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 September 30, 2021
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. 001-34063

lendingtree

LendingTree, Inc.

(Exact name of Registrant as specified in its charter)

Delaware	**26-2414818**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1415 Vantage Park Dr., Suite 700, Charlotte, North Carolina 28203
(Address of principal executive offices)(Zip Code)

(704) 541-5351
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value per share	TREE	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 (§232.405 of this chapter) 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 October 22, 2021, there were 13,335,464 shares of the registrant's common stock, par value $.01 per share, outstanding, excluding treasury shares.

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PART I—FINANCIAL INFORMATION

Item 1. *Financial Statements*

LENDINGTREE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(in thousands, except per share amounts)			
Revenue	**$ 297,450**	**$ 220,251**	**$ 840,214**	**$ 687,661**
Costs and expenses:				
Cost of revenue *(exclusive of depreciation and amortization shown separately below)*	15,020	13,220	42,849	40,936
Selling and marketing expense	206,475	154,670	589,143	464,129
General and administrative expense	40,126	33,705	114,926	94,276
Product development	13,384	11,477	39,142	33,252
Depreciation	4,808	3,535	12,969	10,463
Amortization of intangibles	10,345	13,090	32,967	40,603
Change in fair value of contingent consideration	(196)	6,658	(8,249)	7,711
Severance	47	—	47	190
Litigation settlements and contingencies	22	13	360	(983)
Total costs and expenses	**290,031**	**236,368**	**824,154**	**690,577**
Operating income (loss)	**7,419**	**(16,117)**	**16,060**	**(2,916)**
Other (expense) income, net:				
Interest expense, net	(11,826)	(16,617)	(31,881)	(26,406)
Other income	—	—	40,072	7
(Loss) income before income taxes	**(4,407)**	**(32,734)**	**24,251**	**(29,315)**
Income tax benefit	1	7,925	455	14,866
Net (loss) income from continuing operations	**(4,406)**	**(24,809)**	**24,706**	**(14,449)**
(Loss) income from discontinued operations, net of tax	(54)	166	(3,516)	(25,550)
Net (loss) income and comprehensive (loss) income	**$ (4,460)**	**$ (24,643)**	**$ 21,190**	**$ (39,999)**
Weighted average shares outstanding:				
Basic	13,268	13,033	13,194	12,992
Diluted	13,268	13,033	13,797	12,992
(Loss) income per share from continuing operations:				
Basic	$ (0.33)	$ (1.90)	$ 1.87	$ (1.11)
Diluted	$ (0.33)	$ (1.90)	$ 1.79	$ (1.11)
(Loss) income per share from discontinued operations:				
Basic	$ —	$ 0.01	$ (0.27)	$ (1.97)
Diluted	$ —	$ 0.01	$ (0.25)	$ (1.97)
Net (loss) income per share:				
Basic	$ (0.34)	$ (1.89)	$ 1.61	$ (3.08)
Diluted	$ (0.34)	$ (1.89)	$ 1.54	$ (3.08)

The accompanying notes to consolidated financial statements are an integral part of these statements.

LENDINGTREE, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	September 30, 2021	December 31, 2020
	(in thousands, except par value and share amounts)	
ASSETS:		
Cash and cash equivalents	$ 215,277	$ 169,932
Restricted cash and cash equivalents	108	117
Accounts receivable (net of allowance of $1,506 and $1,402, respectively)	131,705	89,841
Prepaid and other current assets	25,348	27,949
Current assets of discontinued operations	—	8,570
Total current assets	**372,438**	**296,409**
Property and equipment (net of accumulated depreciation of $25,962 and $20,238, respectively)	74,929	62,381
Operating lease right-of-use assets	79,355	84,109
Goodwill	420,139	420,139
Intangible assets, net	95,534	128,502
Deferred income tax assets	96,679	96,224
Equity investment	121,253	80,000
Other non-current assets	7,109	5,334
Non-current assets of discontinued operations	17,093	15,892
Total assets	**$ 1,284,529**	**$ 1,188,990**
LIABILITIES:		
Current portion of long-term debt	$ 163,856	$ —
Accounts payable, trade	4,198	10,111
Accrued expenses and other current liabilities	114,664	101,196
Current liabilities of discontinued operations	13	536
Total current liabilities	**282,731**	**111,843**
Long-term debt	471,991	611,412
Operating lease liabilities	98,314	92,363
Non-current contingent consideration	—	8,249
Other non-current liabilities	411	362
Total liabilities	**853,447**	**824,229**
Commitments and contingencies (Note 14)		
SHAREHOLDERS' EQUITY:		
Preferred stock $.01 par value; 5,000,000 shares authorized; none issued or outstanding	—	—
Common stock $.01 par value; 50,000,000 shares authorized; 15,969,376 and 15,766,193 shares issued, respectively, and 13,328,058 and 13,124,875 shares outstanding, respectively	160	158
Additional paid-in capital	1,233,802	1,188,673
Accumulated deficit	(619,719)	(640,909)
Treasury stock; 2,641,318 shares	(183,161)	(183,161)
Total shareholders' equity	**431,082**	**364,761**
Total liabilities and shareholders' equity	**$ 1,284,529**	**$ 1,188,990**

The accompanying notes to consolidated financial statements are an integral part of these statements.

LENDINGTREE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited)

	Total	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Treasury Stock	
		Number of Shares	Amount			Number of Shares	Amount
				(in thousands)			
Balance as of December 31, 2020	**$ 364,761**	**15,766**	**$ 158**	**$ 1,188,673**	**$ (640,909)**	**2,641**	**$ (183,161)**
Net income and comprehensive income	19,049	—	—	—	19,049	—	—
Non-cash compensation	16,436	—	—	16,436	—	—	—
Issuance of common stock for stock options, restricted stock awards and restricted stock units, net of withholding taxes	(4,801)	31	—	(4,801)	—	—	—
Other	(2)	—	—	(2)	—	—	—
Balance as of March 31, 2021	**$ 395,443**	**15,797**	**$ 158**	**$ 1,200,306**	**$ (621,860)**	**2,641**	**$ (183,161)**
Net income and comprehensive income	6,601	—	—	—	6,601	—	—
Non-cash compensation	18,294	—	—	18,294	—	—	—
Issuance of common stock for stock options, restricted stock awards and restricted stock units, net of withholding taxes	30	159	2	28	—	—	—
Balance as of June 30, 2021	**$ 420,368**	**15,956**	**$ 160**	**$ 1,218,628**	**$ (615,259)**	**2,641**	**$ (183,161)**
Net loss and comprehensive loss	(4,460)	—	—	—	(4,460)	—	—
Non-cash compensation	17,074	—	—	17,074	—	—	—
Issuance of common stock for stock options, restricted stock awards and restricted stock units, net of withholding taxes	(1,894)	13	—	(1,894)	—	—	—
Other	(6)	—	—	(6)	—	—	—
Balance as of September 30, 2021	**$ 431,082**	**15,969**	**$ 160**	**$ 1,233,802**	**$ (619,719)**	**2,641**	**$ (183,161)**

	Total	Common Stock Number of Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Treasury Stock Number of Shares	Treasury Stock Amount
				(in thousands)			
Balance as of December 31, 2019	**$ 402,326**	**15,677**	**$ 157**	**$ 1,177,984**	**$ (592,654)**	**2,641**	**$ (183,161)**
Net income and comprehensive income	14,401	—	—	—	14,401	—	—
Non-cash compensation	11,917	—	—	11,917	—	—	—
Issuance of common stock for stock options, restricted stock awards and restricted stock units, net of withholding taxes	(5,087)	27	—	(5,087)	—	—	—
Other	—	—	—	(1)	1	—	—
Balance as of March 31, 2020	**$ 423,557**	**15,704**	**$ 157**	**$ 1,184,813**	**$ (578,252)**	**2,641**	**$ (183,161)**
Net loss and comprehensive loss	(29,757)	—	—	—	(29,757)	—	—
Non-cash compensation	13,158	—	—	13,158	—	—	—
Issuance of common stock for stock options, restricted stock awards and restricted stock units, net of withholding taxes	(981)	27	—	(981)	—	—	—
Balance as of June 30, 2020	**$ 405,977**	**15,731**	**$ 157**	**$ 1,196,990**	**$ (608,009)**	**2,641**	**$ (183,161)**
Net loss and comprehensive loss	(24,643)	—	—	—	(24,643)	—	—
Non-cash compensation	14,161	—	—	14,161	—	—	—
Issuance of common stock for stock options, restricted stock awards and restricted stock units, net of withholding taxes	4,646	28	1	4,645	—	—	—
Issuance of 0.50% Convertible Senior Notes, net	116,300	—	—	116,300	—	—	—
Repurchase of 0.625% Convertible Senior Notes, net	(107,882)	—	—	(107,882)	—	—	—
Convertible note hedge transactions	(14,379)	—	—	(14,379)	—	—	—
Warrant transactions	(33,171)	—	—	(33,171)	—	—	—
Balance as of September 30, 2020	**$ 361,009**	**15,759**	**$ 158**	**$ 1,176,664**	**$ (632,652)**	**2,641**	**$ (183,161)**

The accompanying notes to consolidated financial statements are an integral part of these statements.

LENDINGTREE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
	(in thousands)	
Cash flows from operating activities attributable to continuing operations:		
Net income (loss) and comprehensive income (loss)	**$ 21,190**	**$ (39,999)**
Less: Loss from discontinued operations, net of tax	3,516	25,550
Income (loss) from continuing operations	24,706	(14,449)
Adjustments to reconcile income (loss) from continuing operations to net cash provided by operating activities attributable to continuing operations:		
Loss on impairments and disposal of assets	2,651	686
Amortization of intangibles	32,967	40,603
Depreciation	12,969	10,463
Non-cash compensation expense	51,804	39,236
Deferred income taxes	(455)	(15,489)
Change in fair value of contingent consideration	(8,249)	7,711
Unrealized gain on investments	(40,072)	—
Bad debt expense	1,823	1,314
Amortization of debt issuance costs	3,756	2,241
Write-off of previously-capitalized debt issuance costs	1,066	—
Amortization of debt discount	22,297	12,429
Loss on extinguishment of debt	—	7,768
Reduction in carrying amount of ROU asset, offset by change in operating lease liabilities	13,015	2,490
Changes in current assets and liabilities:		
Accounts receivable	(43,688)	15,541
Prepaid and other current assets	(2,762)	(335)
Accounts payable, accrued expenses and other current liabilities	7,537	(9,733)
Current contingent consideration	—	(2,670)
Income taxes receivable	10,322	65
Other, net	(794)	(1,655)
Net cash provided by operating activities attributable to continuing operations	**88,893**	**96,216**
Cash flows from investing activities attributable to continuing operations:		
Capital expenditures	(30,515)	(20,386)
Equity investment	(1,180)	(80,000)
Net cash used in investing activities attributable to continuing operations	**(31,695)**	**(100,386)**
Cash flows from financing activities attributable to continuing operations:		
Payments related to net-share settlement of stock-based compensation, net of proceeds from exercise of stock options	(6,666)	(1,421)
Proceeds from the issuance of 0.50% Convertible Senior Notes	—	575,000
Repurchase of 0.625% Convertible Senior Notes	—	(233,862)
Payment for convertible note hedge on the 0.50% Convertible Senior Notes	—	(124,200)
Termination of convertible note hedge on the 0.625% Convertible Senior Notes	—	109,881
Proceeds from the sale of warrants related to the 0.50% Convertible Senior Notes	—	61,180
Termination of warrants related to the 0.625% Convertible Senior Notes	—	(94,292)
Net repayment of revolving credit facility	—	(75,000)
Payment of debt issuance costs	(5,995)	(16,398)
Payment of original issue discount on undrawn term loan	(2,500)	—
Contingent consideration payments	—	(3,330)
Other financing activities	(31)	(183)
Net cash (used in) provided by financing activities attributable to continuing operations	**(15,192)**	**197,375**
Total cash provided by continuing operations	**42,006**	**193,205**
Discontinued operations:		
Net cash provided by (used in) operating activities attributable to discontinued operations	3,330	(66,171)
Total cash provided by (used in) discontinued operations	**3,330**	**(66,171)**
Net increase in cash, cash equivalents, restricted cash and restricted cash equivalents	**45,336**	**127,034**
Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of period	170,049	60,339
Cash, cash equivalents, restricted cash and restricted cash equivalents at end of period	**$ 215,385**	**$ 187,373**

The accompanying notes to consolidated financial statements are an integral part of these statements.

LENDINGTREE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1—ORGANIZATION

Company Overview

LendingTree, Inc. is the parent of LT Intermediate Company, LLC, which holds all of the outstanding ownership interests of LendingTree, LLC, and LendingTree, LLC owns several companies (collectively, "LendingTree" or the "Company").

LendingTree operates what it believes to be the leading online consumer platform that connects consumers with the choices they need to be confident in their financial decisions. The Company offers consumers tools and resources, including free credit scores, that facilitate comparison-shopping for mortgage loans, home equity loans, reverse mortgage loans, auto loans, credit cards, deposit accounts, personal loans, student loans, small business loans, insurance quotes and other related offerings. The Company primarily seeks to match in-market consumers with multiple providers on its marketplace who can provide them with competing quotes for loans, deposit products, insurance or other related offerings they are seeking. The Company also serves as a valued partner to lenders and other providers seeking an efficient, scalable and flexible source of customer acquisition with directly measurable benefits, by matching the consumer inquiries it generates with these providers.

The consolidated financial statements include the accounts of LendingTree and all its wholly-owned entities, except Home Loan Center, Inc. ("HLC") subsequent to its bankruptcy filing on July 21, 2019 which resulted in the Company's loss of a controlling interest in HLC under applicable accounting standards. The HLC Bankruptcy case was closed on July 14, 2021. *See* Note 17—Discontinued Operations for additional information. Intercompany transactions and accounts have been eliminated.

Discontinued Operations

The LendingTree Loans business, which consisted of originating various consumer mortgage loans through HLC (the "LendingTree Loans Business"), is presented as discontinued operations in the accompanying consolidated balance sheets, consolidated statements of operations and comprehensive income and consolidated cash flows for all periods presented. The notes accompanying these consolidated financial statements reflect the Company's continuing operations and, unless otherwise noted, exclude information related to the discontinued operations. *See* Note 17—Discontinued Operations for additional information.

Basis of Presentation

The accompanying unaudited interim consolidated financial statements as of September 30, 2021 and for the three and nine months ended September 30, 2021 and 2020, respectively, have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). In the opinion of management, the unaudited interim consolidated financial statements have been prepared on the same basis as the audited financial statements, and include all adjustments, consisting only of normal recurring adjustments, necessary for the fair statement of the Company's financial position for the periods presented. The results for the three and nine months ended September 30, 2021 are not necessarily indicative of the results to be expected for the year ending December 31, 2021, or any other period. The accompanying consolidated balance sheet as of December 31, 2020 was derived from audited financial statements included in the Company's annual report on Form 10-K for the year ended December 31, 2020 (the "2020 Annual Report"). The accompanying consolidated financial statements do not include all of the information and footnotes required by GAAP for annual financial statements. Accordingly, they should be read in conjunction with the audited financial statements and notes thereto included in the 2020 Annual Report.

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES

Accounting Estimates

Management is required to make certain estimates and assumptions during the preparation of the consolidated financial statements in accordance with GAAP. These estimates and assumptions impact the reported amount of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the consolidated financial statements. They also impact the reported amount of net earnings during any period. Actual results could differ from those estimates.

Significant estimates underlying the accompanying consolidated financial statements, including discontinued operations, include: the recoverability of long-lived assets, goodwill and intangible assets; the determination of income taxes payable and deferred income taxes, including related valuation allowances; fair value of assets acquired in a business combination; contingent consideration related to business combinations; litigation accruals; HLC ownership related claims; contract assets; various other allowances, reserves and accruals; assumptions related to the determination of stock-based compensation; and the determination of right-of-use assets and lease liabilities.

The Company considered the impact of the COVID-19 pandemic on the assumptions and estimates used when preparing its financial statements including, but not limited to, the allowance for doubtful accounts, valuation allowances, contract asset and contingent consideration. These assumptions and estimates may change as new events occur and additional information is obtained. If economic conditions caused by the COVID-19 pandemic do not recover as currently estimated by management, such future changes may have an adverse impact on the Company's results of operations, financial position and liquidity.

Certain Risks and Concentrations

LendingTree's business is subject to certain risks and concentrations including dependence on third-party technology providers, exposure to risks associated with online commerce security and credit card fraud.

