REFINITIV

DELTA REPORT

10-Q

NERDY INC.

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	545
CHANGES	115
DELETIONS	281
ADDITIONS	149

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2023 March 31, 2024

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 Number: 1-39595

Nerdy Inc Logo.jpg

NERDY INC.

(Exact name of registrant as specified in its charter)

Delaware	**98-1499860**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

101 S. Hanley Rd. 8001 Forsyth Blvd., Suite 300 1050
St. Louis, Missouri 63105
(Address of Principal Executive Offices) (Zip Code)

(314) 412-1227
(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
Class A common stock, par value $0.0001 per share	NRDY	New York Stock Exchange

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 Act). Yes ☐ No ☒

Indicate the numbers of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class A common stock, par value $0.0001 per share - 104,414,994 109,002,565 shares of common stock as of October 31, 2023 April 30, 2024
Class B common stock, par value $0.0001 per share - 67,228,777 66,694,991 shares of common stock as of October 31, 2023 April 30, 2024

NERDY INC.
QUARTERLY REPORT ON FORM 10-Q
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PART I. FINANCIAL INFORMATION.

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED).

NERDY INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
(in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022

		Three Months Ended March 31, Three Months Ended March 31, Three Months Ended March 31,			
	2024			2024	2023
Revenue	**Revenue**	$ 40,296	$ 31,752	$138,315	$120,863
Cost of revenue	Cost of revenue	11,108	9,835	41,138	37,418
Gross Profit	**Gross Profit**	29,188	21,917	97,177	83,445
Sales and marketing expenses	Sales and marketing expenses	19,233	16,195	49,652	57,152
General and administrative expenses	General and administrative expenses	35,508	33,409	94,921	96,669
Operating Loss	**Operating Loss**	(25,553)	(27,687)	(47,396)	(70,376)
Unrealized (gain) loss on derivatives, net		(4,099)	4,521	13,385	(21,773)
Operating Loss					
Operating Loss					
Unrealized loss on derivatives, net					
Interest income	Interest income	(844)	(7)	(2,460)	(19)
Other (income) expense, net		(5)	75	11	149
Other expense, net					
Loss before Income Taxes					
Loss before Income Taxes					
Loss before Income Taxes	**Loss before Income Taxes**	(20,605)	(32,276)	(58,332)	(48,733)
Income tax expense	Income tax expense	21	22	97	35
Net Loss	**Net Loss**	(20,626)	(32,298)	(58,429)	(48,768)
Net loss attributable to noncontrolling interests	Net loss attributable to noncontrolling interests	(8,336)	(13,782)	(23,910)	(22,102)
Net loss attributable to noncontrolling interests					
Net loss attributable to noncontrolling interests					
Net Loss Attributable to Class A Common Stockholders	**Net Loss Attributable to Class A Common Stockholders**	$(12,290)	$(18,516)	$ (34,519)	$ (26,666)

Loss per share of Class A Common Stock:	**Loss per share of Class A Common Stock:**				

Loss per share of Class A Common Stock:

Loss per share of Class A Common Stock:

Basic and Diluted

Basic and Diluted

Basic and Diluted	Basic and Diluted	$ (0.13)	$ (0.21)	$ (0.37)	$ (0.32)
Weighted-Average Shares of Class A Common Stock Outstanding:	**Weighted-Average Shares of Class A Common Stock Outstanding:**				

Weighted-Average Shares of Class A Common Stock Outstanding:

Weighted-Average Shares of Class A Common Stock Outstanding:

Basic and Diluted

Basic and Diluted

Basic and Diluted	Basic and Diluted	97,077	87,714	94,453	84,601

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited).

NERDY INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (Unaudited)
(in thousands)

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	**2022**	**2023**	**2022**

Three Months Ended March 31,

Three Months Ended March 31,

Three Months Ended March 31,

	2024	**2024**	**2023**

Net Loss	**Net Loss**	$(20,626)	$(32,298)	$(58,429)	$(48,768)
Foreign currency translation adjustments	Foreign currency translation adjustments	(39)	(146)	26	(402)

Total Comprehensive Loss	**Total Comprehensive Loss**	(20,665)	(32,444)	(58,403)	(49,170)
Comprehensive loss attributable to noncontrolling interests	Comprehensive loss attributable to noncontrolling interests	(8,351)	(13,844)	(23,898)	(22,277)
Comprehensive loss attributable to noncontrolling interests					
Comprehensive loss attributable to noncontrolling interests					
Total Comprehensive Loss Attributable to Class A Common Stockholders	**Total Comprehensive Loss Attributable to Class A Common Stockholders**	$(12,314)	$(18,600)	$(34,505)	$(26,893)

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited).

