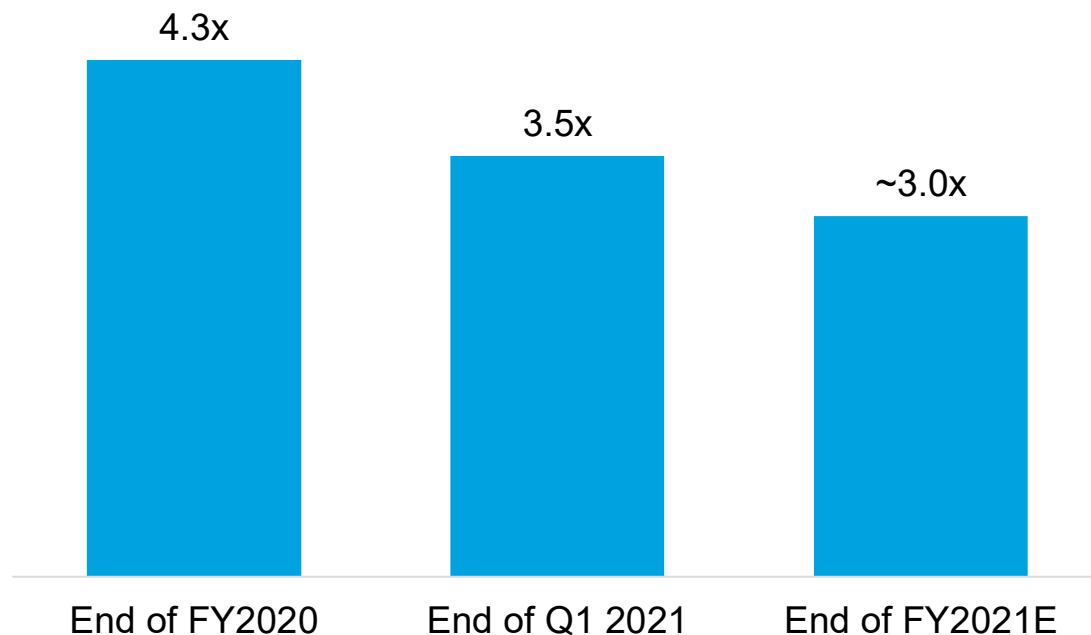
³ As of 3/31/21.

⁴ Based on mid-point 2021 EBITDA guidance, acquired M&A at 10-15x multiple and max net leverage of 5x.

^{*} Non-GAAP measure. See the appendix for a description of Non-GAAP measures in this presentation and reconciliations of non-GAAP to GAAP measures (as applicable).