Financial instruments, which potentially subject the Company to concentration of credit risk at September 30, 2021, consist primarily of cash and cash equivalents and accounts receivable, as disclosed in the consolidated balance sheet. Cash and cash equivalents are in excess of Federal Deposit Insurance Corporation insurance limits, but are maintained with quality financial institutions of high credit. The Company requires certain Network Partners to maintain security deposits with the Company, which in the event of non-payment, would be applied against any accounts receivable outstanding.

Due to the nature of the mortgage lending industry, interest rate fluctuations may negatively impact future revenue from the Company's marketplace.

Lenders and lead purchasers participating on the Company's marketplace can offer their products directly to consumers through brokers, mass marketing campaigns or through other traditional methods of credit distribution. These lenders and lead purchasers can also offer their products online, either directly to prospective borrowers, through one or more online competitors, or both. If a significant number of potential consumers are able to obtain loans and other products from Network Partners without utilizing the Company's services, the Company's ability to generate revenue may be limited. Because the Company does not have exclusive relationships with the Network Partners whose loans and other financial products are offered on its online marketplace, consumers may obtain offers from these Network Partners without using its service.

Other than a support services office in India, the Company's operations are geographically limited to and dependent upon the economic condition of the United States.

Litigation Settlements and Contingencies

Litigation settlements and contingencies consists of expenses related to actual or anticipated litigation settlements.

Recently Adopted Accounting Pronouncements

In May 2021, the FASB issued ASU 2021-04 to clarify and reduce diversity in accounting for modifications or exchanges of freestanding equity-classified written call options that remain equity classified after modification or exchange. The amendments clarify that a modification of the terms or conditions or an exchange of a freestanding equity-classified written call option that remains equity classified after modification or exchange should be accounted for as an exchange of the original instrument for a new instrument. This ASU is effective for annual and interim reporting periods beginning after December 15, 2021. Early adoption is permitted, including adoption in interim periods. The amendments should be applied prospectively to modifications or exchanges occurring on or after the date of adoption. The Company adopted ASU 2021-04 in the second quarter of 2021.

In December 2019, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2019-12, which simplifies the accounting for income taxes by removing certain exceptions to the general principles in ASC Topic 740, Income Taxes, and clarifies certain aspects of the current guidance to improve consistency among reporting entities. This ASU is effective for annual and interim reporting periods beginning after December 15, 2020. Early adoption was permitted, including adoption in interim periods. Entities electing early adoption were required to adopt all amendments in the same period. Most amendments require prospective application while others are to be applied on a retrospective basis for all periods presented or a modified retrospective basis through a cumulative-effect adjustment to retained earnings as of the beginning of the fiscal year of adoption. The Company adopted ASU 2019-12 in the first quarter of 2021. The amendments applicable to the Company required prospective application, and do not have material impacts to its consolidated financial statements.

Recently Issued Accounting Pronouncements

In August 2020, the FASB issued ASU 2020-06, which simplifies the accounting for convertible instruments, amends the derivatives scope exception guidance for contracts in an entity's own equity, and amends the related earnings-per-share guidance. This ASU is effective for annual and interim reporting periods beginning after December 15, 2021. Early adoption is permitted for fiscal years beginning after December 15, 2020, including adoption in interim periods. An entity should adopt the guidance as of the beginning of its annual fiscal year. An entity may adopt the amendments through either a modified retrospective method of transition or a fully retrospective method of transition. The Company expects the amendments to impact its convertible senior notes and warrants issued and is evaluating the impact this ASU will have on its consolidated financial statements.

NOTE 3—REVENUE

Revenue is as follows *(in thousands)*:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Home	$ 112,422	$ 78,859	$ 345,408	$ 232,156
Credit cards	26,914	6,656	66,975	65,436
Personal loans	33,803	12,505	73,879	52,841
Other Consumer	39,294	29,216	92,740	87,142
Total Consumer	100,011	48,377	233,594	205,419
Insurance	84,837	92,500	260,714	248,156
Other	180	515	498	1,930
Total revenue	**$ 297,450**	**$ 220,251**	**$ 840,214**	**$ 687,661**

The Company derives its revenue primarily from match fees and closing fees. Revenue is recognized when performance obligations under the terms of a contract with a customer are satisfied and promised services have transferred to the customer. The Company's services are generally transferred to the customer at a point in time.

Revenue from Home products is primarily generated from upfront match fees paid by mortgage Network Partners that receive a loan request, and in some cases upfront fees for clicks or call transfers. Match fees and upfront fees for clicks and call transfers are earned through the delivery of loan requests that originated through the Company's websites or affiliates. The Company recognizes revenue at the time a loan request is delivered to the customer, provided that no significant obligations remain. The Company's contractual right to the match fee consideration is contemporaneous with the satisfaction of the performance obligation to deliver a loan request to the customer.

Revenue from Consumer products is generated by match and other upfront fees for clicks or call transfers, as well as from closing fees, approval fees and upfront service and subscription fees. Closing fees are derived from lenders on certain auto loans, business loans, personal loans and student loans when the lender funds a loan with the consumer. Approval fees are derived from credit card issuers when the credit card consumer receives card approval from the credit card issuer. Upfront service fees and subscription fees are derived from consumers in the Company's credit services product. Upfront fees paid by consumers are recognized as revenue over the estimated time the consumer will remain a customer and receive services. Subscription fees are recognized over the period a consumer is receiving services.

The Company recognizes revenue on closing fees and approval fees at the point when a loan request or a credit card consumer is delivered to the customer. The Company's contractual right to closing fees and approval fees is not contemporaneous with the satisfaction of the performance obligation to deliver a loan request or a credit card consumer to the customer. As such, the Company records a contract asset at each reporting period-end related to the estimated variable consideration on closing fees and approval fees for which the Company has satisfied the related performance obligation but are still pending the loan closing or credit card approval before the Company has a contractual right to payment. This estimate is based on the Company's historical closing rates and historical time between when a consumer request for a loan or credit card is delivered to the lender or card issuer and when the loan is closed by the lender or approved by the card issuer.

Revenue from the Company's Insurance products is primarily generated from upfront match fees and upfront fees for website clicks or fees for calls. Match fees and upfront fees for clicks and call transfers are earned through the delivery of consumer requests that originated through the Company's websites or affiliates. The Company recognizes revenue at the time a consumer request is delivered to the customer, provided that no significant obligations remain. The Company's contractual right to the match fee consideration is contemporaneous with the satisfaction of the performance obligation to deliver a consumer request to the customer.

The contract asset recorded within prepaid and other current assets on the consolidated balance sheets related to estimated variable consideration in the Company's Consumer business was $7.9 million and $6.4 million at September 30, 2021 and December 31, 2020, respectively.

The contract liability recorded within accrued expenses and other current liabilities on the consolidated balance sheets related to upfront fees paid by consumers in the Company's Consumer business was $1.0 million and $0.7 million at September 30, 2021 and December 31, 2020, respectively. During the first nine months of 2021, the Company recognized revenue of $0.7 million that was included in the contract liability balance at December 31, 2020. During the first nine months of 2020, the Company recognized revenue of $0.6 million that was included in the contract liability balance at December 31, 2019.

Revenue recognized in any reporting period includes estimated variable consideration for which the Company has satisfied the related performance obligations but are still pending the occurrence or non-occurrence of a future event outside the Company's control (such as lenders providing loans to consumers or credit card approvals of consumers) before the Company has a contractual right to payment. The Company recognized increases to such revenue from prior periods of $0.4 million and $0.6 million in the third quarters of 2021 and 2020, respectively.

NOTE 4—CASH AND RESTRICTED CASH

Total cash, cash equivalents, restricted cash and restricted cash equivalents consist of the following *(in thousands)*:

	September 30, 2021	December 31, 2020
Cash and cash equivalents	$ 215,277	$ 169,932
Restricted cash and cash equivalents	108	117
Total cash, cash equivalents, restricted cash and restricted cash equivalents	**$ 215,385**	**$ 170,049**

NOTE 5—ALLOWANCE FOR DOUBTFUL ACCOUNTS

Accounts receivable are stated at amounts due from customers, net of an allowance for doubtful accounts.

The Company determines its allowance for doubtful accounts by considering a number of factors, including the length of time accounts receivable are past due, previous loss history, current and expected economic conditions and the specific customer's current and expected ability to pay its obligation. Accounts receivable are considered past due when they are outstanding longer than the contractual payment terms. Accounts receivable are written off when management deems them uncollectible.

A reconciliation of the beginning and ending balances of the allowance for doubtful accounts is as follows *(in thousands)*:

	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Balance, beginning of the period	**$ 1,473**	**$ 1,756**	**$ 1,402**	**$ 1,466**
Charges to earnings	678	365	1,823	1,314
Write-off of uncollectible accounts receivable	(645)	(483)	(1,724)	(1,152)
Recoveries collected	—	—	5	10
Balance, end of the period	**$ 1,506**	**$ 1,638**	**$ 1,506**	**$ 1,638**

NOTE 6—GOODWILL AND INTANGIBLE ASSETS

The balance of goodwill, net and intangible assets, net is as follows *(in thousands)*:

	September 30, 2021	December 31, 2020
Goodwill	$ 903,227	$ 903,227
Accumulated impairment losses	(483,088)	(483,088)
Net goodwill	**$ 420,139**	**$ 420,139**
Intangible assets with indefinite lives	$ 10,142	$ 10,142
Intangible assets with definite lives, net	85,392	118,360
Total intangible assets, net	**$ 95,534**	**$ 128,502**

Goodwill and Indefinite-Lived Intangible Assets

The Company's goodwill at each of September 30, 2021 and December 31, 2020 consists of $59.3 million associated with the Home segment, $166.1 million associated with the Consumer segment, and $194.7 million associated with the Insurance segment.

Intangible assets with indefinite lives relate to the Company's trademarks.

Intangible Assets with Definite Lives

Intangible assets with definite lives relate to the following *(in thousands)*:

	Cost	Accumulated Amortization	Net
Technology	$ 87,700	$ (64,069)	$ 23,631
Customer lists	77,300	(23,141)	54,159
Trademarks and tradenames	16,000	(11,326)	4,674
Website content	27,100	(24,172)	2,928
Balance at September 30, 2021	**$ 208,100**	**$ (122,708)**	**$ 85,392**

	Cost	Accumulated Amortization	Net
Technology	$ 87,700	$ (48,166)	$ 39,534
Customer lists	77,300	(18,560)	58,740
Trademarks and tradenames	17,200	(9,947)	7,253
Website content	43,200	(30,367)	12,833
Balance at December 31, 2020	**$ 225,400**	**$ (107,040)**	**$ 118,360**

Amortization of intangible assets with definite lives is computed on a straight-line basis and, based on balances as of September 30, 2021, future amortization is estimated to be as follows *(in thousands)*:

	Amortization Expense
Remainder of current year	$ 9,770
Year ending December 31, 2022	25,256
Year ending December 31, 2023	8,602
Year ending December 31, 2024	6,747
Year ending December 31, 2025	6,259
Thereafter	28,758
Total intangible assets with definite lives, net	**$ 85,392**

NOTE 7—EQUITY INVESTMENT

On February 28, 2020, the Company acquired an equity interest in Stash Financial, Inc. (“Stash”) for $80.0 million. On January 6, 2021, the Company acquired additional equity interest for $1.2 million. Stash is a consumer investing and banking platform. Stash brings together banking, investing, and financial services education into one seamless experience offering a full suite of personal investment accounts, traditional and Roth IRAs, custodial investment accounts, and banking services, including checking accounts and debit cards with a Stock-Back® rewards program.

The Stash equity securities do not have a readily determinable fair value and, upon acquisition, the Company elected the measurement alternative to value its securities. The Stash equity securities will be carried at cost and subsequently marked to market upon observable market events with any gains or losses recorded to the consolidated statement of operations and comprehensive income. During the first nine months of 2021, the Company recorded a gain on the investment in Stash of $40.1 million as a result of an adjustment to the fair value of the Stash equity securities based on observable market events, which is included within other income on the consolidated statement of operations and comprehensive income. As of September 30, 2021, there have been no impairments to the acquisition cost of the Stash equity securities.

See Note 18—Subsequent Event for additional information.

NOTE 8—BUSINESS ACQUISITIONS

Changes in Contingent Consideration

In 2018, the Company acquired all of the outstanding equity interests of QuoteWizard.com, LLC (“QuoteWizard”) and Ovation Credit Services, Inc. (“Ovation”). During 2020, the Company made the final earnout payment related to the achievement of certain defined operating metrics for Ovation.

In 2017, the Company acquired certain assets of Snap Capital LLC, which does business under the name SnapCap (“SnapCap”). During 2020, the Company made the final earnout payments related to the achievement of certain defined earnings targets for SnapCap.

The Company could make an earnout payment ranging from zero to $23.4 million based on the achievement of certain defined performance targets for QuoteWizard during the final earnout period ending October 31, 2021. As of September 30, 2021, this remaining earnout payment is not expected to be made and no liability has been recorded in the accompanying consolidated balance sheet. *See* Note 15—Fair Value Measurements for additional information.

Changes in the fair value of contingent consideration is summarized as follows *(in thousands)*:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
QuoteWizard	$ (196)	$ 6,568	$ (8,249)	$ 6,364
Ovation	—	90	—	1,270
SnapCap	—	—	—	77
Total changes in fair value of contingent consideration	**$ (196)**	**$ 6,658**	**$ (8,249)**	**$ 7,711**

Any differences in the actual contingent consideration payments will be recorded in operating income in the consolidated statements of operations and comprehensive income.

NOTE 9—ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consist of the following *(in thousands)*:

	September 30, 2021	December 31, 2020
Accrued advertising expense	$ 64,932	$ 54,045
Accrued compensation and benefits	14,951	14,081
Accrued professional fees	3,727	1,869
Customer deposits and escrows	7,401	8,153
Contribution to LendingTree Foundation	3,333	3,333
Current lease liabilities	8,579	5,375
Other	11,741	14,340
Total accrued expenses and other current liabilities	**$ 114,664**	**$ 101,196**

NOTE 10—SHAREHOLDERS' EQUITY

Basic and diluted income per share was determined based on the following share data *(in thousands)*:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Weighted average basic common shares	**13,268**	**13,033**	**13,194**	**12,992**
Effect of stock options	—	—	452	—
Effect of dilutive share awards	—	—	96	—
Effect of Convertible Senior Notes and warrants	—	—	55	—
Weighted average diluted common shares	**13,268**	**13,033**	**13,797**	**12,992**

For the third quarter of 2021, as well as the third quarter and first nine months of 2020, the Company had losses from continuing operations and, as a result, no potentially dilutive securities were included in the denominator for computing diluted loss per share, because the impact would have been anti-dilutive. Accordingly, the weighted average basic shares outstanding was used to compute loss per share. Approximately 0.4 million shares related to potentially dilutive securities were excluded from the calculation of diluted loss per share for the third quarter of 2021 because their inclusion would have been anti-dilutive. Approximately 1.3 million and 1.1 million shares related to potentially dilutive securities were excluded from the calculation of diluted loss per share for the third quarter and first nine months of 2020, respectively.

For the third quarter of 2021, the weighted average shares that were anti-dilutive, and therefore excluded from the calculation of diluted income per share, included options to purchase 0.9 million shares of common stock and 0.2 million restricted stock units. For the first nine months of 2021, the weighted average shares that were anti-dilutive included options to purchase 0.4 million shares of common stock and 0.1 million restricted stock units.

For the third quarter and first nine months of 2020, the weighted average shares that were anti-dilutive included options to purchase 0.1 million and 0.2 million shares of common stock, respectively.

The convertible notes and the warrants issued by the Company could be converted into the Company’s common stock, subject to certain contingencies. *See* Note 13—Debt for additional information. Shares of the Company's common stock associated with the 0.625% Convertible Senior Notes due June 1, 2022 were excluded from the calculation of diluted shares for the third quarter of 2021 as they were anti-dilutive since the conversion price of the notes was greater than the average market price of the Company’s common stock during the period. Shares of the Company's common stock associated with the warrants issued by the Company in 2017 were excluded from the calculation of diluted shares for the third quarter and first nine months of 2021 as they were anti-dilutive since the strike price of the warrants was greater than the average market price of the Company's common stock during these periods. Shares of the Company's common stock associated with the 0.50% Convertible Senior Notes due July 15, 2025 and the warrants issued by the Company in 2020 were excluded from the calculation of diluted shares for all periods presented, as they were anti-dilutive since the conversion price of the notes and the strike price of the warrants were greater than the average market price of the Company's common stock during these periods.