NERDY INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)
(in thousands)

		September 30, 2023	**December 31, 2022**
	March 31, 2024	**March 31, 2024**	**December 31, 2023**
	ASSETS		
Current Assets	**Current Assets**		
Cash and cash equivalents			
Cash and cash equivalents			
Cash and cash equivalents	Cash and cash equivalents	$ 84,031	$ 90,715
Accounts receivable, net	Accounts receivable, net	8,237	11,596
Other current assets	Other current assets	5,860	5,345
Total Current Assets	**Total Current Assets**	98,128	107,656
Fixed assets, net	Fixed assets, net	13,654	12,504
Goodwill	Goodwill	5,717	5,717
Intangible assets, net	Intangible assets, net	3,141	3,574
Other assets	Other assets	3,028	3,241
Total Assets	**Total Assets**	$ 123,668	$ 132,692
	LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities	**Current Liabilities**		
Accounts payable			

Accounts payable			
Accounts payable	Accounts payable	$ 7,401	$ 3,199
Deferred revenue	Deferred revenue	18,649	25,539
Other current liabilities			
Other current liabilities			
Other current liabilities	Other current liabilities	13,771	8,593
Total Current Liabilities	**Total Current Liabilities**	39,821	37,331
Other liabilities	Other liabilities	1,142	14,311
Total Liabilities	**Total Liabilities**	40,963	51,642
Total Liabilities			
Total Liabilities			
Stockholders' Equity	**Stockholders' Equity**		
Class A common stock			
Class A common stock			
Class A common stock	Class A common stock	10	9
Class B common stock	Class B common stock	7	7
Additional paid-in capital	Additional paid-in capital	559,892	522,031
Accumulated deficit	Accumulated deficit	(509,626)	(475,107)
Accumulated other comprehensive income (loss)		2	(12)
Accumulated other comprehensive income			
Total Stockholders' Equity Excluding Noncontrolling Interests	**Total Stockholders' Equity Excluding Noncontrolling Interests**	50,285	46,928
Noncontrolling interests	Noncontrolling interests	32,420	34,122
Total Stockholders' Equity	**Total Stockholders' Equity**	82,705	81,050
Total Liabilities and Stockholders' Equity	**Total Liabilities and Stockholders' Equity**	$ 123,668	$ 132,692

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited).

NERDY INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(in thousands)

		Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
	Three Months Ended March 31, 2024	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Cash Flows From Operating Activities	**Cash Flows From Operating Activities**		
Net Loss			
Net Loss			
Net Loss	Net Loss	$(58,429)	$ (48,768)
Adjustments to reconcile net loss to net cash used in operating activities:	Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation & amortization	Depreciation & amortization	4,609	4,368
Depreciation & amortization			
Depreciation & amortization			
Amortization of intangibles	Amortization of intangibles	454	454
Unrealized loss (gain) on derivatives, net		13,385	(21,773)
Unrealized loss on derivatives, net			
Non-cash stock-based compensation expense			
Non-cash stock-based compensation expense			
Non-cash stock-based compensation expense	Non-cash stock-based compensation expense	32,802	35,502
Warrant and earnout transaction costs paid		567	—
Other changes in operating assets and liabilities:	Other changes in operating assets and liabilities:		
Other changes in operating assets and liabilities:			
Other changes in operating assets and liabilities:			
Decrease in accounts receivable, net			
Decrease in accounts receivable, net			