Committed to Deleveraging

Net Leverage Ratio*



The Path to Target Leverage

2021 Segment Income Improvement

Strong Business Generated Cash Flow

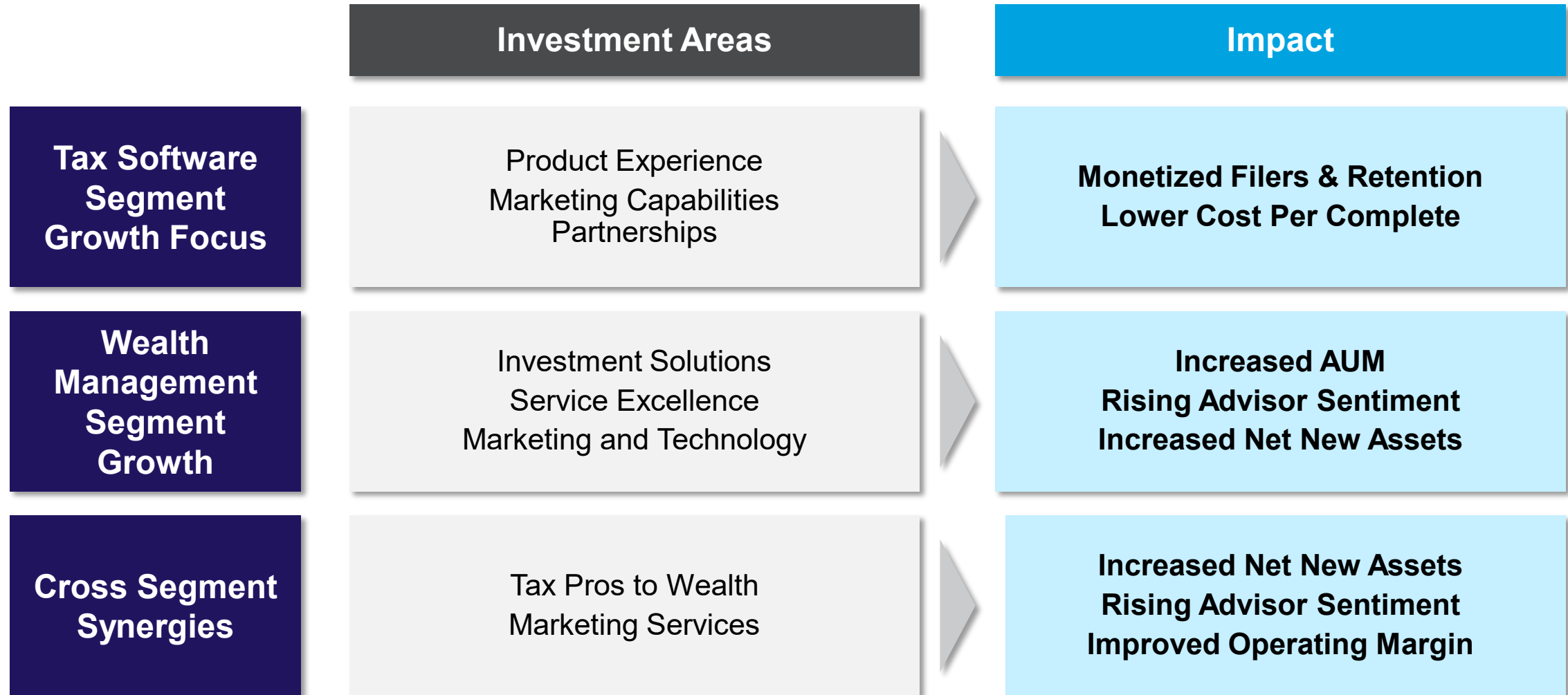
Ample Balance Sheet Cash Position

Optional Discretionary Debt Pay Down

Committed to maintaining target net leverage range of 2.0x to 3.0x

* Non-GAAP measure. See the appendix for a description of Non-GAAP measures in this presentation and reconciliations of non-GAAP to GAAP measures (as applicable).