During the third quarter of 2021, the Company implemented an employee stock purchase plan, which did not have a material impact to the calculation of diluted shares. *See* Note 11—Stock-Based Compensation for additional information.

Common Stock Repurchases

In each of February 2018 and February 2019, the board of directors authorized and the Company announced the repurchase of up to $100.0 million and $150.0 million, respectively, of LendingTree's common stock. There were no repurchases of the Company's common stock during the first nine months of 2021 and 2020. At September 30, 2021, approximately $179.7 million of the previous authorizations to repurchase common stock remain available.

NOTE 11—STOCK-BASED COMPENSATION

Non-cash compensation related to equity awards is included in the following line items in the accompanying consolidated statements of operations and comprehensive income *(in thousands)*:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Cost of revenue	$ 371	$ 372	$ 1,231	$ 947
Selling and marketing expense	1,805	1,678	5,583	4,431
General and administrative expense	13,233	10,356	38,658	29,208
Product development	1,665	1,755	6,332	4,650
Total non-cash compensation	**$ 17,074**	**$ 14,161**	**$ 51,804**	**$ 39,236**

Stock Options

A summary of changes in outstanding stock options is as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value[(a)]
		(per option)	*(in years)*	*(in thousands)*
Options outstanding at January 1, 2021	**924,710**	**$ 111.82**		
Granted [(b)]	70,968	241.84		
Exercised	(156,113)	7.17		
Forfeited	(13,063)	261.62		
Expired	(35)	371.25		
Options outstanding at September 30, 2021	**826,467**	**140.38**	**4.87**	**$ 50,380**
Options exercisable at September 30, 2021	**547,177**	**$ 72.09**	**2.91**	**$ 50,380**

(a) The aggregate intrinsic value represents the total pre-tax intrinsic value (the difference between the Company's closing stock price of $139.83 on the last trading day of the quarter ended September 30, 2021 and the exercise price, multiplied by the number of shares covered by in-the-money options) that would have been received by the option holder had the option holder exercised these options on September 30, 2021. The intrinsic value changes based on the market value of the Company's common stock.

(b) During the nine months ended September 30, 2021, the Company granted stock options to certain employees and members of the board of directors with a weighted average grant date fair value per share of $129.21, calculated using the Black-Scholes option pricing model, which vesting periods include (a) immediate vesting on grant date (b) earlier of one year from grant date and the Company's annual meeting of stockholders for 2022 and (c) three years from grant date.

For purposes of determining stock-based compensation expense, the weighted average grant date fair value per share of the stock options was estimated using the Black-Scholes option pricing model, which requires the use of various key assumptions. The weighted average assumptions used are as follows:

Expected term [(1)]	5.00 - 6.00 years
Expected dividend [(2)]	—
Expected volatility [(3)]	53 - 59%
Risk-free interest rate [(4)]	0.59 - 1.07%

(1) The expected term of stock options granted was calculated using the "Simplified Method," which utilizes the midpoint between the weighted average time of vesting and the end of the contractual term. This method was utilized for the stock options due to a lack of historical exercise behavior by the Company's employees.

(2) For all stock options granted in 2021, no dividends are expected to be paid over the contractual term of the stock options, resulting in a zero expected dividend rate.

(3) The expected volatility rate is based on the historical volatility of the Company's common stock.

(4) The risk-free interest rate is specific to the date of grant. The risk-free interest rate is based on U.S. Treasury yields for notes with comparable expected terms as the awards, in effect at the grant date.

Stock Options with Market Conditions

A summary of changes in outstanding stock options with market conditions at target is as follows:

	Number of Options with Market Conditions	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value[(a)]
		(per option)	*(in years)*	*(in thousands)*
Options outstanding at January 1, 2021	**700,209**	**$ 236.01**		
Granted	—	—		
Exercised	—	—		
Forfeited	—	—		
Expired	—	—		
Options outstanding at September 30, 2021	**700,209**	**236.01**	**7.00**	**$ —**
Options exercisable at September 30, 2021	**—**	**$ —**	**0.00**	**$ —**

(a) The aggregate intrinsic value represents the total pre-tax intrinsic value (the difference between the Company's closing stock price of $139.83 on the last trading day of the quarter ended September 30, 2021 and the exercise price, multiplied by the number of shares covered by in-the-money options) that would have been received by the option holder had the option holder exercised these options on September 30, 2021. The intrinsic value changes based on the market value of the Company's common stock.

A maximum of 1,169,349 shares may be earned for achieving superior performance up to 167% of the target number of shares. As of September 30, 2021, performance-based nonqualified stock options with a market condition of 481,669 had been earned, which have a vest date of September 30, 2022.

Restricted Stock Units

A summary of changes in outstanding nonvested restricted stock units ("RSUs") is as follows:

	RSUs	
	Number of Units	Weighted Average Grant Date Fair Value
		(per unit)
Nonvested at January 1, 2021	**194,686**	**$ 289.82**
Granted	230,785	221.59
Vested	(79,325)	299.60
Forfeited	(45,848)	266.99
Nonvested at September 30, 2021	**300,298**	**$ 238.28**

Restricted Stock Units with Performance Conditions

A summary of changes in outstanding nonvested RSUs with performance conditions is as follows:

	RSUs with Performance Conditions	
	Number of Units	Weighted Average Grant Date Fair Value
		(per unit)
Nonvested at January 1, 2021	**6,328**	**$ 223.90**
Granted	—	—
Vested	—	—
Forfeited	—	—
Nonvested at September 30, 2021	**6,328**	**$ 223.90**

Restricted Stock Awards with Performance Conditions

A summary of changes in outstanding nonvested restricted stock awards ("RSAs") with performance conditions is as follows:

	RSAs with Performance Conditions	
	Number of Awards	Weighted Average Grant Date Fair Value
		(per unit)
Nonvested at January 1, 2021	**23,804**	**$ 340.25**
Granted	—	—
Vested	(17,853)	340.25
Forfeited	—	—
Nonvested at September 30, 2021	**5,951**	**$ 340.25**

Restricted Stock Awards with Market Conditions

A summary of changes in outstanding nonvested RSAs with market conditions at target is as follows:

	RSAs with Market Conditions	
	Number of Awards	Weighted Average Grant Date Fair Value
		(per unit)
Nonvested at January 1, 2021	**26,674**	**$ 340.25**
Granted	—	—
Vested	—	—
Forfeited	—	—
Nonvested at September 30, 2021	**26,674**	**$ 340.25**

A maximum of 44,545 shares may be earned for achieving superior performance up to 167% of the target number of shares. As of September 30, 2021, performance-based restricted stock awards with a market condition of 29,601 had been earned, which have a vest date of September 30, 2022.

Employee Stock Purchase Plan

During the third quarter of 2021, the Company implemented an employee stock purchase plan ("ESPP"), under which a total of 262,731 shares of the Company's common stock have been reserved for issuance. The ESPP is a tax-qualified plan under Section 423 of the Internal Revenue Code. Under the terms of the ESPP, eligible employees are granted options to purchase shares of the Company's common stock at 85% of the lesser of (1) the fair market value at time of grant or (2) the fair market value at time of exercise. The offering periods and purchase periods are typically six-month periods ending on June 30 and December 31 of each year. No shares were issued under the ESPP during the third quarter of 2021.

During the nine months ended September 30, 2021, the Company granted employee stock purchase rights to certain employees with a grant date fair value per share of $42.39, calculated using the Black-Scholes option pricing model. For purposes of determining stock-based compensation expense, the grant date fair value per share estimated using the Black-Scholes option pricing model required the use of the following key assumptions:

Expected term [(1)]	0.33 years
Expected dividend [(2)]	—
Expected volatility [(3)]	46 %
Risk-free interest rate [(4)]	0.05 %

(1) The expected term was calculated using the time period between the grant date and the purchase date.

(2) No dividends are expected to be paid, resulting in a zero expected dividend rate.

(3) The expected volatility rate is based on the historical volatility of the Company's common stock.

(4) The risk-free interest rate is specific to the date of grant. The risk-free interest rate is based on U.S. Treasury yields for notes with comparable expected terms as the employee stock purchase rights, in effect at the grant date.

NOTE 12—INCOME TAXES

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(in thousands, except percentages)			
Income tax benefit	$ 1	$ 7,925	$ 455	$ 14,866
Effective tax rate	*— %*	*24.2 %*	*(1.9)%*	*50.7 %*

For the third quarter and first nine months of 2021, the effective tax rate varied from the federal statutory rate of 21% in part due to an excess tax expense of $0.9 million and an excess tax benefit of $7.4 million, respectively, resulting from employee exercises of stock options and vesting of restricted stock in accordance with ASU 2016-09 and the effect of state taxes.

For the third quarter and first nine months of 2020, the effective tax rate varied from the federal statutory rate of 21% in part due to a tax benefit of $0.2 million and $2.0 million, respectively, recognized for excess tax benefits resulting from employee exercises of stock options and vesting of restricted stock in accordance with ASU 2016-09 and the effect of state taxes. The effective tax rate for the first nine months of 2020 was also impacted by a tax benefit of $6.1 million for the impact of the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, as described below.

On March 27, 2020, President Trump signed into law the CARES Act. This legislation is an economic relief package in response to the public health and economic impacts of COVID-19 and includes various provisions that impact the Company, including, but not limited to, modifications for net operating losses, accelerated timeframe for refunds associated with prior minimum taxes and modifications of the limitation on business interest.

The Company revalued deferred tax assets related to net operating losses in light of the changes in the CARES Act and recorded a net tax benefit of $6.1 million during the first nine months of 2020. These deferred tax assets are being revalued, as they have been carried back to 2016 and 2017, which are tax periods prior to the Tax Cuts and Jobs Act ("TCJA") when the federal statutory tax rate was 35% versus the 21% federal statutory tax rate in effect after the enactment of the TCJA.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(in thousands)			
Income tax benefit (expense) - excluding excess tax (expense) benefit on stock compensation and CARES Act	$ 939	$ 7,750	$ (6,900)	$ 6,780
Excess tax (expense) benefit on stock compensation	(938)	175	7,355	1,982
Income tax benefit from CARES Act	—	—	—	6,104
Income tax benefit	$ 1	$ 7,925	$ 455	$ 14,866

NOTE 13—DEBT

Convertible Senior Notes

2025 Notes

On July 24, 2020, the Company issued $575.0 million aggregate principal amount of its 0.50% Convertible Senior Notes due July 15, 2025 (the “2025 Notes”) in a private placement. The issuance included $75.0 million aggregate principal amount of 2025 Notes under a 13-day purchase option which was exercised in full. The 2025 Notes bear interest at a rate of 0.50% per year, payable semi-annually on January 15 and July 15 of each year, beginning on January 15, 2021. The 2025 Notes will mature on July 15, 2025, unless earlier repurchased, redeemed or converted.

The initial conversion rate of the 2025 Notes is 2.1683 shares of the Company's common stock per $1,000 principal amount of 2025 Notes (which is equivalent to an initial conversion price of approximately $461.19 per share). The conversion rate will be subject to adjustment upon the occurrence of certain specified events but will not be adjusted for accrued and unpaid interest. In addition, upon the occurrence of a make-whole fundamental change prior to the maturity of the 2025 Notes or if the Company issues a notice of redemption for the 2025 Notes, the Company will, in certain circumstances, increase the conversion rate by a specified number of additional shares for a holder that elects to convert the 2025 Notes in connection with such make-whole fundamental change or to convert its 2025 Notes called for redemption, as the case may be. Upon conversion, the 2025 Notes will settle for cash, shares of the Company’s stock, or a combination thereof, at the Company’s option. It is the intent of the Company to settle the principal amount of the 2025 Notes in cash and any conversion premium in shares of its common stock.

The 2025 Notes are the Company’s senior unsecured obligations and will rank senior in right of payment to any of the Company’s indebtedness that is expressly subordinated in right of payment to the 2025 Notes; equal in right of payment to any of the Company’s unsecured indebtedness that is not so subordinated; effectively junior in right of payment to any of the Company’s secured indebtedness, including borrowings under the senior secured credit facility, described below, to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities (including trade payables) of the Company’s subsidiaries.

Prior to the close of business on the business day immediately preceding March 13, 2025, the 2025 Notes will be convertible at the option of the holders thereof only under the following circumstances:

- during any calendar quarter commencing after the calendar quarter ending on September 30, 2020 (and only during such calendar quarter), if the last reported sale price of the common stock for at least 20 trading days (whether or not consecutive) during the 30 consecutive trading day period ending on, and including the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day;

- during the five business day period after any five consecutive trading day period in which, for each trading day of that period, the trading price (as defined in the 2025 Notes) per $1,000 principal amount of 2025 Notes for such trading day was less than 98% of the product of the last reported sale price of the common stock and the conversion rate on each such trading day;

- if the Company calls such 2025 Notes for redemption, at any time prior to the close of business on the scheduled trading day immediately preceding the redemption date, but only with respect to the notes called for redemption; or

- upon the occurrence of specified corporate events including but not limited to a fundamental change.

Holders of the 2025 Notes were not entitled to convert the 2025 Notes during the calendar quarter ended September 30, 2021 as the last reported sale price of the Company's common stock, for at least 20 trading days (whether or not consecutive) during the period of 30 consecutive trading days ending on June 30, 2021, was not greater than or equal to 130% of the conversion price of the 2025 Notes on each applicable trading day. Holders of the 2025 Notes are not entitled to convert the 2025 Notes during the calendar quarter ended December 31, 2021 as the last reported sale price of the Company's common stock, for at least 20 trading days (whether or not consecutive) during the period of 30 consecutive trading days ending on September 30, 2021, was not greater than or equal to 130% of the conversion price of the 2025 Notes on each applicable trading day.

On or after March 13, 2025, until the close of business on the second scheduled trading day immediately preceding the maturity date of the 2025 Notes, holders of the 2025 Notes may convert all or a portion of their 2025 Notes regardless of the foregoing conditions.

The Company may not redeem the 2025 Notes prior to July 20, 2023. On or after July 20, 2023 and before the 41st scheduled trading day immediately before the maturity date, the Company may redeem for cash all or a portion of the 2025 Notes, at its option, if the last reported sale price of the common stock for at least 20 trading days (whether or not consecutive) during the 30 consecutive trading day period (and including the last trading day of such period) ending on, and including the last trading day immediately preceding the date of notice of redemption is greater than or equal to 130% of the conversion price on each applicable trading day. The redemption price will be equal to 100% of the principal amount of the 2025 Notes to be redeemed, plus any accrued and unpaid interest to, but excluding, the redemption date. No sinking fund is provided for the 2025 Notes.

Upon the occurrence of a fundamental change prior to the maturity date of the 2025 Notes, holders of the 2025 Notes may require the Company to repurchase all or a portion of the 2025 Notes for cash at a price equal to 100% of the principal amount of the 2025 Notes to be repurchased, plus any accrued and unpaid interest to, but excluding, the fundamental change repurchase date.

If the market price per share of the common stock, as measured under the terms of the 2025 Notes, exceeds the conversion price of the 2025 Notes, the 2025 Notes could have a dilutive effect, unless the Company elects, subject to certain conditions, to settle the principal amount of the 2025 Notes and any conversion premium in cash.

The initial measurement of convertible debt instruments that may be settled in cash is separated into a debt and an equity component whereby the debt component is based on the fair value of a similar instrument that does not contain an equity conversion option. The separate components of debt and equity of the Company’s 2025 Notes were determined using an interest rate of 5.30%, which reflects the nonconvertible debt borrowing rate of the Company at the date of issuance. As a result, the initial components of debt and equity were $455.6 million and $119.4 million, respectively. Financing costs related to the issuance of the 2025 Notes were approximately $15.1 million, of which $12.0 million were allocated to the liability component and are being amortized to interest expense over the term of the debt and $3.1 million were allocated to the equity component.

In the first nine months of 2021, the Company recorded interest expense on the 2025 Notes of $20.3 million which consisted of $2.2 million associated with the 0.50% coupon rate, $16.4 million associated with the accretion of the debt discount, and $1.7 million associated with the amortization of the debt issuance costs. In the first nine months of 2020, the Company recorded interest expense on the 2025 Notes of $4.9 million which consisted of $0.5 million associated with the 0.50% coupon rate, $4.0 million associated with the accretion of the debt discount, and $0.4 million associated with the amortization of the debt issuance costs. The debt discount is being amortized over the term of the debt.