Decrease in accounts receivable, net	Decrease in accounts receivable, net	3,359	1,721
(Increase) decrease in other current assets	(Increase) decrease in other current assets	(646)	1,252
Decrease in other assets	Decrease in other assets	28	882
Increase in accounts payable	Increase in accounts payable	4,195	2,006
Decrease in deferred revenue	Decrease in deferred revenue	(6,890)	(9,072)
Increase in other current liabilities	Increase in other current liabilities	5,485	998
Decrease in other liabilities	Decrease in other liabilities	(1,434)	(1,040)
Net Cash Used In Operating Activities		(2,515)	(33,470)
Net Cash Provided By Operating Activities			
Cash Flows From Investing Activities	**Cash Flows From Investing Activities**		
Capital expenditures			
Capital expenditures			
Capital expenditures	Capital expenditures	(3,923)	(4,339)
Net Cash Used In Investing Activities	**Net Cash Used In Investing Activities**	(3,923)	(4,339)
Cash Flows From Financing Activities	**Cash Flows From Financing Activities**		
Payments of warrant and earnout transaction costs		(567)	—
Payments to legacy Nerdy holders		—	(767)
Other		—	(96)
Net Cash Used In Financing Activities			
Net Cash Used In Financing Activities			
Net Cash Used In Financing Activities	**Net Cash Used In Financing Activities**	(567)	(863)

Effect of Exchange Rate Change on Cash, Cash Equivalents, and Restricted Cash	Effect of Exchange Rate Change on Cash, Cash Equivalents, and Restricted Cash	5	7
Net Decrease in Cash, Cash Equivalents, and Restricted Cash		(7,000)	(38,665)
Net Increase in Cash, Cash Equivalents, and Restricted Cash			
Cash, Cash equivalents, and Restricted Cash, Beginning of Year	Cash, Cash equivalents, and Restricted Cash, Beginning of Year	91,547	145,879
Cash, Cash Equivalents, and Restricted Cash, End of Period	**Cash, Cash Equivalents, and Restricted Cash, End of Period**	$ 84,547	$107,214
Supplemental Cash Flow Information	**Supplemental Cash Flow Information**		
Supplemental Cash Flow Information			
Supplemental Cash Flow Information			
Non-cash stock-based compensation included in capitalized internal use software			
Non-cash stock-based compensation included in capitalized internal use software			
Non-cash stock-based compensation included in capitalized internal use software	Non-cash stock-based compensation included in capitalized internal use software	$ 1,815	$ 1,870
Purchase of fixed assets included in accounts payable	Purchase of fixed assets included in accounts payable	22	—

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited).

NERDY INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (Unaudited)
(in thousands)

	As Of and For The Three Months Ended September 30,		As Of and For The Nine Months Ended September 30,	
	2023	**2022**	**2023**	**2022**
	As Of and For The Three Months Ended March 31,			

		As Of and For The Three Months Ended March 31,		As Of and For The Three Months Ended March 31,	
		2024		2024	2023
Class A Common Stock	**Class A Common Stock**				
Beginning of period					
Beginning of period					
Beginning of period	Beginning of period	10	9	$ 9	$ 8
Activity under stock compensation plans	Activity under stock compensation plans	—	—	1	1
End of period	End of period	10	9	10	9
Class B Common Stock	**Class B Common Stock**				
Beginning and end of period	Beginning and end of period	7	7	7	7
Beginning and end of period					
Beginning and end of period					
Additional Paid-In Capital	**Additional Paid-In Capital**				
Beginning of period					
Beginning of period					
Beginning of period	Beginning of period	536,073	506,963	522,031	490,220
Non-cash stock-based compensation	Non-cash stock-based compensation	12,221	12,391	33,980	34,811
Activity under stock compensation plans	Activity under stock compensation plans	—	(26)	(1)	(96)
Conversion of combined interests into Class A common stock	Conversion of combined interests into Class A common stock	181	—	485	3,005
Warrant transactions		14,602	—	14,602	—
Earnout transaction		5,691	—	5,691	—
Rebalancing of ownership percentage between controlling and the noncontrolling interests					
Rebalancing of ownership percentage between controlling and the noncontrolling interests					