We Are Investing in the Business to Fuel Organic Growth



We Will Continue to Invest in Acquisitions That Meet Our Criteria

Business Criteria

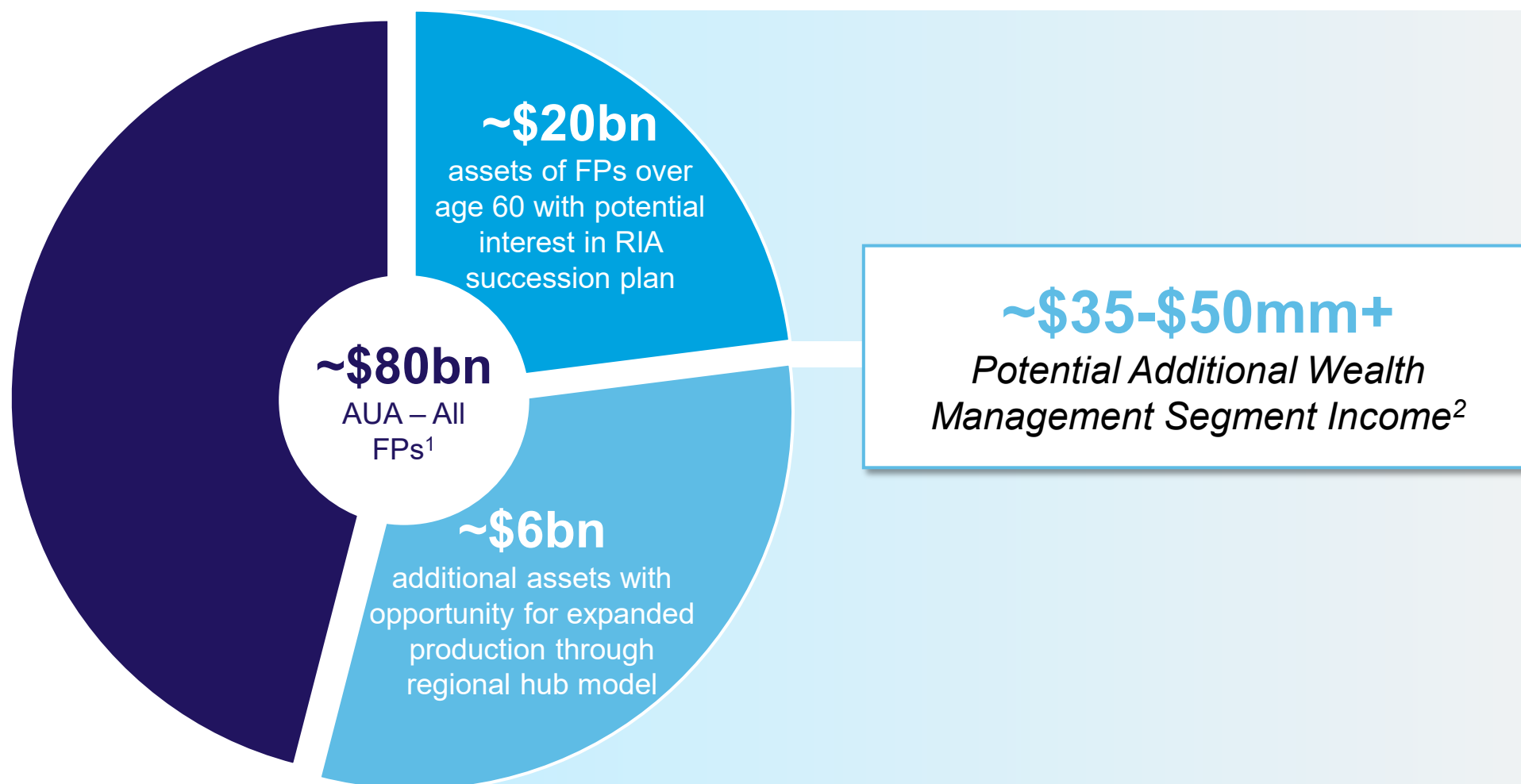
- ✓ Aligns with strategic growth priorities
- ✓ Build scale & enhance products
- ✓ Reinforces Roadmap
- ✓ Limited distraction to core business
- ✓ Manageable amount of execution risk

Financial Criteria

- ✓ Valuation based on reasonable multiples
- ✓ Attractive returns over short-to-medium term
- ✓ $IRR > WACC$
- ✓ Quickly accretive

Blucora Opportunity to Move Wealth Assets to RIA

Blucora Projected Opportunity



¹ Reflects current in-network Avantax Wealth Management AUA.

² Reflects internal M&A / practice conversions.

Repositioned to Deliver Sustainable Growth

**Solid Progress
Repositioning
Blucora**

Transformed leadership team, changing culture, and stabilized both franchises amidst COVID-19

Building on two strong businesses

Sharp focus on tax-centric financial services with distinctive positioning within tax software and tax-smart wealth advice

Executing clear, sustainable strategy for growth

Delivering on plan to accelerate customer acquisition, improve retention and drive operating leverage

Delivering strong results

3 Year Projected CAGR:

Revenue: 7%-9%

Adj. EBITDA*: 10 -14%



Question and Answer

BLUCORA™

Appendix

Note Concerning Forward-Looking 2024 Non-GAAP Financial Metrics

Within this presentation, we have provided certain forward-looking growth metrics that are based on certain forward-looking non-GAAP metrics for the year ending December 31, 2024. See the “Notes to Reconciliations of Non-GAAP Financial Measures to the Nearest Comparable GAAP Measures” presented within this Appendix for definitions of Adjusted EBITDA, Free Cash Flow, CFO to FCF Conversion Ratio, Non-GAAP Net Income Per Share, and Non-GAAP Net Income Per Share Before Taxes. Specific quantifications of the amounts of certain components (such as stock-based compensation, depreciation and amortization of acquired intangible assets, acquisition and integration costs, income tax expense/benefit, changes to net cash provided by operations as a result of working capital changes, and purchases of property and equipment) that would be required to reconcile our Adjusted EBITDA, Non-GAAP Net Income Per Share, and Non-GAAP Net Income Per Share Before Taxes outlook for 2024 to our outlook for net income and Free Cash Flow and CFO to FCF Conversion Ratio outlook for 2024 to our outlook for net cash provided by operating activities, respectively, are not available. Because of the variability of these and other items as well as the impact of future events on these items, management is unable to reconcile without unreasonable effort expected Adjusted EBITDA, Free Cash Flow, CFO to FCF Conversion Ratio, Non-GAAP Net Income Per Share, or Non-GAAP Net Income Per Share Before Taxes for 2024 to comparable GAAP measures.