As of September 30, 2021, the fair value of the 2025 Notes is estimated to be approximately $500.5 million using the Level 1 observable input of the last quoted market price for the quarter ended September 30, 2021.

A summary of the gross carrying amount, unamortized debt cost, debt issuance costs and net carrying value of the liability component of the 2025 Notes, all of which is recorded as a non-current liability in the September 30, 2021 consolidated balance sheet, are as follows *(in thousands)*:

	September 30, 2021	December 31, 2020
Gross carrying amount	$ 575,000	$ 575,000
Unamortized debt discount	93,591	110,110
Debt issuance costs	9,418	11,056
Net carrying amount	**$ 471,991**	**$ 453,834**

2022 Notes

On May 31, 2017, the Company issued $300.0 million aggregate principal amount of its 0.625% Convertible Senior Notes due June 1, 2022 (the “2022 Notes”) in a private placement. The 2022 Notes bear interest at a rate of 0.625% per year, payable semi-annually on June 1 and December 1 of each year, beginning on December 1, 2017. The 2022 Notes will mature on June 1, 2022, unless earlier repurchased or converted.

The initial conversion rate of the 2022 Notes is 4.8163 shares of the Company's common stock per $1,000 principal amount of 2022 Notes (which is equivalent to an initial conversion price of approximately $207.63 per share). The conversion rate will be subject to adjustment upon the occurrence of certain specified events but will not be adjusted for accrued and unpaid interest. In addition, upon the occurrence of a make-whole fundamental change prior to the maturity of the 2022 Notes, the Company will, in certain circumstances, increase the conversion rate by a specified number of additional shares for a holder that elects to convert the 2022 Notes in connection with such make-whole fundamental change. Upon conversion, the 2022 Notes will settle for cash, shares of the Company’s stock, or a combination thereof, at the Company’s option. It is the intent of the Company to settle the principal amount of the 2022 Notes in cash and any conversion premium in shares of its common stock.

The 2022 Notes are the Company’s senior unsecured obligations and will rank senior in right of payment to any of the Company’s indebtedness that is expressly subordinated in right of payment to the 2022 Notes; equal in right of payment to any of the Company’s unsecured indebtedness that is not so subordinated; effectively junior in right of payment to any of the Company’s secured indebtedness, including borrowings under the senior secured credit facility, described below, to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities (including trade payables) of the Company’s subsidiaries.

Prior to the close of business on the business day immediately preceding February 1, 2022, the 2022 Notes will be convertible at the option of the holders thereof only under the following circumstances:

- during any calendar quarter commencing after the calendar quarter ending on September 30, 2017 (and only during such calendar quarter), if the last reported sale price of the common stock for at least 20 trading days (whether or not consecutive) during the 30 consecutive trading day period ending on, and including the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day;

- during the five business day period after any five consecutive trading day period in which, for each trading day of that period, the trading price (as defined in the 2022 Notes) per $1,000 principal amount of 2022 Notes for such trading day was less than 98% of the product of the last reported sale price of the common stock and the conversion rate on each such trading day; or
- upon the occurrence of specified corporate events including but not limited to a fundamental change.

Holders of the 2022 Notes were not entitled to convert the 2022 Notes during the calendar quarter ended September 30, 2021 as the last reported sale price of the Company's common stock, for at least 20 trading days (whether or not consecutive) during the period of 30 consecutive trading days ending on June 30, 2021, was not greater than or equal to 130% of the conversion price of the 2022 Notes on each applicable trading day. Holders of the 2022 Notes are not entitled to convert the 2022 Notes during the calendar quarter ended December 31, 2021 as the last reported sale price of the Company's common stock, for at least 20 trading days (whether or not consecutive) during the period of 30 consecutive trading days ending on September 30, 2021, was not greater than or equal to 130% of the conversion price of the 2022 Notes on each applicable trading day.

On or after February 1, 2022, until the close of business on the second scheduled trading day immediately preceding the maturity date of the 2022 Notes, holders of the 2022 Notes may convert all or a portion of their 2022 Notes regardless of the foregoing conditions.

The Company may not redeem the 2022 Notes prior to the maturity date and no sinking fund is provided for the 2022 Notes. Upon the occurrence of a fundamental change prior to the maturity date of the 2022 Notes, holders of the 2022 Notes may require the Company to repurchase all or a portion of the 2022 Notes for cash at a price equal to 100% of the principal amount of the 2022 Notes to be repurchased, plus any accrued and unpaid interest to, but excluding, the fundamental change repurchase date.

If the market price per share of the common stock, as measured under the terms of the 2022 Notes, exceeds the conversion price of the 2022 Notes, the 2022 Notes could have a dilutive effect, unless the Company elects, subject to certain conditions, to settle the principal amount of the 2022 Notes and any conversion premium in cash.

The separate components of debt and equity of the Company’s 2022 Notes were determined using an interest rate of 5.36%, which reflects the nonconvertible debt borrowing rate of the Company at the date of issuance. As a result, the initial components of debt and equity were $238.4 million and $61.6 million, respectively. Financing costs related to the issuance of the 2022 Notes were approximately $9.3 million, of which $7.4 million were allocated to the liability component and are being amortized to interest expense over the term of the debt and $1.9 million were allocated to the equity component.

On July 24, 2020, the Company used approximately $234.0 million of the net proceeds from the issuance of the 2025 Notes to repurchase approximately $130.3 million principal amount of the 2022 Notes, including the payment of accrued and unpaid interest of approximately $0.1 million, through separate transactions with certain holders of the 2022 Notes. Of the consideration paid, $126.0 million was allocated to the extinguishment of the liability component of the notes, while the remaining $107.9 million was allocated to the reacquisition of the equity component and recorded as a reduction to additional paid-in capital in the consolidated statement of shareholders’ equity. The Company recognized a loss on debt extinguishment of $7.8 million in the third quarter of 2020, which is included in interest expense, net in the consolidated statements of operations and comprehensive income.

In the first nine months of 2021, the Company recorded interest expense on the 2022 Notes of $7.1 million which consisted of $0.8 million associated with the 0.625% coupon rate, $5.6 million associated with the accretion of the debt discount, and $0.7 million associated with the amortization of the debt issuance costs. In the first nine months of 2020, the Company recorded interest expense on the 2022 Notes of $10.7 million which consisted of $1.3 million associated with the 0.625% coupon rate, $8.4 million associated with the accretion of the debt discount, and $1.0 million associated with the amortization of the debt issuance costs. The debt discount is being amortized over the term of the debt.

As of September 30, 2021, the fair value of the 2022 Notes is estimated to be approximately $167.3 million using the Level 1 observable input of the last quoted market price for the quarter ended September 30, 2021.

A summary of the gross carrying amount, unamortized debt cost, debt issuance costs and net carrying value of the liability component of the 2022 Notes, all of which is recorded as a current liability in the September 30, 2021 consolidated balance sheet, are as follows *(in thousands)*:

	September 30, 2021	December 31, 2020
Gross carrying amount	$ 169,659	$ 169,690
Unamortized debt discount	5,182	10,815
Debt issuance costs	621	1,297
Net carrying amount	**$ 163,856**	**$ 157,578**

Convertible Note Hedge and Warrant Transactions

2020 Hedge and Warrants

On July 24, 2020, in connection with the issuance of the 2025 Notes, the Company entered into Convertible Note Hedge (the “2020 Hedge”) and warrant transactions with respect to the Company’s common stock. The Company used approximately $63.0 million of the net proceeds from the 2025 Notes to pay for the cost of the 2020 Hedge, after such cost was partially offset by the proceeds from the warrant transactions.

On July 24, 2020, the Company paid $124.2 million to the counterparties for the 2020 Hedge transactions. The 2020 Hedge transactions cover 1.2 million shares of the Company’s common stock, the same number of shares initially underlying the 2025 Notes, and are exercisable upon any conversion of the 2025 Notes. The 2020 Hedge transactions are expected generally to reduce the potential dilution to the Company's common stock upon conversion of the 2025 Notes and/or offset any cash payments the Company is required to make in excess of the principal amount of the converted 2025 Notes, as the case may be, in the event that the market price per share of common stock, as measured under the terms of the 2020 Hedge transactions, is greater than the strike price of the 2020 Hedge transactions, which initially corresponds to the initial conversion price of the 2025 Notes, or approximately $461.19 per share of common stock. The 2020 Hedge transactions will expire upon the maturity of the Notes.

On July 24, 2020, the Company sold to the counterparties, warrants (the “2020 Warrants”) to acquire 1.2 million shares of the Company's common stock at an initial strike price of $709.52 per share, which represents a premium of 100% over the last reported sale price of the common stock of $354.76 on July 21, 2020. On July 24, 2020, the Company received aggregate proceeds of approximately $61.2 million from the sale of the 2020 Warrants. If the market price per share of the common stock, as measured under the terms of the 2020 Warrants, exceeds the strike price of the 2020 Warrants, the 2020 Warrants could have a dilutive effect, unless the Company elects, subject to certain conditions, to settle the 2020 Warrants in cash.

The 2020 Hedge and 2020 Warrants transactions are indexed to, and potentially settled in, the Company's common stock and the net cost of $63.0 million has been recorded as a reduction to additional paid-in capital in the consolidated statement of shareholders’ equity.

2017 Hedge and Warrants

On May 31, 2017, in connection with the issuance of the 2022 Notes, the Company entered into Convertible Note Hedge (the “2017 Hedge”) and warrant transactions with respect to the Company’s common stock. The Company used approximately $18.1 million of the net proceeds from the 2022 Notes to pay for the cost of the 2017 Hedge, after such cost was partially offset by the proceeds from the warrant transactions.

On May 31, 2017, the Company paid $61.5 million to the counterparties for the 2017 Hedge transactions. The 2017 Hedge transactions initially covered 1.4 million shares of the Company’s common stock, the same number of shares initially underlying the 2022 Notes, and are exercisable upon any conversion of the 2022 Notes. The 2017 Hedge transactions are expected generally to reduce the potential dilution to the Company's common stock upon conversion of the 2022 Notes and/or offset any cash payments the Company is required to make in excess of the principal amount of the converted 2022 Notes, as the case may be, in the event that the market price per share of common stock, as measured under the terms of the 2017 Hedge transactions, is greater than the strike price of the 2017 Hedge transactions, which initially corresponds to the initial conversion price of the 2022 Notes, or approximately $207.63 per share of common stock. The 2017 Hedge transactions will expire upon the maturity of the Notes.

On May 31, 2017, the Company sold to the counterparties, warrants (the “2017 Warrants”) to acquire 1.4 million shares of the Company's common stock at an initial strike price of $266.39 per share, which represents a premium of 70% over the last reported sale price of the common stock of $156.70 on May 24, 2017. On May 31, 2017, the Company received aggregate proceeds of approximately $43.4 million from the sale of the 2017 Warrants. If the market price per share of the common stock, as measured under the terms of the 2017 Warrants, exceeds the strike price of the 2017 Warrants, the 2017 Warrants could have a dilutive effect, unless the Company elects, subject to certain conditions, to settle the 2017 Warrants in cash.

The 2017 Hedge and 2017 Warrants transactions are indexed to, and potentially settled in, the Company's common stock and the net cost of $18.1 million was recorded as a reduction to additional paid-in capital in the consolidated statement of shareholders’ equity.

To the extent of the repurchases of the 2022 Notes noted above, the Company entered into agreements with the counterparties for the 2017 Hedge and 2017 Warrants transactions to terminate a portion of these call spread transactions effective July 24, 2020 in notional amounts corresponding to the principal amount of the 2022 Notes repurchased. Subsequent to such termination, the outstanding portion of the 2017 Hedge covers 0.8 million shares of the Company's common stock and 2017 Warrants to acquire 0.8 million shares of the Company's common stock remain outstanding. The Company received $109.9 million and paid $94.3 million as a result of terminating such portions of the 2017 Hedge and 2017 Warrants, respectively. The net $15.6 million has been recorded as an increase to additional paid-in capital in the consolidated statement of shareholders’ equity.

Credit Facility

On September 15, 2021, the Company entered into a credit agreement (the “Credit Agreement”), consisting of a $200.0 million revolving credit facility (the “Revolving Facility”), which matures on September 15, 2026, and a $250.0 million delayed draw term loan facility (the “Term Loan Facility” and together with the Revolving Facility, the “Credit Facility”), which matures on September 15, 2028 to the extent the loans thereunder will be drawn. The delayed draw commitments under the Term Loan Facility will be available until June 1, 2022. The proceeds of the Revolving Facility can be used to finance working capital, for general corporate purposes and any other purpose not prohibited by the Credit Agreement. The proceeds of the Term Loan Facility can be used to settle the Company’s 2022 Notes, including related fees, costs and expenses, and up to $80.0 million may be used for general corporate purposes and any other purposes not prohibited by the Credit Agreement. The Credit Facility replaces the Company's $500.0 million five-year senior secured revolving credit facility (the "Amended Revolving Credit Facility") which was entered into on December 10, 2019. As of September 30, 2021, the Company had no borrowings outstanding under the Credit Facility and at December 31, 2020, the Company had no borrowings outstanding under the Amended Revolving Credit Facility.

The full amount of the Revolving Facility will be available on a same-day basis, with respect to base rate loans and upon advance notice with respect to LIBO rate loans, subject to customary terms and conditions. Under certain conditions, the Company will be permitted to add one or more term loans and/or increase revolving or term loan commitments under the Credit Facility by an amount set at the greater of $116.0 million and 100% of consolidated EBITDA (subject to adjustments for certain prepayments), plus an unlimited amount provided that the first lien net leverage ratio does not exceed 3.00 to 1.00. Additionally, up to $20.0 million of the Revolving Facility will be available for the issuance of letters of credit. At each of September 30, 2021 and December 31, 2020, the Company had outstanding one letter of credit issued in the amount of $0.2 million.

The Company’s borrowings under the Credit Facility bear interest at annual rates that, at the Company’s option, will be either:

- a base rate generally defined as the sum of (i) the greater of (a) the prime rate of Truist Bank, (b) the federal funds effective rate plus 0.5% and (c) the LIBO rate (defined below) on a daily basis applicable for an interest period of one month plus 1.0% and (ii) an applicable percentage of 1.25% to 1.75% for loans under the Revolving Facility and 2.75% to 3.00% for loans under the Term Loan Facility, in each case, based on a first lien net leverage ratio; or

- a LIBO rate generally defined as the sum of (i) the rate for Eurodollar dollar deposits for the applicable interest period and (ii) an applicable percentage of 2.25% to 2.75% for loans under the Revolving Facility and 3.75% to 4.00% for loans under the Term Loan Facility, in each case, based on a first lien net leverage ratio.

Interest on the Company’s borrowings is payable quarterly in arrears for base rate loans and on the last day of each interest rate period (but not less often than three months) for LIBO rate loans.

The Credit Facility contains a restrictive financial covenant, which is set at a first lien net leverage ratio of 2.50 to 1.00, except that this may increase by 0.50:1.00 for the four fiscal quarters following a material acquisition. The financial covenant will be tested only if the loans and certain other obligations under the Revolving Facility exceed $20.0 million as of the last date of any fiscal quarter (starting with the fiscal quarter ending on December 31, 2021). In addition, the Credit Facility contains mandatory prepayment events, affirmative and negative covenants and events of default customary for a transaction of this type. The covenants, among other things, restrict additional indebtedness, liens, mergers or certain fundamental changes, asset dispositions, dividends and other restricted payments, transactions with affiliates, loans and investments and other matters customarily restricted in credit agreements of this type. The Company is required to make mandatory prepayments of the outstanding principal amount of loans under the Term Loan Facility with the net cash proceeds from certain disposition of assets and the receipt of insurance proceeds upon certain casualty and condemnation events, in each case, to the extent not reinvested within a specified time period, from excess cash flow beyond stated threshold amounts, and from the incurrence of certain indebtedness. The Company has the right to prepay its term loans under the Credit Agreement, in whole or in part, at any time without premium or penalty, subject to certain limitations and a 1.0% soft call premium applicable during the first six months following the closing date.

The Company was in compliance with all covenants at September 30, 2021.

The Credit Facility requires the Company and certain of its subsidiaries to pledge as collateral, subject to certain customary exclusions, substantially all of their assets, including 100% of the equity in certain domestic subsidiaries and 65% of the voting equity, and 100% of the non-voting equity, in certain foreign subsidiaries. The obligations under the Credit Facility are unconditionally guaranteed on a senior basis by the Company’s material domestic subsidiaries, which guaranties are secured by the collateral.