Rebalancing of ownership percentage between controlling and the noncontrolling interests	Rebalancing of ownership percentage between controlling and the noncontrolling interests	(8,876)	(4,711)	(16,896)	(13,323)
End of period	End of period	559,892	514,617	559,892	514,617
Accumulated Deficit	**Accumulated Deficit**				
Beginning of period	Beginning of period	(497,336)	(447,858)	(475,107)	(439,708)
Beginning of period					
Beginning of period					
Net loss	Net loss	(12,290)	(18,516)	(34,519)	(26,666)
End of period	End of period	(509,626)	(466,374)	(509,626)	(466,374)
Accumulated Other Comprehensive Income (Loss)					
Accumulated Other Comprehensive Income					
Beginning of period					
Beginning of period					
Beginning of period	Beginning of period	26	(7)	(12)	136
Foreign currency translation adjustments	Foreign currency translation adjustments	(24)	(84)	14	(227)
End of period	End of period	2	(91)	2	(91)
Total Stockholders' Equity Excluding Noncontrolling Interests	**Total Stockholders' Equity Excluding Noncontrolling Interests**	50,285	48,168	50,285	48,168
Noncontrolling Interests	**Noncontrolling Interests**				
Beginning of period	Beginning of period	26,727	44,414	34,122	45,142
Beginning of period					
Beginning of period					
Net loss	Net loss	(8,336)	(13,782)	(23,910)	(22,102)
Non-cash stock-based compensation	Non-cash stock-based compensation	201	468	637	2,566
Foreign currency translation adjustments	Foreign currency translation adjustments	(15)	(62)	12	(175)
Conversion of combined interests into Class A common stock	Conversion of combined interests into Class A common stock	(181)	—	(485)	(3,005)
Warrant transactions		887	—	887	—
Earnout transaction		4,261	—	4,261	—

Rebalancing of ownership percentage between controlling and the noncontrolling interests					
Rebalancing of ownership percentage between controlling and the noncontrolling interests					
Rebalancing of ownership percentage between controlling and the noncontrolling interests	Rebalancing of ownership percentage between controlling and the noncontrolling interests	8,876	4,711	16,896	13,323
End of period	End of period	32,420	35,749	32,420	35,749
Total Stockholders' Equity	**Total Stockholders' Equity**	82,705	83,917	$ 82,705	$ 83,917
Class A Common Stock - Shares	**Class A Common Stock - Shares**				
Beginning of period	Beginning of period	100,158	91,472	95,296	83,913
Beginning of period					
Beginning of period					
Activity under stock compensation plans	Activity under stock compensation plans	2,218	1,770	6,387	3,480
Conversion of combined interests into Class A common stock	Conversion of combined interests into Class A common stock	500	—	1,193	5,849
Warrant transactions		4,306	—	4,306	—
Earnout transaction		(2,767)	—	(2,767)	—
End of period					
End of period					
End of period	End of period	104,415	93,242	104,415	93,242
Class B Common Stock - Shares	**Class B Common Stock - Shares**				
Beginning of period	Beginning of period	69,161	68,615	69,306	73,987
Beginning of period					
Beginning of period					
Activity under stock compensation plans	Activity under stock compensation plans	48	533	596	1,010
Conversion of combined interests into Class A common stock	Conversion of combined interests into Class A common stock	(500)	—	(1,193)	(5,849)
Warrant transactions		513	—	513	—
Earnout transaction		(2,015)	—	(2,015)	—
End of period	End of period	67,207	69,148	67,207	69,148
End of period					

End of period

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited).

NERDY INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(in thousands, except per share information and where indicated otherwise)

NOTE 1 — BASIS OF PRESENTATION AND BACKGROUND

Basis of Presentation

These unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), under the rules and regulations of the United States (the "U.S.") Securities and Exchange Commission (the "SEC"), and on a basis substantially consistent with the audited consolidated financial statements of Nerdy Inc. (herein referred to as "Nerdy," the "Company," "us," "our," or "we," and unless otherwise stated or context otherwise indicates, all such references herein mean Nerdy and its consolidated subsidiaries) as of and for the year ended December 31, 2022 December 31, 2023. These unaudited condensed consolidated financial statements should be read in conjunction with such audited consolidated financial statements, which are included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, filed with the SEC on February 28, 2023 February 27, 2024.

These unaudited condensed consolidated financial statements include all adjustments (consisting of normal recurring adjustments and accruals) that management considers necessary for a fair statement of the Company's results of operations, comprehensive income (loss), financial condition, cash flows, and stockholders' equity (deficit) for the interim periods presented. Interim results are not necessarily indicative of the results for any other interim period or for the entire year.

Nerdy Inc., a member of Nerdy LLC (as defined below), has the right to appoint a majority of the managers of Nerdy LLC and therefore, controls Nerdy LLC. As a result, the financial results of Nerdy LLC and its wholly-owned subsidiaries are consolidated with and into Nerdy Inc., and a portion of the consolidated net earnings (loss) of Nerdy LLC, which the Legacy Nerdy Holders are entitled to or are required to absorb, are allocated to the noncontrolling interests (the "NCI").