Blucora Reconciliation of Adjusted EBITDA ⁽¹⁾, Adjusted EBITDA and Total Revenue (Excluding Sweep Revenue) ⁽⁴⁾⁽⁵⁾, and Adjusted EBITDA Margin (Excluding Sweep Revenue) ⁽⁶⁾

<i>(In thousands, except per share amounts)</i>	2020	2021
	FY 12/31	TTM 3/31
<u>Adjusted EBITDA ⁽¹⁾</u>		
Net income ⁽²⁾	\$ (342,755)	\$ 385
Stock-based compensation	10,066	16,877
Depreciation and amortization of acquired intangible assets	39,907	40,157
Other loss, net	31,304	33,052
Impairment of goodwill and an intangible asset	270,625	-
Acquisition and integration costs—Excluding change in fair value of HKFS Contingent Consideration	31,085	27,206
Acquisition and integration—Change in fair value of HKFS Contingent Consideration	-	6,300
Executive transition costs	10,701	1,517
Headquarters relocation costs	1,863	1,147
Contested proxy and other legal and consulting costs	-	3,230
Income tax (benefit) expense	42,331	(23,489)
Adjusted EBITDA ⁽¹⁾	<u>\$ 95,127</u>	<u>\$ 106,382</u>
Excluding sweep revenue	<u>(9,885)</u>	
Adjusted EBITDA, excluding sweep revenue ⁽⁴⁾	<u>\$ 85,242</u>	
Total revenue	\$ 754,952	
Excluding sweep revenue	<u>(9,885)</u>	
Total revenue, excluding sweep revenue ⁽⁵⁾	<u>\$ 745,067</u>	
Adjusted EBITDA margin, excluding sweep revenue ⁽⁶⁾	11.4%	

Blucora Reconciliation of Adjusted EBITDA ⁽¹⁾, Adjusted EBITDA and Total Revenue (Excluding Sweep Revenue) ⁽⁴⁾⁽⁵⁾, and Adjusted EBITDA Margin (Excluding Sweep Revenue) ⁽⁶⁾ for Forward-Looking Guidance

<i>(In thousands, except percentages)</i>	Ranges for the year ending December 31, 2021		
	Low	Mid-point	High
Net income (loss) ⁽²⁾	\$ (7,600)	\$ (1,850)	\$ 3,900
Stock-based compensation	21,500	21,350	21,200
Depreciation and amortization of acquired intangible assets	45,000	44,750	44,500
Other loss, net	33,500	32,950	32,400
Acquisition, integration, and contested proxy and other legal and consulting costs ⁽¹⁰⁾	34,800	33,900	33,000
Income tax expense	3,300	3,150	3,000
Adjusted EBITDA ⁽¹⁾	<u>\$ 130,500</u>	<u>\$ 134,250</u>	<u>\$ 138,000</u>
Excluding sweep revenue		(3,900)	
Adjusted EBITDA, excluding sweep revenue ⁽⁴⁾		<u>\$ 130,350</u>	
Total revenue	\$ 855,000	\$ 865,500	\$ 876,000
Excluding sweep revenue		(3,900)	
Total revenue, excluding sweep revenue ⁽⁵⁾		<u>\$ 861,600</u>	
Adjusted EBITDA margin ⁽⁶⁾	15.3%	15.5%	15.8%
Adjusted EBITDA margin, excluding sweep revenue ⁽⁶⁾		15.1%	

Blucora Reconciliation of Non-GAAP Net Income ⁽¹⁾, Non-GAAP Net Income Per Share ⁽¹⁾, Non-GAAP Net Income Before Taxes ⁽⁷⁾, Non-GAAP Net Income Per Share Before Taxes ⁽⁷⁾, and Non-GAAP Payout Ratio ⁽⁹⁾