With respect to the Revolving Facility, the Company is required to pay an unused commitment fee quarterly in arrears on the difference between committed amounts and amounts actually borrowed under the Revolving Facility equal to an applicable percentage of 0.25% to 0.50% per annum based on a first lien net leverage ratio. The Company is required to pay a letter of credit participation fee and a letter of credit fronting fee quarterly in arrears. The letter of credit participation fee is based upon the aggregate face amount of outstanding letters of credit at an applicable percentage of 2.25% to 2.75% based on a first lien net leverage ratio. The letter of credit fronting fee is 0.125% per annum on the face amount of each letter of credit.

With respect to the Term Loan Facility, the Company is required to pay an unused commitment fee quarterly in arrears on the difference between committed amounts and amounts actually borrowed under the Term Loan Facility equal to an applicable LIBO rate plus an applicable percentage of 3.75% to 4.00% per annum based on a first lien net leverage ratio.

The Company recognized $1.1 million in additional interest expense in the third quarter of 2021 due to the write-off of certain unamortized debt issuance costs associated with the Amended Revolving Credit Facility. In addition to the remaining unamortized debt issuance costs associated with the Amended Revolving Credit Facility, debt issuance costs of $2.8 million related to the Revolving Facility are being amortized to interest expense over the life of the Revolving Facility. Debt issuance costs of $3.5 million related to the Term Loan Facility and the original issue discount of $2.5 million paid on the undrawn term loan facility are being amortized to interest expense over the delayed draw access period, until such time that the loans thereunder are drawn. These deferred costs are included in prepaid and other current assets and other non-current assets in the Company's consolidated balance sheet.

In the first nine months of 2021, the Company recorded interest expense related to its revolving credit facilities of $3.0 million which consisted of $1.8 million in unused commitment fees and $1.2 million associated with the amortization of the debt issuance costs. In the first nine months of 2021, the Company recorded interest expense related to the Term Loan Facility of $0.7 million which consisted of $0.4 million in unused commitment fees, $0.2 million associated with the amortization of the debt issuance costs, and $0.1 million associated with the amortization of the original issue discount.

In the first nine months of 2020, the Company recorded interest expense related to the Amended Revolving Credit Facility of $3.2 million which consisted of $1.3 million associated with borrowings bearing interest at the LIBO rate, $1.1 million in unused commitment fees, and $0.8 million associated with the amortization of the debt issuance costs.

NOTE 14—CONTINGENCIES

Overview

LendingTree is involved in legal proceedings on an ongoing basis. In assessing the materiality of a legal proceeding, the Company evaluates, among other factors, the amount of monetary damages claimed, as well as the potential impact of non-monetary remedies sought by plaintiffs (e.g., injunctive relief) that may require it to change its business practices in a manner that could have a material and adverse impact on the Company's business. With respect to the matters disclosed in this Note 14, unless otherwise indicated, the Company is unable to estimate the possible loss or range of losses that could potentially result from the application of such non-monetary remedies.

As of September 30, 2021, the Company had litigation settlement accruals of $0.1 million in continuing operations. As of December 31, 2020, the Company had litigation settlement accruals of $0.1 million and $0.5 million in continuing operations and discontinued operations, respectively. The litigation settlement accruals relate to litigation matters that were either settled or a firm offer for settlement was extended, thereby establishing an accrual amount that is both probable and reasonably estimable. *See* Note 17—Discontinued Operations for additional information.

NOTE 15—FAIR VALUE MEASUREMENTS

Other than the convertible notes and warrants, as well as the equity interest in Stash, the carrying amounts of the Company's financial instruments are equal to fair value at September 30, 2021. *See* Note 13—Debt for additional information on the convertible notes and warrants, and *see* Note 7—Equity Investment for additional information on the equity interest in Stash.

Contingent consideration payments related to acquisitions are measured at fair value each reporting period using Level 3 unobservable inputs. The changes in the fair value of the Company's Level 3 liabilities are as follows *(in thousands)*:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Contingent consideration, beginning of period	**$ 196**	**$ 28,517**	**$ 8,249**	**$ 33,464**
Transfers into Level 3	—	—	—	—
Transfers out of Level 3	—	—	—	—
Total net losses (gains) included in earnings (realized and unrealized)	(196)	6,658	(8,249)	7,711
Purchases, sales and settlements:				
Additions	—	—	—	—
Payments	—	—	—	(6,000)
Contingent consideration, end of period	**$ —**	**$ 35,175**	**$ —**	**$ 35,175**

The Company could make an earnout payment ranging from zero to $23.4 million based on the achievement of certain defined performance targets for QuoteWizard during the final earnout period ending October 31, 2021. As of September 30, 2021, these performance targets are not expected to be achieved. As such, this remaining earnout payment is not expected to be made and no liability has been recorded in the accompanying consolidated balance sheet. The significant unobservable input used to estimate achievement of performance targets for the QuoteWizard contingent consideration is a 29.8% decrease in operating results.

NOTE 16—SEGMENT INFORMATION

The Company manages its business and reports its financial results through the following three operating and reportable segments: Home, Consumer and Insurance. Characteristics which were relied upon in making the determination of the reportable segments include the nature of the products, the organization's internal structure, and the information that is regularly reviewed by the chief operating decision maker for the purpose of assessing performance and allocating resources.

The Home segment includes the following products: purchase mortgage, refinance mortgage, home equity loans, reverse mortgage loans, and real estate. The Consumer segment includes the following products: credit cards, personal loans, small

LENDINGTREE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

business loans, student loans, auto loans, deposit accounts, and other credit products such as credit repair and debt settlement. The Insurance segment consists of insurance quote products. Revenue from the resale of online advertising space to third parties in the first nine months of 2020 is included within the Other category. The Company ceased reselling online advertising space during the first quarter of 2020.

The following tables are a reconciliation of segment profit, which is the Company's primary segment profitability measure, to income before income taxes and discontinued operations. Segment cost of revenue and marketing expense represents the portion of selling and marketing expense attributable to variable costs paid for advertising, direct marketing and related expenses, that are directly attributable to the segments' products. This measure excludes overhead, fixed costs and personnel-related expenses. For the Other category, segment cost of revenue and marketing expense in the first nine months of 2020 also includes the portion of cost of revenue attributable to costs paid for advertising re-sold to third parties.

	Three Months Ended September 30, 2021				
	Home	Consumer	Insurance	Other	Total
	(in thousands)				
Revenue	$ 112,422	$ 100,011	$ 84,837	$ 180	$ 297,450
Segment marketing expense	70,905	55,295	58,227	83	184,510
Segment profit	**41,517**	**44,716**	**26,610**	**97**	**112,940**
Cost of revenue					15,020
Brand and other marketing expense					21,965
General and administrative expense					40,126
Product development					13,384
Depreciation					4,808
Amortization of intangibles					10,345
Change in fair value of contingent consideration					(196)
Severance					47
Litigation settlements and contingencies					22
Operating income					**7,419**
Interest expense, net					(11,826)
Loss before income taxes and discontinued operations					**$ (4,407)**

	Three Months Ended September 30, 2020				
	Home	Consumer	Insurance	Other	Total
	(in thousands)				
Revenue	$ 78,859	$ 48,377	$ 92,500	$ 515	$ 220,251
Segment marketing expense	53,693	26,730	55,457	513	136,393
Segment profit	**25,166**	**21,647**	**37,043**	**2**	**83,858**
Cost of revenue					13,220
Brand and other marketing expense					18,277
General and administrative expense					33,705
Product development					11,477
Depreciation					3,535
Amortization of intangibles					13,090
Change in fair value of contingent consideration					6,658
Litigation settlements and contingencies					13
Operating loss					**(16,117)**
Interest expense, net					(16,617)
Loss before income taxes and discontinued operations					**$ (32,734)**

	Nine Months Ended September 30, 2021				
	Home	Consumer	Insurance	Other	Total
	(in thousands)				
Revenue	$ 345,408	$ 233,594	$ 260,714	$ 498	$ 840,214
Segment marketing expense	225,884	130,877	168,024	542	525,327
Segment profit (loss)	**119,524**	**102,717**	**92,690**	**(44)**	**314,887**
Cost of revenue					42,849
Brand and other marketing expense					63,816
General and administrative expense					114,926
Product development					39,142
Depreciation					12,969
Amortization of intangibles					32,967
Change in fair value of contingent consideration					(8,249)
Severance					47
Litigation settlements and contingencies					360
Operating income					**16,060**
Interest expense, net					(31,881)
Other income					40,072
Income before income taxes and discontinued operations					**$ 24,251**

	Nine Months Ended September 30, 2020				
	Home	Consumer	Insurance	Other	Total
	(in thousands)				
Revenue	$ 232,156	$ 205,419	$ 248,156	$ 1,930	$ 687,661
Segment cost of revenue and marketing expense	132,353	121,271	150,458	2,175	406,257
Segment profit (loss)	**99,803**	**84,148**	**97,698**	**(245)**	**281,404**
Cost of revenue (exclusive of cost of advertising re-sold to third parties included above)					39,850
Brand and other marketing expense					58,958
General and administrative expense					94,276
Product development					33,252
Depreciation					10,463
Amortization of intangibles					40,603
Change in fair value of contingent consideration					7,711
Severance					190
Litigation settlements and contingencies					(983)
Operating loss					**(2,916)**
Interest expense, net					(26,406)
Other income					7
Loss before income taxes and discontinued operations					**$ (29,315)**

NOTE 17—DISCONTINUED OPERATIONS

The LendingTree Loans Business is presented as discontinued operations in the accompanying financial statements. The LendingTree Loans Business originated various consumer mortgage loans through HLC. On June 6, 2012, the Company sold substantially all of the operating assets of HLC, including the LendingTree Loans Business, for $55.9 million in cash to a wholly-owned subsidiary of Discover Financial Services ("Discover"). Discover generally did not assume liabilities of HLC that arose before the closing date, except for certain liabilities directly related to assets Discover acquired. A portion of the purchase price received was deposited in escrow in accordance with the purchase agreement with Discover for certain loan loss obligations that remained with HLC following the sale. During 2018, the remaining funds in escrow were released to HLC in accordance with the terms of the purchase agreement with Discover.

Upon closing of the sale of substantially all of the operating assets of HLC on June 6, 2012, HLC ceased to originate consumer loans. HLC agreed to retain certain liability for losses on previously sold loans.

Litigation settlements and contingencies and legal fees associated with related bankruptcy and legal proceedings against the Company are included in discontinued operations in the accompanying financial statements.

Home Loan Center, Inc. Bankruptcy Filing

On June 21, 2019, the U.S. District Court of Minnesota entered judgment in *ResCap Liquidating Trust v. Home Loan Center, Inc.*, against HLC for $68.5 million, *see* Litigation Related to Discontinued Operations below. The judgment against HLC exceeded the assets of HLC, which were $11.2 million at July 21, 2019, including cash of $5.9 million. On July 19, 2019, HLC appealed the judgment to the United States Court of Appeals for the Eighth Circuit.

On July 21, 2019, at the direction of the sole independent director of HLC, HLC voluntarily filed a petition under Chapter 11 of the United States Bankruptcy Code (the “Bankruptcy Code”) with the U.S. Bankruptcy Court in the Northern District of California in San Jose, California (the “Bankruptcy Court”) in order to preserve assets for the benefit of all creditors of HLC. On September 16, 2019, the Bankruptcy Court converted the bankruptcy to Chapter 7 of the Bankruptcy Code and appointed a Trustee to liquidate HLC's assets.

HLC’s voluntary petition under the Bankruptcy Code does not represent an event of default under the Company’s Credit Agreement dated as of September 15, 2021, the Company’s indenture dated May 31, 2017 with respect to the Company’s 0.625% Convertible Senior Notes due 2022, or the Company’s indenture dated July 24, 2020 with respect to the Company’s 0.50% Convertible Senior Notes due 2025.

As a result of the voluntary petition, LendingTree, LLC was, as of the initial July 21, 2019 bankruptcy petition filing date, no longer deemed to have a controlling interest in HLC under applicable accounting standards. As a result, HLC and its consolidated subsidiary were deconsolidated from the Company’s consolidated financial statements as of July 21, 2019. The effect of such deconsolidation was the elimination of the consolidated assets and liabilities of HLC (and its consolidated subsidiary) from the Company’s consolidated balance sheets. Upon deconsolidation, in 2019 the Company recognized a loss of $5.5 million which includes a net gain of $4.5 million related to the removal of HLC's (and its consolidated subsidiary's) assets and liabilities and the recognition of a liability of $10.0 million related to LendingTree, LLC's ownership in HLC. No consideration was received by the Company as a result of the deconsolidation.

During its bankruptcy, HLC indicated that it believed that it had claims against HLC’s sole shareholder, LendingTree, LLC, and certain of its officers and directors, relating to the declaration of a dividend by HLC in January 2016 of $40.0 million. LendingTree, LLC believes the declaration of the dividend was proper, that the amounts paid to LendingTree, LLC following such declaration are not subject to recovery by HLC and that any claims by HLC relating to such dividend declaration are without merit. During the second quarter of 2020, LendingTree, LLC and HLC entered into a settlement agreement in the amount of $36.0 million for the release of any and all claims against the Company defendants by HLC, including the dividend claim. The bankruptcy court held a hearing on July 16, 2020 on the motion to approve the settlement to which no objections were made, and approved the settlement the same day. The $36.0 million settlement payment was made in the third quarter of 2020.

During the HLC bankruptcy, a bar date for claims against HLC was set, establishing a deadline for all HLC’s creditors to assert any claim they may have had against HLC. Distributions were made to holders of allowed claims deemed timely filed. After all distributions to creditors were made and HLC’s Chapter 7 bankruptcy estate was fully administered, the HLC bankruptcy case was closed on July 14, 2021.

Litigation Related to Discontinued Operations

Residential Funding Company

ResCap Liquidating Trust v. Home Loan Center, Inc., Case No. 14-cv-1716 (U.S. Dist. Ct., Minn.), successor to *Residential Funding Company, LLC v Home Loan Center, Inc., No. 13-cv-3451 (U.S. Dist. Ct., Minn.).* On or about December 16, 2013, Home Loan Center, Inc. was served in the original captioned matter, which involves claims of Residential Funding Company, LLC ("RFC") for damages for breach of contract and indemnification for certain residential mortgage loans as well as residential mortgage-backed securitizations ("RMBS") containing mortgage loans. RFC asserted that, beginning in 2008, RFC faced massive repurchase demands and lawsuits from purchasers or insurers of the loans and RMBS that RFC had sold. RFC filed for bankruptcy protection in May 2012. Plaintiff alleged that, after RFC filed for Chapter 11 protection, hundreds of proofs of claim were filed, many of which mirrored the litigation filed against RFC prior to its bankruptcy.

In December 2013, the United States Bankruptcy Court for the Southern District of New York entered an Order confirming the Second Amended Joint Chapter 11 Plan Proposed by Residential Capital, LLC et al. and the Official Committee of Unsecured Creditors. Plaintiff then began filing substantially similar complaints against approximately 80 of the loan originators from whom RFC had purchased loans, including HLC, in federal and state courts in Minnesota and New York. In each case, plaintiff claimed that the defendant is liable for a portion of the global settlement in RFC's bankruptcy.

HLC's filing under the Bankruptcy Code discussed above in Home Loan Center, Inc. Bankruptcy Filing created an automatic stay of enforcement of the judgment entered against HLC by the U.S. District Court in Minnesota. On August 27, 2019, plaintiff filed a lawsuit captioned *ResCap Liquidating Trust v. LendingTree, LLC, et al., Case No. 19-cv-2360 (U.S. Dist. Ct., Minn.)*, seeking to hold the Company liable for the judgment against HLC, under assumption of liability, agency and alter ego theories. On June 17, 2020, the Company entered into a settlement agreement with ResCap, pursuant to which, the Company agreed to, among other things, pay ResCap $58.5 million, less any amounts ResCap receives in the HLC bankruptcy, in exchange for, among other things, ResCap releasing any and all claims against the Company, and the Company's directors and officers, including any claims asserted in ResCap v. LendingTree. Pursuant to the settlement agreement, the Company was responsible for the difference of $58.5 million minus the amount that ResCap received through the HLC Bankruptcy. In the third and fourth quarters of 2020, the Company made payments of $26.5 million and $6.4 million, respectively, to the ResCap Liquidating Trust, and the ResCap Liquidating Trust, in turn, assigned its allowed claims against HLC to the Company. In the second quarter of 2021, the Company received a refund of $8.6 million related to these amounts, from the final distributions in the HLC Bankruptcy on account of the allowed claims that the ResCap Liquidating Trust had assigned to the Company.