Background

Nerdy Inc. was formed on September 20, 2021 in connection with a business combination between TPG Pace Tech Opportunities ("TPG Pace") and Live Learning Technologies LLC (along with its wholly-owned subsidiaries, "Nerdy LLC"). Nerdy LLC is a holding company that is the sole owner of multiple operating companies, including its flagship business Varsity Tutors LLC ("Varsity Tutors"). As a result of the business combination and related transactions, (the "Reverse Recapitalization"), Nerdy LLC merged with a wholly-owned subsidiary of Nerdy Inc., with Nerdy LLC surviving such merger. Nerdy Inc. is a holding company that has no material assets other than its ownership interests in Nerdy LLC and its indirect interests in the subsidiaries of Nerdy LLC, and has no independent means of generating revenue or cash flow.

Nerdy Inc. has the following classes of securities issued and outstanding: (i) Class A common stock, par value $0.0001 per share (the "Class A Common Stock") and (ii) Class B common stock, par value $0.0001 per share (the "Class B Common Stock", together with the Class A Common Stock, the "Common Stock"). The shares of Class B Common Stock are owned by the Legacy Nerdy Holders (as defined below), have voting rights only, and have no dividend or economic rights. The Company does not intend to list its Class B Common Stock on any stock exchange.

Prior to the Public and FPA Warrant Exchange and the Private Warrant Transaction (both terms defined below), Nerdy Inc. had warrants that consisted of TPG Pace's previously outstanding private placement warrants and public warrants to purchase Class A ordinary shares that were converted into corresponding private placement warrants to purchase Class A Common Stock (the "Private Placement Warrant(s)") and public warrants to purchase Class A Common Stock (the "Public Warrant(s)"). Each Private Placement Warrant and Public Warrant allowed for the purchase of one share of Class A Common Stock at an exercise price of $11.50 per share. Additionally, Nerdy Inc. also issued warrants to purchase Class A Common Stock in connection with a forward purchase agreement (the "FPA Warrant(s)"). Each FPA Warrant allowed for the purchase of one share of Class A Common Stock at an exercise price of $11.50 per share.

Nerdy LLC has units issued and outstanding (the "OpCo Units") to its members, the legacy holders of Nerdy LLC historical common and preferred equity (the "Legacy Nerdy Holder(s)") and Nerdy Inc. Prior to the Private Warrant Transaction, Nerdy LLC had previously outstanding warrants to purchase OpCo Units at an exercise price of $11.50 (the exercise of which would also result in the issuance of one corresponding share of Class B Common Stock) (the "OpCo Warrant(s)").

Nerdy Inc. and Nerdy LLC will at all times maintain a one-to-one ratio between the number of shares of Class A and Class B Common Stock issued by Nerdy Inc. and the number of OpCo Units issued by Nerdy LLC.

The Private Placement Warrants, the Public Warrants, the FPA Warrants, and the OpCo Warrants are collectively referred to herein as the "Warrant(s)." At December 31, 2022, the Company held 22 of the total issued Warrants.

Prior to the Earnout Transaction (as defined below), of the total shares and units issued and outstanding, there were 8,000 shares or units of (i) Class A Common Stock or (ii) OpCo Units (and a corresponding number of Class B Common Stock), as applicable, that were subject to forfeiture if the achievement of certain stock price thresholds of the Class A Common Stock were not met within five years of the Reverse Recapitalization (assuming there was no change in control event) (the "Earnout(s)"). At December 31, 2022, the Company held 36 of the total issued Earnouts.

The financial results of Nerdy LLC and its wholly-owned subsidiaries are consolidated with and into Nerdy Inc., and a portion of the consolidated net earnings (loss) of Nerdy LLC, which the Legacy Nerdy Holders are entitled to or are required to absorb, are allocated to the noncontrolling interests (the "NCI"). Prior to the Earnout Transaction, the Company excluded Earnouts in the calculation of the ownership interests in Nerdy LLC as the Earnouts were subject to forfeiture.