(In thousands, except per share amounts)	2016	2017	2018	2019	2020
	FY 12/31	FY 12/31	FY 12/31	FY 12/31	FY 12/31
Non-GAAP Net Income ⁽¹⁾					
Net income (loss) attributable to Blucora, Inc. ⁽²⁾	\$ (65,158)	\$ 27,039	\$ 50,634	\$ 48,148	\$ (342,755)
Stock-based compensation	14,128	11,653	13,253	16,300	10,066
Amortization of acquired intangible assets	34,143	34,002	33,586	37,357	29,745
Impairment of goodwill and an intangible asset	-	-	-	50,900	270,625
Accretion and write-off of debt discount and debt issuance costs on previous debt	(2,430)	17,875	-	-	-
Gain on the sale of a business	-	-	-	(3,256)	(349)
Acquisition and integration costs—Excluding change in fair value of HKFS Contingent Consideration	391	-	-	25,763	22,785
Acquisition and integration—Change in fair value of HKFS Contingent Consideration	-	-	-	-	8,300
Executive transition costs	-	-	-	-	10,701
Headquarters relocation costs	-	-	-	-	1,863
Restructuring	3,870	3,101	288	-	-
Non-capitalized debt issuance expenses	-	-	-	-	3,687
Net income attributable to noncontrolling interests	658	2,337	935	-	-
Discontinued operations, net of tax	63,121	-	-	-	-
Cash tax impact of adjustments to GAAP net income	175	(6)	(2,257)	(2,396)	(1,647)
Non-cash income tax (benefit) expense	(3,802)	(26,853)	(2,403)	(68,618)	41,059
Non-GAAP net income ⁽¹⁾	<u>\$ 45,096</u>	<u>\$ 69,148</u>	<u>\$ 94,036</u>	<u>\$ 104,198</u>	<u>\$ 54,080</u>
Additional cash tax impacts					2,919
Non-GAAP net income before taxes ⁽⁷⁾					<u>\$ 56,999</u>
GAAP net income per share attributable to Blucora, Inc. - diluted	\$ (1.57)	\$ 0.57	\$ 0.90	\$ 0.98	\$ (7.14)
Non-GAAP net income per share ^{(1) (3)}	\$ 1.06	\$ 1.46	\$ 1.90	\$ 2.11	\$ 1.12
Non-GAAP net income per share before taxes ⁽⁷⁾					\$ 1.18
Weighted average shares outstanding ⁽³⁾	42,686	47,211	49,381	49,282	48,244
Share repurchases				\$ 28,399	
GAAP Payout ratio ⁽⁸⁾				59%	
Non-GAAP Payout ratio ⁽⁹⁾				27%	

Blucora Reconciliation of Non-GAAP Net Income and Non-GAAP Net Income Per Share for Forward-Looking Guidance ⁽¹⁾

(In thousands, except per share amounts)	Ranges for the year ending		
	December 31, 2021		
	Low	Mid-point	High
Net income (loss) ⁽²⁾	\$ (7,600)	\$ (1,850)	\$ 3,900
Stock-based compensation	21,500	21,350	21,200
Amortization of acquired intangible assets	28,600	28,450	28,300
Acquisition, integration, and contested proxy and other legal and consulting costs ⁽¹⁰⁾	34,800	33,900	33,000
Cash tax impact of adjustments to GAAP net income/loss	(2,000)	(1,850)	(1,700)
Non-cash income tax expense	200	250	300
Non-GAAP net income ⁽¹⁾	\$ 75,500	\$ 80,250	\$ 85,000
<u>Per diluted share</u>			
Net income (loss) ⁽²⁾⁽³⁾	\$ (0.15)	\$ (0.04)	\$ 0.08
Stock-based compensation	0.43	0.43	0.42
Amortization of acquired intangible assets	0.57	0.57	0.57
Acquisition, integration, and contested proxy and other legal and consulting costs ⁽¹⁰⁾	0.69	0.67	0.66
Cash tax impact of adjustments to GAAP net income/loss	(0.04)	(0.04)	(0.03)
Non-cash income tax expense	-	(0.00)	(0.00)
Non-GAAP net income per share ⁽¹⁾	\$ 1.50	\$ 1.60	\$ 1.70
Weighted average shares outstanding used in computing per diluted share amounts (in thousands)	50,300	50,200	50,100