Lehman Brothers Holdings, Inc.

Lehman Brothers Holdings Inc. v. 1st Advantage Mortgage, LLC et al., Case No. 08-13555 (SCC), Adversary Proceeding No. 16-01342 (SCC) (Bankr. S.D.N.Y.). In February 2016, Lehman Brothers Holdings, Inc. ("LBHI") filed an Adversary Complaint against HLC and approximately 149 other defendants (the "Complaint"). On December 4, 2019, LBHI filed a $44.7 million proof of claim in HLC's bankruptcy seeking recovery for the claims asserted in the lawsuit.

HLC's filing under the Bankruptcy Code discussed above in Home Loan Center, Inc. Bankruptcy Filing created an automatic stay of this proceeding. On June 11, 2020, LBHI filed a lawsuit captioned *Lehman Brothers Holdings Inc. v. LendingTree, LLC, et al., Case No. 20-cv-01351 (U.S. Dist. Ct., Minn.), transferred to Case No. 08-13555 (SCC), Adversary Proceeding No. 21-01107 (SCC) (Bankr. S.D.N.Y.)*, seeking to hold the Company liable for its allowed bankruptcy claim of $13.3 million. In July 2021, the Company reached a settlement with LBHI, which payment was made in the third quarter of 2021.

Financial Information of Discontinued Operations

The components of net (loss) income reported as discontinued operations in the accompanying consolidated statements of operations and comprehensive income are as follows *(in thousands)*:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenue	$ —	$ —	$ —	$ —
(Loss) income before income taxes	(103)	193	(4,717)	(34,333)
Income tax benefit (expense)	49	(27)	1,201	8,783
Net (loss) income	**$ (54)**	**$ 166**	**$ (3,516)**	**$ (25,550)**

Losses from discontinued operations included all activity of HLC prior to bankruptcy, including litigation settlements, contingencies and legal fees associated with legal proceedings.

The results of discontinued operations also include litigation settlements and contingencies and legal fees associated with legal proceedings against LendingTree, Inc. or LendingTree, LLC that arose due to the LendingTree Loans Business or the HLC bankruptcy filing.

NOTE 18—SUBSEQUENT EVENT

In October 2021, the Company entered into a stock transfer agreement with third parties to sell a portion of its Stash equity securities for $46.3 million. The Company sold $35.3 million in October and will close on an additional $11.0 million in December 2021. During the fourth quarter of 2021, the Company will record a realized gain of $27.9 million based on the sale of Stash equity securities under the stock transfer agreement. Additionally, we anticipate net unrealized gains of $55.3 million as a result of an adjustment to the fair value of the Stash equity securities still held by the Company based on observable market events.

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

Cautionary Statement Regarding Forward-Looking Information

This report contains "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, as amended by the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements related to our anticipated financial performance, business prospects and strategy; anticipated trends and prospects in the various industries in which our businesses operate; new products, services and related strategies; and other similar matters. These forward-looking statements are based on management's current expectations and assumptions about future events, which are inherently subject to uncertainties, risks and changes in circumstances that are difficult to predict. The use of words such as "anticipates," "estimates," "expects," "projects," "intends," "plans" and "believes," among others, generally identifies forward-looking statements.

Actual results could differ materially from those contained in the forward-looking statements. Factors currently known to management that could cause actual results to differ materially from those in forward-looking statements include those matters discussed or referenced in Part II, Item 1A. *Risk Factors* included elsewhere in this quarterly report and Part I, Item 1A. *Risk Factors* of the 2020 Annual Report.

Other unknown or unpredictable factors that could also adversely affect our business, financial condition and results of operations may arise from time to time. In light of these risks and uncertainties, the forward-looking statements discussed in this 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 LendingTree, Inc.'s management as of the date of this report. We undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results or expectations, except as required by law.

Company Overview

LendingTree, Inc. is the parent of LT Intermediate Company, LLC, which holds all of the outstanding ownership interests of LendingTree, LLC, and LendingTree, LLC owns several companies.

We operate what we believe to be the leading online consumer platform that connects consumers with the choices they need to be confident in their financial decisions. Our online consumer platform provides consumers with access to product offerings from our Network Partners, including mortgage loans, home equity loans, reverse mortgage loans, auto loans, credit cards, deposit accounts, personal loans, student loans, small business loans, insurance quotes and other related offerings. In addition, we offer tools and resources, including free credit scores, that facilitate comparison shopping for loans, deposit products, insurance and other offerings. We seek to match consumers with multiple providers, who can offer them competing quotes for the product, or products, they are seeking. We also serve as a valued partner to lenders and other providers seeking an efficient, scalable and flexible source of customer acquisition with directly measurable benefits, by matching the consumer inquiries we generate with these Network Partners.

Our My LendingTree platform offers a personalized comparison-shopping experience by providing free credit scores and credit score analysis. This platform enables us to monitor consumers' credit profiles and then identify and alert them to loans and other offerings on our marketplace that may be more favorable than the terms they may have at a given point in time. This is designed to provide consumers with measurable savings opportunities over their lifetimes.

We are focused on developing new product offerings and enhancements to improve the experiences that consumers and Network Partners have as they interact with us. By expanding our portfolio of financial services offerings, we are growing and diversifying our business and sources of revenue. We intend to capitalize on our expertise in performance marketing, product development and technology, and to leverage the widespread recognition of the LendingTree brand, to effect this strategy.

We believe the consumer and small business financial services industry is still in the early stages of a fundamental shift to online product offerings, similar to the shift that started in retail and travel many years ago and is now well established. We believe that like retail and travel, as consumers continue to move towards online shopping and transactions for financial services, suppliers will increasingly shift their product offerings and advertising budgets toward the online channel. We believe the strength of our brands and of our partner network place us in a strong position to continue to benefit from this market shift.

The LendingTree Loans business is presented as discontinued operations in the accompanying consolidated balance sheets, consolidated statements of operations and comprehensive income and consolidated cash flows for all periods presented. Except for the discussion under the heading "Discontinued Operations," the analysis within Management's Discussion and Analysis of Financial Condition and Results of Operations reflects our continuing operations.

Economic Conditions

During March 2020, a global pandemic was declared by the World Health Organization related to the rapidly growing outbreak of a novel strain of coronavirus ("COVID-19"). The pandemic has significantly impacted the economic conditions in the U.S., as federal, state and local governments react to the public health crisis, creating significant uncertainties in the U.S. economy. The downstream impact of various lockdown orders and related economic pullback affected our business and marketplace participants to varying degrees. We are continuously monitoring the impacts of the current economic conditions related to the COVID-19 pandemic and the effect on our business, financial condition and results of operations.

Of our three reportable segments, the Consumer segment has been most impacted. The impact to our Home and Insurance segments was much less substantial and these segments recovered by the end of 2020. While forecasting the timeline of full recovery for the Consumer segment remains challenging, the momentum of recovery has increased in each quarter subsequent to the onset of the COVID-19 pandemic. We are encouraged by the progress made, and continue to view the Consumer segment with optimism over the medium to long term. Most of our selling and marketing expenses are variable costs that we adjust dynamically in relation to revenue opportunities to profitably meet demand. Thus, as our revenue was negatively impacted during the recession, our marketing expenses generally decreased in line with revenue.

Segment Reporting

We have three reportable segments: Home, Consumer and Insurance.

Recent Business Acquisitions

On February 28, 2020, we acquired an equity interest in Stash Financial, Inc. (“Stash”) for $80.0 million. On January 6, 2021, we acquired additional equity interest for $1.2 million. Stash is a consumer investing and banking platform. Stash brings together banking, investing, and financial services education into one seamless experience offering a full suite of personal investment accounts, traditional and Roth IRAs, custodial investment accounts, and banking services, including checking accounts and debit cards with a Stock-Back® rewards program. In October 2021, we entered into a stock transfer agreement with third parties to sell a portion of our Stash equity securities. *See* Note 7—Equity Investment and Note 18—Subsequent Event for additional information on the equity interest in Stash.

North Carolina Office Properties

Our new corporate office is located on approximately 176,000 square feet of office space in Charlotte, North Carolina under an approximate 15-year lease that contractually commenced in April 2021.

With our expansion in North Carolina, in December 2016, we received a grant from the state that provides up to $4.9 million in reimbursements over 12 years beginning in 2017 for investing in real estate and infrastructure in addition to increasing jobs in North Carolina at specific targeted levels through 2020, and maintaining the jobs thereafter. Additionally, the city of Charlotte and the county of Mecklenburg provided a grant that will be paid over five years and is based on a percentage of new property tax we pay on the development of a corporate headquarters. In December 2018, we received an additional grant from the state that provides up to $8.4 million in reimbursements over 12 years beginning in 2020 for increasing jobs in North Carolina at specific targeted levels through 2023, and maintaining the jobs thereafter.

Recent Mortgage Interest Rate Trends

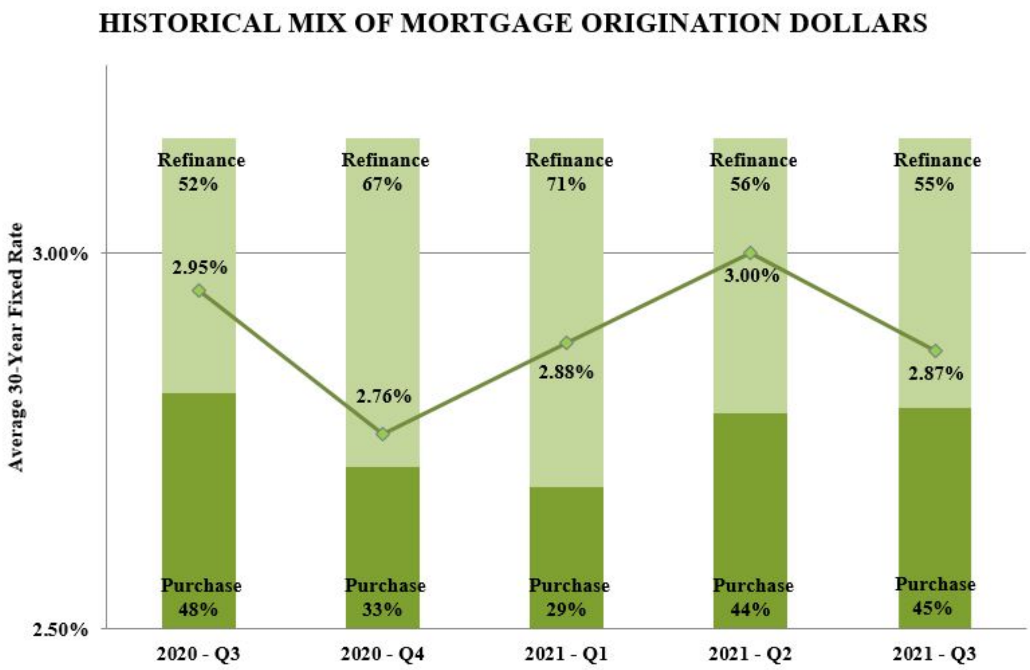
Interest rate and market risks can be substantial in the mortgage lead generation business. Short-term fluctuations in mortgage interest rates primarily affect consumer demand for mortgage refinancings, while long-term fluctuations in mortgage interest rates, coupled with the U.S. real estate market, affect consumer demand for new mortgages. Consumer demand, in turn, affects lender demand for mortgage leads from third-party sources, as well as our own ability to attract online consumers to our website.

Typically, when interest rates decline, we see increased consumer demand for mortgage refinancing, which in turn leads to increased traffic to our website and decreased selling and marketing efforts associated with that traffic. At the same time, lender demand for leads from third-party sources typically decreases, as there are more consumers in the marketplace seeking refinancings and, accordingly, lenders receive more organic mortgage lead volume. Due to lower lender demand, our revenue earned per consumer typically decreases, but with correspondingly lower selling and marketing costs.

Conversely, when interest rates increase, we typically see decreased consumer demand for mortgage refinancing, leading to decreased traffic to our website and higher associated selling and marketing efforts associated with that traffic. At the same time, lender demand for leads from third-party sources typically increases, as there are fewer consumers in the marketplace and, accordingly, the supply of organic mortgage lead volume decreases. Due to high lender demand, we typically see an increase in the amount lenders will pay per matched lead, which often leads to higher revenue earned per consumer. However, increases in the amount lenders will pay per matched lead in this situation is limited by the overall cost models of our lenders, and our revenue earned per consumer can be adversely affected by the overall reduced demand for refinancing in a rising rate environment.

We dynamically adjust selling and marketing expenditures in all interest rate environments to optimize our results against these variables.

According to Freddie Mac, 30-year mortgage interest rates generally increased from a monthly average of 2.68% in December 2020 to a monthly average of 2.90% in September 2021. On a quarterly basis, 30-year mortgage interest rates in the third quarter of 2021 averaged 2.87%, compared to 2.95% in the third quarter of 2020 and 3.00% in the second quarter of 2021.



Typically, as mortgage interest rates rise, there are fewer consumers in the marketplace seeking refinancings and, accordingly, the mix of mortgage origination dollars will move toward purchase mortgages. According to Mortgage Bankers Association ("MBA") data, total refinance origination dollars remained relatively consistent at 55% of total mortgage origination dollars in the third quarter of 2021 compared to 56% in the second quarter of 2021. In the third quarter of 2021, total refinance origination dollars decreased 15% from the second quarter of 2021 and decreased 31% from the third quarter of 2020. Industry-wide mortgage origination dollars in the third quarter of 2021 decreased 13% from the second quarter of 2021 and decreased 21% from the third quarter of 2020.

In October 2021, the MBA projected 30-year mortgage interest rates to increase during 2021, to an average 3.1% for the year. According to MBA projections, the mix of mortgage origination dollars is expected to move back towards purchase mortgages with the refinance share representing approximately 59% for 2021.

The U.S. Real Estate Market

The health of the U.S. real estate market and interest rate levels are the primary drivers of consumer demand for new mortgages. Consumer demand, in turn, affects lender demand for purchase mortgage leads from third-party sources. Typically, a strong real estate market will lead to reduced lender demand for leads, as there are more consumers in the marketplace seeking financing and, accordingly, lenders receive more organic lead volume. Conversely, a weaker real estate market will typically lead to an increase in lender demand, as there are fewer consumers in the marketplace seeking mortgages.

According to Fannie Mae data, existing-home sales increased 2% in the third quarter of 2021 compared to the second quarter of 2021, and decreased 3% compared to the third quarter of 2020. Fannie Mae predicts an overall increase in existing-home sales of approximately 6% in 2021 compared to 2020.

Results of Operations for the Three and Nine Months ended September 30, 2021 and 2020

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2021	2020	$ Change	% Change	2021	2020	$ Change	% Change
	(Dollars in thousands)							
Home	$ 112,422	$ 78,859	$ 33,563	43 %	$ 345,408	$ 232,156	$ 113,252	49 %
Consumer	100,011	48,377	51,634	107 %	233,594	205,419	28,175	14 %
Insurance	84,837	92,500	(7,663)	(8) %	260,714	248,156	12,558	5 %
Other	180	515	(335)	(65) %	498	1,930	(1,432)	(74) %
Revenue	**297,450**	**220,251**	**77,199**	**35 %**	**840,214**	**687,661**	**152,553**	**22 %**
Costs and expenses:								
Cost of revenue (exclusive of depreciation and amortization shown separately below)	15,020	13,220	1,800	14 %	42,849	40,936	1,913	5 %
Selling and marketing expense	206,475	154,670	51,805	33 %	589,143	464,129	125,014	27 %
General and administrative expense	40,126	33,705	6,421	19 %	114,926	94,276	20,650	22 %
Product development	13,384	11,477	1,907	17 %	39,142	33,252	5,890	18 %
Depreciation	4,808	3,535	1,273	36 %	12,969	10,463	2,506	24 %
Amortization of intangibles	10,345	13,090	(2,745)	(21) %	32,967	40,603	(7,636)	(19) %
Change in fair value of contingent consideration	(196)	6,658	(6,854)	(103) %	(8,249)	7,711	(15,960)	(207) %
Severance	47	—	47	100 %	47	190	(143)	(75) %
Litigation settlements and contingencies	22	13	9	69 %	360	(983)	1,343	137 %
Total costs and expenses	**290,031**	**236,368**	**53,663**	**23 %**	**824,154**	**690,577**	**133,577**	**19 %**
Operating income (loss)	**7,419**	**(16,117)**	**23,536**	**146 %**	**16,060**	**(2,916)**	**18,976**	**651 %**
Other (expense) income, net:								
Interest expense, net	(11,826)	(16,617)	(4,791)	(29) %	(31,881)	(26,406)	5,475	21 %
Other income	—	—	—	— %	40,072	7	40,065	n/a
(Loss) income before income taxes	**(4,407)**	**(32,734)**	**(28,327)**	**(87) %**	**24,251**	**(29,315)**	**53,566**	**183 %**
Income tax benefit	1	7,925	(7,924)	(100) %	455	14,866	(14,411)	(97) %
Net (loss) income from continuing operations	**(4,406)**	**(24,809)**	**(20,403)**	**(82) %**	**24,706**	**(14,449)**	**39,155**	**271 %**
(Loss) income from discontinued operations, net of tax	(54)	166	(220)	(133) %	(3,516)	(25,550)	(22,034)	(86) %
Net (loss) income and comprehensive (loss) income	**$ (4,460)**	**$ (24,643)**	**$ (20,183)**	**(82) %**	**$ 21,190**	**$ (39,999)**	**$ 61,189**	**153 %**

Revenue

Revenue increased in the third quarter of 2021 compared to the third quarter of 2020 due to increases in our Consumer and Home segments, partially offset by decreases in our Insurance segment and Other category. Revenue increased in the first nine months of 2021 compared to the first nine months of 2020 due to increases in our Home, Consumer and Insurance segments, partially offset by a decrease in our Other category.