Blucora Reconciliation of Net Leverage Ratio ⁽¹²⁾ and Net Debt ⁽¹³⁾

<i>(In thousands except ratio)</i>	Forecasted*		
	2020	2021	2021
	12/31	3/31	12/31
DEBT:			
Senior secured credit facility	\$ 563,156	\$ 562,703	\$ 561,300
CASH:			
Cash and cash equivalents	\$ 150,125	\$ 191,803	\$ 137,300
NET DEBT ⁽¹³⁾	\$ 413,031	\$ 370,900	\$ 424,000
Trailing twelve months:			
Wealth Management segment operating income	\$ 72,195	\$ 68,993	\$ 81,250
Tax Software segment operating income	49,621	62,756	81,000
	121,816	131,749	162,250
Unallocated corporate-level general and administrative expenses	(26,689)	(25,367)	(28,000)
ADJUSTED EBITDA ⁽¹⁾ ⁽¹¹⁾	\$ 95,127	\$ 106,382	\$ 134,250
NET LEVERAGE RATIO ⁽¹¹⁾ ⁽¹²⁾	4.3x	3.5x	3.2x

* Reflects midpoint of 2021E guidance.

Blucora Reconciliation of Operating Free Cash Flow ⁽¹⁵⁾ and CFO to FCF Conversion Ratio ⁽¹⁶⁾

<i>(In thousands, rounding differences may exist)</i>	2016	2017	2018	2019	2020	Five years ended
	FY 12/31	FY 12/31	FY 12/31	FY 12/31	FY 12/31	12/31/2020
Net cash provided by operating activities (CFO) ⁽¹⁴⁾	\$ 85,970	\$ 72,846	\$ 105,548	\$ 92,804	\$ 44,079	\$ 401,247
Purchases of property and equipment	(3,812)	(5,039)	(7,633)	(10,501)	(36,002)	(62,987)
Operating free cash flow (FCF) ⁽¹⁵⁾	<u>\$ 82,158</u>	<u>\$ 67,807</u>	<u>\$ 97,915</u>	<u>\$ 82,303</u>	<u>\$ 8,077</u>	<u>\$ 338,260</u>
CFO to FCF conversion ratio ⁽¹⁶⁾	95.6%	93.1%	92.8%	88.7%	18.3%	84.3%

Blucora Reconciliation of Tax Software Revenue, Excluding SimpleTax ⁽¹⁸⁾

						Forecasted FY 2021		
<i>(in thousands)</i>	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	Low	Mid-point	High
Tax Software segment revenue ⁽²⁾	\$ 139,365	\$ 160,937	\$ 187,282	\$ 209,966	\$ 208,763	\$ 223,500	\$ 225,000	\$ 226,500
Less: SimpleTax revenue ⁽¹⁷⁾	(1,226)	(1,224)	(1,800)	(2,555)	-	-	-	-
Tax Software segment revenue, excluding SimpleTax ⁽¹⁸⁾	<u>\$ 138,139</u>	<u>\$ 159,713</u>	<u>\$ 185,482</u>	<u>\$ 207,411</u>	<u>\$ 208,763</u>	<u>\$ 223,500</u>	<u>\$ 225,000</u>	<u>\$ 226,500</u>

Blucora Reconciliation of Operating Income, Excluding Corporate-Level Activity ⁽¹⁷⁾

<i>(In thousands)</i>	For the year ended December 31, 2020
Operating income (loss) by segment:	
Wealth Management	\$ 72,195
Tax Software	49,621
Corporate-level activity	(390,936)
Total operating income (loss) ⁽²⁾	(269,120)
Less: Corporate-level activity	390,936
Operating income, less corporate-level activity	<u>\$ 121,816</u>
Wealth Management operating income as a % of operating income, less corporate-level activity ⁽¹⁹⁾	59%
Tax Software operating income as a % of operating income, less corporate-level activity ⁽¹⁹⁾	41%

Notes to Reconciliations of Non-GAAP Financial Measures to the Nearest Comparable GAAP Measures

- 1) We define Adjusted EBITDA as net income (loss), determined in accordance with GAAP, excluding the effects of stock-based compensation, depreciation and amortization of acquired intangible assets, other loss, net, acquisition and integration costs, executive transition costs, headquarters relocation costs, contested proxy and other legal and consulting costs, impairment of goodwill and an intangible asset, and income tax (benefit) expense. Other loss, net, primarily constitutes our interest expense, net of interest income. Acquisition and integration costs primarily relate to the 1st Global Acquisition and the HKFS Acquisition. Impairment of goodwill relates to the impairment of our Wealth Management reporting unit goodwill that was recognized in the first quarter of 2020. Impairment of an intangible asset relates to the impairment of the HD Vest trade name intangible asset following the rebranding of the Wealth Management business in the third quarter of 2019. Executive transition costs relate to the departure of certain Company executives primarily in the first quarter of 2020. Headquarters relocation costs relate to the process of moving from our original Dallas office and Irving office to our new headquarters.

We believe that Adjusted EBITDA provides meaningful supplemental information regarding our performance. We use this non-GAAP financial measure for internal management and compensation purposes, when publicly providing guidance on possible future results, and as a means to evaluate period-to-period comparisons. We believe that Adjusted EBITDA is a common measure used by investors and analysts to evaluate our performance, that it provides a more complete understanding of the results of operations and trends affecting our business when viewed together with GAAP results, and that management and investors benefit from referring to this non-GAAP financial measure. Items excluded from Adjusted EBITDA are significant and necessary components to the operations of our business and, therefore, Adjusted EBITDA should be considered as a supplement to, and not as a substitute for or superior to, GAAP net income (loss). Other companies may calculate Adjusted EBITDA differently and, therefore, our Adjusted EBITDA may not be comparable to similarly titled measures of other companies.

We define non-GAAP net income (loss) as net income (loss), determined in accordance with GAAP, excluding the effects of stock-based compensation, amortization of acquired intangible assets (including acquired technology), impairment of goodwill and an intangible asset, accretion and write-off of debt discount and debt issuance costs on previous debt, gain on the sale of a business, acquisition and integration costs, executive transition costs, headquarters relocation costs, restructuring, non-capitalized debt issuance expenses, net income attributable to noncontrolling interests, discontinued operations (net of tax), contested proxy and other legal and consulting costs, the related cash tax impact of those adjustments, and non-cash income tax (benefit) expense. We exclude the non-cash portion of income taxes because of our ability to offset a substantial portion of our cash tax liabilities by using deferred tax assets, which primarily consist of U.S. federal net operating losses. The majority of these net operating losses will either be utilized or expire between 2021 and 2024. The write-off of debt discount and debt issuance costs on our formerly outstanding convertible senior notes and the closed TaxAct - HD Vest 2015 credit facility related to the debt refinancing that occurred in the second quarter of 2017. Gain on the sale of a business relates to the disposition of SimpleTax in the third quarter of 2019 and the subsequent working capital adjustment in the third quarter of 2020. Restructuring costs relate to the move of our corporate headquarters that was completed in 2018. Non-capitalized debt issuance expense relates to the expense recognized as a result of our term loan increase in the third quarter of 2020.

We believe that non-GAAP net income (loss) and non-GAAP net income (loss) per share provide meaningful supplemental information to management, investors, and analysts regarding our performance and the valuation of our business by excluding items in the statement of operations that we do not consider part of our ongoing operations or have not been, or are not expected to be, settled in cash. Additionally, we believe that non-GAAP net income (loss) and non-GAAP net income (loss) per share are common measures used by investors and analysts to evaluate our performance and the valuation of our business. Non-GAAP net income (loss) and non-GAAP net income (loss) per share should be evaluated in light of our financial results prepared in accordance with GAAP and should be considered as a supplement to, and not as a substitute for or superior to, GAAP net income (loss) and net income per share. Other companies may calculate non-GAAP net income (loss) and non-GAAP net income (loss) per share differently, and, therefore, our non-GAAP net income (loss) and non-GAAP net income (loss) per share may not be comparable to similarly titled measures of other companies.