Our Consumer segment includes the following products: credit cards, personal loans, small business loans, student loans, auto loans, deposit accounts, and other credit products such as credit repair and debt settlement. Many of our Consumer segment products are not individually significant to revenue. Revenue from our Consumer segment increased $51.6 million in the third quarter of 2021 from the third quarter of 2020, or 107%, primarily due to increases in our personal loans, credit cards, and small business loans products. Revenue from our Consumer segment increased $28.2 million in the first nine months of

2021 from the first nine months of 2020, or 14%, primarily due to increases in our personal loans and small business loans products.

Revenue from our personal loans product increased $21.3 million to $33.8 million in the third quarter of 2021 from $12.5 million in the third quarter of 2020, or 170%, due to an increase in the number of consumers completing request forms as well as an increase in revenue earned per consumer. Revenue from our personal loans product increased $21.1 million to $73.9 million in the first nine months of 2021 from $52.8 million in the first nine months of 2020, or 40%, primarily due to an increase in revenue earned per consumer, partially offset by a decrease in the number of consumers completing request forms.

For the periods presented, no other products in our Consumer segment represented more than 10% of revenue; however, certain other Consumer products experienced notable changes. Revenue from our credit cards product increased $20.3 million in the third quarter of 2021 compared to the third quarter of 2020, due to an increase in the number of approvals and an increase in revenue earned per approval. Revenue from our small business loans product increased $11.4 million in the third quarter of 2021 compared to the third quarter of 2020, and increased $12.5 million in the first nine months of 2021 compared to the first nine months of 2020, due to loosening underwriting standards and improved flow of capital, as well as an increase in revenue earned per consumer.

The ongoing COVID-19 pandemic is anticipated to continue to impact our Consumer product revenues in the near-term.

Our Home segment includes the following products: purchase mortgage, refinance mortgage, home equity loans, reverse mortgage loans, and real estate. Revenue from our Home segment increased $33.6 million in the third quarter of 2021 from the third quarter of 2020, or 43%, primarily due to increases in revenue from our refinance mortgage, purchase mortgage, and home equity loans products. Revenue from our Home segment increased $113.3 million in the first nine months of 2021 from the first nine months of 2020, or 49%, primarily due to increases in revenue from those same products. Revenue from our refinance mortgage product increased $12.6 million in the third quarter of 2021 compared to the third quarter of 2020, and increased $77.3 million in the first nine months of 2021 compared to the first nine months of 2020, due to an increase in revenue earned per consumer, partially offset by a decrease in the number of consumers completing request forms. Revenue from our home equity loans product increased $11.9 million in the third quarter of 2021 compared to the third quarter of 2020, and increased $21.8 million in the first nine months of 2021 compared to the first nine months of 2020. Revenue from our purchase mortgage product increased $9.1 million in the third quarter of 2021 compared to the third quarter of 2020, and increased $14.6 million in the first nine months of 2021 compared to the first nine months of 2020. Revenue from our home equity loans product and our purchase mortgage product increased due to a shift in both lender and consumer focus away from refinance products as well as an increase in revenue earned per consumer.

Revenue from our Insurance segment decreased $7.7 million to $84.8 million in the third quarter of 2021 from $92.5 million in the third quarter of 2020, or 8%, due to a decrease in revenue earned per consumer, partially offset by an increase in the number of consumers seeking insurance coverage. Revenue from our Insurance segment increased $12.6 million to $260.7 million in the first nine months of 2021 from $248.2 million in the first nine months of 2020, or 5%, due to an increase in the number of consumers seeking insurance coverage, partially offset by a decrease in revenue earned per consumer.

Revenue in the Other category decreased $1.4 million in the first nine months of 2021 compared to the first nine months of 2020, primarily as we ceased reselling online advertising space during the first quarter of 2020.

Cost of revenue

Cost of revenue consists primarily of costs associated with compensation and other employee-related costs (including stock-based compensation) relating to internally-operated customer call centers, third-party customer call center fees, costs for online advertising resold to third parties, credit scoring fees, credit card fees, website network hosting and server fees.

Cost of revenue increased in the third quarter of 2021 from the third quarter of 2020, primarily due to an increase in compensation and benefits of $1.3 million. Cost of revenue increased in the first nine months of 2021 from the first nine months of 2020, primarily due to an increase in compensation and benefits of $3.1 million, partially offset by a $2.3 million decrease in credit card fees.

Cost of revenue as a percentage of revenue decreased to 5% in the third quarter and first nine months of 2021 compared to 6% in the third quarter and first nine months of 2020.

Selling and marketing expense

Selling and marketing expense consists primarily of advertising and promotional expenditures and compensation and other employee-related costs (including stock-based compensation) for personnel engaged in sales or marketing functions. Advertising and promotional expenditures primarily include online marketing, as well as television, print and radio spending. Advertising production costs are expensed in the period the related ad is first run.

Selling and marketing expense increased in the third quarter and first nine months of 2021 compared to the third quarter and first nine months of 2020 primarily due to the increases in advertising and promotional expense discussed below.

Advertising and promotional expense is the largest component of selling and marketing expense, and is comprised of the following:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2021	2020	$ Change	% Change	2021	2020	$ Change	% Change
	(Dollars in thousands)							
Online	$ 185,214	$ 136,496	$ 48,718	36 %	$ 527,073	$ 405,993	$ 121,080	30 %
Broadcast	3,065	2,662	403	15 %	6,881	12,140	(5,259)	(43) %
Other	3,268	2,967	301	10 %	12,891	9,588	3,303	34 %
Total advertising expense	**$ 191,547**	**$ 142,125**	**$ 49,422**	**35 %**	**$ 546,845**	**$ 427,721**	**$ 119,124**	**28 %**

Revenue is primarily driven by Network Partner demand for our products, which is matched to corresponding consumer requests. We adjust our selling and marketing expenditures dynamically in relation to anticipated revenue opportunities in order to ensure sufficient consumer inquiries to profitably meet such demand. An increase in a product's revenue is generally met by a corresponding increase in marketing spend, and conversely a decrease in a product's revenue is generally met by a corresponding decrease in marketing spend. This relationship exists for our Home, Consumer and Insurance segments.

We adjusted our advertising expenditures in the third quarter and first nine months of 2021 compared to the third quarter and first nine months of 2020 in response to changes in Network Partner demand on our marketplace as a result of the ongoing COVID-19 pandemic discussed above. We will continue to adjust selling and marketing expenditures dynamically in relation to this and in response to anticipated revenue opportunities.

General and administrative expense

General and administrative expense consists primarily of compensation and other employee-related costs (including stock-based compensation) for personnel engaged in finance, legal, tax, corporate information technology, human resources and executive management functions, as well as facilities and infrastructure costs and fees for professional services.

General and administrative expense increased in the third quarter of 2021 compared to the third quarter of 2020, primarily due to increases in compensation and benefits of $4.3 million and technology expense of $1.3 million. General and administrative expense increased in the first nine months of 2021 compared to the first nine months of 2020, primarily due to increases in compensation and benefits, technology expense, and facilities expense of $14.5 million, $3.6 million, and $2.4 million, respectively.

General and administrative expense as a percentage of revenue decreased to 13% in the third quarter of 2021 compared to 15% in the third quarter of 2020, and remained consistent at 14% in both the first nine months of 2021 and 2020.

Product development

Product development expense consists primarily of compensation and other employee-related costs (including stock-based compensation) and third-party labor costs that are not capitalized, for employees and consultants engaged in the design, development, testing and enhancement of technology.

Product development expense increased in the third quarter and first nine months of 2021 compared to the third quarter and first nine months of 2020 as we continued to invest in internal development of new and enhanced features, functionality and business opportunities that we believe will enable us to better and more fully serve consumers and Network Partners.

Depreciation

The increase in depreciation expense in the third quarter and first nine months of 2021 compared to the third quarter and first nine months of 2020 was primarily the result of depreciation on assets related to our new corporate office, which lease contractually commenced in the second quarter of 2021.

Amortization of intangibles

The decrease in amortization of intangibles in the third quarter and first nine months of 2021 compared to the third quarter and first nine months of 2020 was due to certain intangible assets associated with our recent business acquisitions becoming fully amortized.

Contingent consideration

During the third quarter and first nine months of 2021, we recorded contingent consideration gains of $0.2 million and $8.2 million, respectively, due to adjustments in the estimated fair value of the remaining earnout payment related to the QuoteWizard acquisition.

During the third quarter and first nine months of 2020, we recorded aggregate contingent consideration expense of $6.7 million and $7.7 million, respectively, due to adjustments in the estimated fair value of the earnout payments related to our recent acquisitions. For the third quarter of 2020, the contingent consideration expense for the QuoteWizard and Ovation acquisitions was $6.6 million and $0.1 million, respectively. For the first nine months of 2020, the contingent consideration expense for the QuoteWizard, Ovation and SnapCap acquisitions was $6.4 million, $1.3 million and $0.1 million, respectively.

Interest expense

Interest expense decreased in the third quarter of 2021 compared to the third quarter of 2020, primarily due to a loss on debt extinguishment of $7.8 million recognized upon the partial repurchase of the 0.625% Convertible Senior Notes due June 1, 2022 (the "2022 Notes") in July 2020.

Interest expense increased in the first nine months of 2021 compared to the first nine months of 2020 primarily due to the issuance of the 0.50% Convertible Senior Notes due July 15, 2025 (the "2025 Notes") as well as the partial repurchase of the 2022 Notes in July 2020. Interest expense was recognized on the 2025 Notes during the entire first nine months of 2021, compared to a partial period of the first nine months of 2020. This incremental interest expense was partially offset by lower interest expense on the 2022 Notes in the first nine months of 2021 compared to the first nine months of 2020 as a result of the July 2020 partial repurchase of the notes. The overall increase was further offset by the loss on debt extinguishment of $7.8 million recognized in July 2020, noted above.

See Note 13—Debt for additional information on the issuance of the 2025 Notes and the partial repurchase of the 2022 Notes.

Other income

For the first nine months of 2021, other income primarily consists of a $40.1 million gain on our investment in Stash as a result of an adjustment to the fair value based on observable market events. *See* Note 7—Equity Investment for additional information on the equity interest in Stash.

Income tax expense

For the third quarter and first nine months of 2021, the effective tax rate varied from the federal statutory rate of 21% in part due to an excess tax expense of $0.9 million and an excess tax benefit of $7.4 million, respectively, resulting from employee exercises of stock options and vesting of restricted stock in accordance with ASU 2016-09 and the effect of state taxes.

For the third quarter and first nine months of 2020, the effective tax rate varied from the federal statutory rate of 21% in part due to a tax benefit of $0.2 million and $2.0 million, respectively, recognized for excess tax benefits resulting from employee exercises of stock options and vesting of restricted stock in accordance with ASU 2016-09 and the effect of state taxes. The effective tax rate for the first nine months of 2020 was also impacted by a tax benefit of $6.1 million for the impact of the Coronavirus Aid, Relief, and Economic Security ("CARES") Act. *See* Note 12—Income Taxes for additional information.

Discontinued operations

The results of discontinued operations include the results of the LendingTree Loans business formerly operated by our wholly-owned subsidiary, Home Loan Center, Inc., or HLC. The sale of substantially all of the assets of HLC, including the LendingTree Loans business, was completed on June 6, 2012. HLC filed a petition under Chapter 11 of the United States Bankruptcy Code on July 21, 2019, which was converted to Chapter 7 of the United States Bankruptcy Code on September 16, 2019.

As a result of the voluntary bankruptcy petition, as of the initial July 21, 2019 bankruptcy petition filing date, HLC and its consolidated subsidiary were deconsolidated from LendingTree's consolidated financial statements. The effect of such deconsolidation was the elimination of the consolidated assets and liabilities of HLC (and its consolidated subsidiary) from LendingTree's consolidated balance sheets.

During the HLC bankruptcy, a bar date for claims against HLC was set, establishing a deadline for all HLC's creditors to assert any claim they may have had against HLC. Distributions were made to holders of allowed claims deemed timely filed. After all distributions to creditors were made and HLC's Chapter 7 bankruptcy estate was fully administered, the HLC bankruptcy case was closed on July 14, 2021.

Prior to the bankruptcy filing, losses from the LendingTree Loans business were primarily due to litigation settlements and contingencies and legal fees associated with legal proceedings.

The results of discontinued operations include litigation settlements and contingencies and legal fees associated with legal proceedings against LendingTree, Inc. or LendingTree, LLC that arose due to the LendingTree Loans business or the HLC bankruptcy filing.

See Note 17—Discontinued Operations to the consolidated financial statements included elsewhere in this report for more information.

Segment Profit

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2021	2020	$ Change	% Change	2021	2020	$ Change	% Change
	(Dollars in thousands)							
Home	$ 41,517	$ 25,166	$ 16,351	65 %	$ 119,524	$ 99,803	$ 19,721	20 %
Consumer	44,716	21,647	23,069	107 %	102,717	84,148	18,569	22 %
Insurance	26,610	37,043	(10,433)	(28) %	92,690	97,698	(5,008)	(5) %
Other	97	2	95	4,750 %	(44)	(245)	201	82 %
Segment profit	**$ 112,940**	**$ 83,858**	**$ 29,082**	**35 %**	**$ 314,887**	**$ 281,404**	**$ 33,483**	**12 %**

Segment profit is our primary segment operating metric. Segment profit is calculated as segment revenue less segment selling and marketing expenses attributed to variable costs paid for advertising, direct marketing and related expenses that are directly attributable to the segments' products. *See* Note 16—Segment Information in the notes to the consolidated financial statements for additional information on segments and a reconciliation of segment profit to pre-tax income from continuing operations.

Consumer segment profit increased $23.1 million in the third quarter of 2021 from the third quarter of 2020, and increased $18.6 million in the first nine months of 2021 from the first nine months of 2020, primarily due to an increase in revenue, partially offset by a corresponding increase in selling and marketing expense. We continue to build momentum in the Consumer segment amid increased demand from both consumers and our Network Partners. Lender demand in our personal loans product is strong, with new lenders joining our marketplace during the third quarter of 2021. While consumer demand for our personal loans product has been relatively muted in part due to government stimulus programs, we expect demand to return to pre-pandemic levels as consumer savings balances begin to normalize. Credit card issuer budgets and payouts continue to increase; however, the profitability of our credit card product remains constrained as we continue to re-invest incremental revenue into the product to capture wallet share. Within our small business loans product, our concierge business continues to be an important growth driver following the conclusion of the Paycheck Protection Program. Our student loans product benefited from the annual in-school lending season, but remains constrained due to reduced lender budgets. While demand for student loan refinancing has decreased with the moratorium on federal student loan payments extended to January 2022, we expect demand to return once the moratorium concludes. We continue to view the Consumer segment with optimism and are pleased with the pace of its recovery.