- 2) As presented in the consolidated statements of operations (unaudited).
- 3) Any difference in the “per diluted share” amounts between this table and the preliminary consolidated statements of operations is due to using different weighted average shares outstanding in the event that there is GAAP net loss but non-GAAP net income and vice versa.
- 4) Adjusted EBITDA, excluding sweep revenue, is a non-GAAP measure that represents Adjusted EBITDA (as described in footnote 1) less sweep revenue. We believe that excluding cash sweep revenue from Adjusted EBITDA provides meaningful supplemental information to management, investors, and analysts regarding Blucora’s performance by showing performance other than cash sweep revenue, which is dependent on the Federal Funds Rate.

Notes to Reconciliations of Non-GAAP Financial Measures to the Nearest Comparable GAAP Measures (continued)

- 5) Total revenue, excluding sweep revenue, is a non-GAAP measure that represents total revenue (as presented in our consolidated statements of operations) less sweep revenue. See information in footnote 4 on why excluding sweep revenue from total revenue is meaningful.
- 6) Adjusted EBITDA margin is a non-GAAP measure that represents Adjusted EBITDA (see footnote 1) , divided by total revenue (as presented on the consolidated statements of operations). Adjusted EBITDA margin, excluding sweep revenue, is a non-GAAP measure that represents Adjusted EBITDA, excluding sweep revenue (see footnote 4), divided by total revenue, excluding sweep revenue (see footnote 5).
- 7) We define Non-GAAP net income before taxes as Non-GAAP net income (as defined in footnote 1) excluding the effects of all taxes. We believe that non-GAAP net income before taxes and non-GAAP net income per share before taxes provide meaningful supplemental information to management, investors, and analysts regarding our performance and the valuation of our business by excluding the effects of income taxes, which are highly dependent on our future ability to utilize our net operating losses.
- 8) GAAP payout ratio is defined as the cash used for share repurchases (as presented in the consolidated statement of cash flows) divided by GAAP net income attributable to Blucora, Inc.
- 9) Non-GAAP payout ratio is defined as the cash used for share repurchases (as presented in the consolidated statement of cash flows) divided by Non-GAAP Net Income (see footnote 1).
- 10) The breakout of components cannot be determined on a forward-looking basis without unreasonable efforts.
- 11) For the trailing-twelve-month period then ended.
- 12) Net leverage ratio is calculated by dividing net debt by Adjusted EBITDA for the trailing twelve months.
- 13) We define net debt, a non-GAAP financial measure, as cash and cash equivalents less the outstanding principal of debt. Management believes that the presentation of this non-GAAP financial measure provides useful information to investors because it is an important liquidity measurement that reflects our ability to service our debt.
- 14) As presented in the consolidated statements of cash flows.
- 15) We define operating free cash flow, which is a non-GAAP measure, as net cash provided by (used in) operating activities less purchases of property and equipment. We believe operating free cash flow is an important liquidity measure that reflects the cash generated by our businesses, after the purchases of property and equipment, that can then be used for, among other things, strategic acquisitions and investments in the businesses, stock repurchases, and funding ongoing operations.
- 16) CFO to FCF conversion ratio is a non-GAAP measure that is defined as operating free cash flow (see footnote 15) divided by net cash provided by operating activities (as presented in the consolidated statements of cash flows). We believe the CFO to FCF conversion ratio is an important liquidity measure that reflects our ability to generate cash by our businesses, after the purchases of property and equipment, that can then be used for, among other things, strategic acquisitions and investments in the businesses, stock repurchases, and funding ongoing operations.
- 17) We acquired SimpleTax Software, Inc. ("SimpleTax") in July 2015 and disposed of SimpleTax in September 2019.
- 18) We define Tax Software revenue, excluding SimpleTax (which is a non-GAAP measure), as Tax Software segment revenue (as presented on the consolidated statements of comprehensive income) less SimpleTax revenue. We believe Tax Software segment revenue, excluding SimpleTax, is an important measure of current and historical sources of revenue for the Tax Software segment since Blucora disposed of SimpleTax in the third quarter of 2019.
- 19) Wealth Management operating income as a percentage of operating income, less corporate-level activity, and Tax Software operating income as a percentage of operating income, less corporate-level activity, are non-GAAP measures that are defined as the respective segment operating income divided by consolidated operating income, less corporate-level activity. We believe these non-GAAP measures are meaningful as they represent the relative size of our two segments, excluding income statement items classified as "Corporate-level activity" and not allocated to our two segments.



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