Home segment profit increased $16.4 million in the third quarter of 2021 from the third quarter of 2020, and increased $19.7 million in the first nine months of 2021 from the first nine months of 2020, primarily due to an increase in revenue, partially offset by a corresponding increase in selling and marketing expense. While refinance activity decelerates from the peak experienced earlier this year, the Home segment continues to perform well as we are an integral part of our Network Partners' marketing model. Mortgage revenue per lead increased 78%, and home equity revenue per lead increased 79%, in the third quarter of 2021 compared to the third quarter of 2020. While there is uncertainty over the interest rate environment and corresponding impact to refinance activity, we are confident in our market-leading position, key partner status, and flexible business model.

Insurance segment profit decreased $10.4 million in the third quarter of 2021 from the third quarter of 2020, primarily due to a decrease in revenue and an increase in selling and marketing expense. Insurance segment profit decreased $5.0 million in the first nine months of 2021 from the first nine months of 2020, primarily due to an increase in selling and marketing expense, partially offset by an increase in revenue. The Insurance segment experienced challenging market factors in the third quarter of 2021. Personal lines insurance carriers are experiencing rising loss costs as the economy reopens and drivers return to the road. Higher catastrophe losses from major storms have also pressured carrier earnings, resulting in an industry-wide reduction in carrier marketing budgets. We view these factors as transitory and are optimistic that the Insurance segment will return to historic earnings and growth in the near term. Our investments in other insurance categories, including our Medicare agency, property and casualty agency, and in-dealership automobile product, continue to make significant progress and provide diversification benefits. Our inbound channel continued to deliver record performance and we observed significant growth in the home category as we increasingly leverage our presence in the mortgage industry.

Adjusted EBITDA

We report Adjusted EBITDA as a supplemental measure to GAAP. This measure is the primary metric by which we evaluate the performance of our businesses, on which our marketing expenditures and internal budgets are based and by which, in most years, management and many employees are compensated. We believe that investors should have access to 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 provide and encourage investors to examine the reconciling adjustments between the GAAP and non-GAAP measures discussed below.

Definition of Adjusted EBITDA

We report Adjusted EBITDA as net income from continuing operations adjusted to exclude interest, income tax, amortization of intangibles and depreciation, and to further exclude (1) non-cash compensation expense, (2) non-cash impairment charges, (3) gain/loss on disposal of assets, (4) gain/loss on investments, (5) restructuring and severance expenses, (6) litigation settlements and contingencies, (7) acquisitions and dispositions income or expense (including with respect to changes in fair value of contingent consideration), and (8) one-time items. Adjusted EBITDA has certain limitations in that it does not take into account the impact to our statement of operations of certain expenses, including depreciation, non-cash compensation and acquisition-related accounting. We endeavor to compensate for the limitations of the non-GAAP measures presented by also providing the comparable GAAP measures with equal or greater prominence and descriptions of the reconciling items, including quantifying such items, to derive the non-GAAP measures. These non-GAAP measures may not be comparable to similarly titled measures used by other companies.

One-Time Items

Adjusted EBITDA is adjusted for one-time items, if applicable. Items are considered one-time in nature if they are non-recurring, infrequent or unusual and have not occurred in the past two years or are not expected to recur in the next two years, in accordance with SEC rules. For the periods presented below, there are no adjustments for one-time items.

Non-Cash Expenses that are Excluded from Adjusted EBITDA

Non-cash compensation expense consists principally of expense associated with grants of restricted stock, restricted stock units and stock options, some of which awards have performance-based vesting conditions. Non-cash compensation expense also includes expense associated with employee stock purchase plans. These expenses are not paid in cash, and we include the related shares in our calculations of fully diluted shares outstanding. Upon settlement of restricted stock units, exercise of certain stock options or vesting of restricted stock awards, the awards may be settled, on a net basis, with us remitting the required tax withholding amount from our current funds.

Amortization of intangibles are non-cash expenses relating primarily to intangible assets acquired through acquisitions. At the time of an acquisition, the intangible assets of the acquired company, such as purchase agreements, technology and customer relationships, are valued and amortized over their estimated lives.

The following table is a reconciliation of net income from continuing operations to Adjusted EBITDA *(in thousands)*.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net (loss) income from continuing operations	**$ (4,406)**	**$ (24,809)**	**$ 24,706**	**$ (14,449)**
Adjustments to reconcile to Adjusted EBITDA:				
Amortization of intangibles	10,345	13,090	32,967	40,603
Depreciation	4,808	3,535	12,969	10,463
Severance	47	—	47	190
Loss on impairments and disposal of assets	1,251	134	2,651	686
Unrealized gain on investments	—	—	(40,072)	—
Non-cash compensation expense	17,074	14,161	51,804	39,236
Change in fair value of contingent consideration	(196)	6,658	(8,249)	7,711
Acquisition expense	227	205	1,366	2,405
Litigation settlements and contingencies	22	13	360	(983)
Interest expense, net	11,826	16,617	31,881	26,406
Income tax expense (benefit)	(1)	(7,925)	(455)	(14,866)
Adjusted EBITDA	**$ 40,997**	**$ 21,679**	**$ 109,975**	**$ 97,402**

Financial Position, Liquidity and Capital Resources

General

As of September 30, 2021, we had $215.3 million of cash and cash equivalents, compared to $169.9 million of cash and cash equivalents as of December 31, 2020.

In the first quarter of 2021, we acquired additional equity interest in Stash for $1.2 million. *See* Note 7—Equity Investment to the consolidated financial statements included elsewhere in this report for additional information on the equity interest in Stash.

We expect our cash and cash equivalents and cash flows from operations to be sufficient to fund our operating needs for the next twelve months and beyond. Our credit facility described below is an additional potential source of liquidity. We will continue to monitor the impact of the ongoing COVID-19 pandemic on our liquidity and capital resources. We expect our cashflow from operating activities to be negatively impacted by the economic recession.

Credit Facility

On September 15, 2021, we entered into a credit agreement (the "Credit Agreement"), consisting of a $200.0 million revolving credit facility (the "Revolving Facility"), which matures on September 15, 2026, and a $250.0 million delayed draw term loan facility (the "Term Loan Facility" and together with the Revolving Facility, the "Credit Facility"), which matures on September 15, 2028 to the extent the loans thereunder will be drawn. The delayed draw commitments under the Term Loan

Facility will be available until June 1, 2022. The proceeds of the Revolving Facility can be used to finance working capital, for general corporate purposes and any other purpose not prohibited by the Credit Agreement. The proceeds of the Term Loan Facility can be used to settle the Company's 2022 Notes, including related fees, costs and expenses, and up to $80.0 million may be used for general corporate purposes and any other purposes not prohibited by the Credit Agreement. *See* Note 13—Debt for additional information.

As of October 28, 2021, we have outstanding a $0.2 million letter of credit under the Revolving Facility, and the remaining borrowing capacity is $199.8 million. No term loans have been drawn under the Term Loan Facility as of October 28, 2021.

Cash Flows from Continuing Operations

Our cash flows attributable to continuing operations are as follows:

	Nine Months Ended September 30,	
	2021	2020
	(in thousands)	
Net cash provided by operating activities	$ 88,893	$ 96,216
Net cash used in investing activities	(31,695)	(100,386)
Net cash (used in) provided by financing activities	(15,192)	197,375

Cash Flows from Operating Activities

Our largest source of cash provided by our operating activities is revenues generated by our products. Our primary uses of cash from our operating activities include advertising and promotional payments. In addition, our uses of cash from operating activities include compensation and other employee-related costs, other general corporate expenditures, litigation settlements and contingencies, certain contingent consideration payments, and income taxes.

Net cash provided by operating activities attributable to continuing operations decreased in the first nine months of 2021 from the first nine months of 2020 primarily due to unfavorable changes in accounts receivable, partially offset by favorable changes in accounts payable, accrued expenses and other current liabilities, and income taxes receivable.

Cash Flows from Investing Activities

Net cash used in investing activities attributable to continuing operations in the first nine months of 2021 of $31.7 million consisted of capital expenditures of $30.5 million primarily related to internally developed software and leasehold improvements for our new principal corporate offices, as well as the purchase of an additional $1.2 million equity interest in Stash, described above.

Net cash used in investing activities attributable to continuing operations in the first nine months of 2020 of $100.4 million consisted of the initial purchase of an $80.0 million equity interest in Stash and capital expenditures of $20.4 million primarily related to internally developed software and leasehold improvements for our new principal corporate offices.

Cash Flows from Financing Activities

Net cash used in financing activities attributable to continuing operations in the first nine months of 2021 of $15.2 million consisted primarily of $6.7 million in withholding taxes paid upon surrender of shares to satisfy obligations on equity awards, net of proceeds from the exercise of stock options, as well as $6.0 million for the payment of debt issuance costs and $2.5 million paid for the original issue discount on the undrawn Term Loan Facility.

Net cash provided by financing activities attributable to continuing operations in the first nine months of 2020 of $197.4 million consisted primarily of $575.0 million of gross proceeds from the issuance of the 2025 Notes, partially offset by $233.9 million paid to repurchase a portion of the 2022 Notes, a net $47.4 million paid for convertible note hedge and warrant transactions, $75.0 million of net repayments on our revolving credit facility, and $16.4 million for the payment of debt issuance costs.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements other than a letter of credit and our funding commitments pursuant to our surety bonds, none of which have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

New Accounting Pronouncements

For information regarding new accounting pronouncements, *see* Note 2—Significant Accounting Policies, in Part I, Item 1 *Financial Statements*.

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

Other than our Credit Facility, we do not have any financial instruments that are exposed to significant market risk. We maintain our cash and cash equivalents in bank deposits and short-term, highly liquid money market investments. A hypothetical 100-basis point increase or decrease in market interest rates would not have a material impact on the fair value of our cash equivalents securities, or our earnings on such cash equivalents, but would have an effect on the interest paid on borrowings under the Credit Facility, if any. As of October 28, 2021, there were no borrowings under the Credit Facility.

Fluctuations in interest rates affect consumer demand for new mortgages and the level of refinancing activity which, in turn, affects lender demand for mortgage leads. Typically, when interest rates decline, we see increased consumer demand for mortgage refinancing, which in turn leads to increased traffic to our website and decreased selling and marketing efforts associated with that traffic. At the same time, lender demand for leads from third-party sources typically decreases, as there are more consumers in the marketplace seeking refinancings and, accordingly, lenders receive more organic lead volume. Due to lower lender demand, our revenue earned per consumer typically decreases but with correspondingly lower selling and marketing costs. Conversely, when interest rates increase, we typically see decreased consumer demand for mortgage refinancing, leading to decreased traffic to our website and higher associated selling and marketing efforts associated with that traffic. At the same time, lender demand for leads from third-party sources typically increases, as there are fewer consumers in the marketplace and, accordingly, the supply of organic mortgage lead volume decreases. Due to high lender demand, we typically see an increase in the amount lenders will pay per matched lead, which often leads to higher revenue earned per consumer. However, increases in the amount lenders will pay per matched lead in this situation is limited by the overall cost models of our lenders, and our revenue earned per consumer can be adversely affected by the overall reduced demand for refinancing in a rising rate environment.

Item 4. *Controls and Procedures*

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), management, with the participation of our principal executive officer (our Chief Executive Officer) and principal financial officer (our Chief Financial Officer), evaluated, as of the end of the period covered by this report, the effectiveness of our disclosure controls and procedures as defined in Exchange Act Rule 13a-15(e). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective, as of September 30, 2021, to reasonably ensure that information required to be disclosed and filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified, and that management will be timely alerted to material information required to be included in our periodic reports filed with the Securities and Exchange Commission.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the quarter ended September 30, 2021 that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

PART II—OTHER INFORMATION

Item 1. *Legal Proceedings*

In the ordinary course of business, we are party to litigation involving property, contract, intellectual property and a variety of other claims. The amounts that may be recovered in such matters may be subject to insurance coverage. We have provided information about certain legal proceedings in which we are involved in Part I, Item 3. *Legal Proceedings* of our 2020 Annual Report and updated that information in Note 14—Contingencies and Note 17—Discontinued Operations to the consolidated financial statements included elsewhere in this report.

Item 1A. *Risk Factors*

There have been no material changes to the risk factors included in Part I, Item 1A. *Risk Factors* of our 2020 Annual Report.

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

Issuer Purchases of Equity Securities

In each of February 2018 and February 2019, the board of directors authorized and we announced a stock repurchase program which allowed for the repurchase of up to $100.0 million and $150.0 million, respectively, of our common stock. Under this program, we can repurchase stock in the open market or through privately-negotiated transactions. We have used available cash to finance these repurchases. We will determine the timing and amount of any additional repurchases based on our evaluation of market conditions, applicable SEC guidelines and regulations, and other factors. This program may be suspended or discontinued at any time at the discretion of our board of directors. During the quarter ended September 30, 2021, no shares of common stock were repurchased under the stock repurchase program. As of October 22, 2021, approximately $179.7 million remains authorized for share repurchase.

Additionally, the LendingTree Seventh Amended and Restated 2008 Stock Plan approved by our stockholders on June 9, 2021 allows, and the LendingTree 2017 Inducement Grant Plan terminated by us in April 2021 allowed, employees to forfeit shares of our common stock to satisfy federal and state withholding obligations upon the exercise of stock options, the settlement of restricted stock unit awards and the vesting of restricted stock awards granted to those individuals under the plans. During the quarter ended September 30, 2021, 10,920 shares were purchased related to these obligations under the LendingTree Seventh Amended and Restated 2008 Stock Plan and 127 shares were purchased related to these obligations under the LendingTree 2017 Inducement Grant Plan. The withholding of those shares does not affect the dollar amount or number of shares that may be purchased under the stock repurchase program described above.

The following table provides information about the Company's purchases of equity securities during the quarter ended September 30, 2021.

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
				(in thousands)
7/1/2021 - 7/31/2021	1,037	$ 205.00	—	$ 179,673
8/1/2021 - 8/31/2021	7,142	$ 178.48	—	$ 179,673
9/1/2021 - 9/30/2021	2,868	$ 142.03	—	$ 179,673
Total	**11,047**	**$ 171.50**	**—**	**$ 179,673**

(1) During July 2021, August 2021 and September 2021, 1,037 shares, 7,142 shares and 2,868 shares, respectively (totaling 11,047 shares), were purchased to satisfy federal and state withholding obligations of our employees upon the settlement of restricted stock units and restricted stock awards, all in accordance with our Seventh Amended and Restated 2008 Stock Plan and 2017 Inducement Grant Plan, as described above.

(2) See the narrative disclosure above the table for further description of our publicly announced stock repurchase program.

Item 5. ***Other Information***

None.

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Item 6. *Exhibits*

Exhibit	Description	Location
3.1	Amended and Restated Certificate of Incorporation of LendingTree, Inc.	Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed August 25, 2008
3.2	Fourth Amended and Restated By-laws of LendingTree, Inc.	Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed November 15, 2017
10.1	Credit Agreement, dated as of September 15, 2021	Exhibit 99.1 to the Registrant's Current Report on Form 8-K filed September 16, 2021
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	†
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	†
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.	††
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.	††
101.INS	XBRL Instance Document — The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.	†††
101.SCH	XBRL Taxonomy Extension Schema Document	†††
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	†††
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	†††
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	†††
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	†††
104	Cover Page Interactive Data File (embedded within the Inline XBRL document contained in Exhibit 101)	†††

† Filed herewith.

†† Furnished herewith. This certification is being furnished solely to accompany this report pursuant to 18 U.S.C. 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the registrant, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

††† Furnished herewith. Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: October 28, 2021

LENDINGTREE, INC.

By: **/s/ TRENT ZIEGLER**

Trent Ziegler
Chief Financial Officer
(principal financial officer and duly authorized officer)

Exhibit 31.1

CERTIFICATION

I, Douglas R. Lebda, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended September 30, 2021 of LendingTree, 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.

Date: October 28, 2021

/s/ Douglas R. Lebda

Douglas R. Lebda
Chairman and Chief Executive Officer
(principal executive officer)

Exhibit 31.2

CERTIFICATION

I, Trent Ziegler, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended September 30, 2021 of LendingTree, 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.

Date: October 28, 2021

/s/ Trent Ziegler

Trent Ziegler
Chief Financial Officer
(principal financial officer)

Exhibit 32.1

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

I, Douglas R. Lebda, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2021 of LendingTree, 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 LendingTree, Inc.

Date: October 28, 2021

/s/ Douglas R. Lebda

Douglas R. Lebda
Chairman and Chief Executive Officer
(principal executive officer)

Exhibit 32.2

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

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

(1) the Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2021 of LendingTree, 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 LendingTree, Inc.

Date: October 28, 2021

/s/ Trent Ziegler

Trent Ziegler
Chief Financial Officer
(principal financial officer)