The Public and FPA Warrant Exchange, the Private Warrant Transaction, and the Earnout Transaction

Public and FPA Warrant Exchange

On September 25, 2023, the Company concluded an offer to holders of its then outstanding Public Warrants and FPA Warrants, which provided such holders the opportunity to receive 0.25 shares of Nerdy Inc.'s Class A Common Stock (the "Public Offer exchange rate") in exchange for each Public Warrant and FPA Warrant tendered by such holders (the "Offer"). This Offer included a solicitation of consents from holders of the Public Warrants and FPA Warrants to amend the warrant agreement with respect to certain terms of the

Public Warrants and the FPA Warrants (the “Public and FPA Warrant Amendment”, together with the Offer, the “Public and FPA Warrant Exchange”). At the closing of the Offer, all remaining outstanding Public and FPA warrants that were not exchanged at the election of the holder were converted into 0.225 shares of Class A Common Stock, pursuant to the Public and FPA Warrant Amendment. As a result of the Public and FPA Warrant Exchange, 12,000 Public Warrants and FPA Warrants were exchanged for 2,992 shares of Nerdy Inc.’s Class A Common Stock, with a nominal cash settlement in lieu of fractional shares. No Public Warrants and FPA Warrants remain outstanding after the Public and FPA Warrant Exchange.

Private Warrant Transaction

Concurrently with the Offer, holders of the then outstanding Private Placement Warrants and the OpCo Warrants agreed to amend the warrant agreement with respect to certain terms of the Private Placement Warrants and OpCo Warrants (the “Private Placement Warrant Amendment”, together with the Public and FPA Warrant Amendment, the “Warrant Amendment”). The Warrant Amendment, among other provisions, required that upon the closing of the Offer that (a) each Private Placement Warrant be automatically exchanged or exercised on a cashless basis into shares of Class A Common Stock and (b) each OpCo Warrant that is outstanding be automatically exercised on a cashless basis into OpCo Units with an equivalent number of shares of Class B Common Stock being issued, in each case, at the same ratio as the Public Offer exchange rate (the “Private Warrant Transaction”, together with the Public and FPA Warrant Exchange, the “Warrant Transactions”). As a result of the Private Warrant Transaction, 5,281 Private Placement Warrants were exchanged or exercised on a cashless basis for 1,314 shares of the Company’s Class A Common Stock, with a nominal cash settlement in lieu of fractional shares and 2,052 OpCo Warrants were exchanged or exercised on a cashless basis for 513 OpCo Units (with an equivalent number of shares of Class B Common Stock), with a nominal cash settlement in lieu of fractional shares. No Private Placement Warrants and OpCo Warrants remain outstanding after the Private Warrant Transaction.

Earnout Transaction

Concurrently with the Offer, holders of the then outstanding Earnouts agreed to forfeit (and thus surrender for cancellation) 60% of the Earnouts they held and agreed that the remaining 40% of the Earnouts will no longer be subject to potential forfeiture and will be either regular shares of Class A Common Stock or regular OpCo Units (with an equivalent number of regular shares of Class B Common Stock) (the “Earnout Transaction”). As a result of the Earnout Transaction, 2,764 shares of Class A Common Stock and 2,015 OpCo Units (with an equivalent number of shares of Class B Common Stock) were cancelled and 1,842 shares of Class A Common Stock and 1,343 OpCo Units (with an equivalent number of shares of Class B Common Stock) remain outstanding after the Earnout Transaction and are no longer subject to forfeiture. The 36 Earnouts held by the Company are now regular shares of Class A Common Stock and are no longer subject to forfeiture.

Transaction Expenses

In connection with these transactions, the Company incurred expenses of $1,940 during three and nine months ended September 30, 2023, of which $1,373 was accrued on the Condensed Consolidated Balance Sheet at September 30, 2023. These expenses were included in “General and administrative expenses” in the Condensed Consolidated Statements of Operations as the transactions did not generate any proceeds to the Company, and therefore, the costs did not qualify to be deferred or charged as a reduction to additional paid-in capital under Accounting Standards Codification (“ASC”) Topic 340, “Other Assets and Deferred Costs.”

NOTE 2 — RECENTLY ADOPTED ISSUED ACCOUNTING STANDARDS

The Company has considered all new accounting pronouncements and has concluded that there are no new pronouncements (other than the ones described below) that had or will have an impact on its results of operations, comprehensive income (loss), financial condition, cash flows, and stockholders’ equity (deficit) based on current information.

In June 2016, December 2023, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures.” ASU 2023-09 requires disaggregated information about a reporting entity’s effective tax rate reconciliation, as well as information on income taxes paid. This ASU is effective for annual periods beginning after December 15, 2024 (i.e., Nerdy’s financial statements for the year ending December 31, 2025), with early adoption permitted. This ASU requires a prospective method of adoption, but allows for a retrospective method of adoption. The Company is currently evaluating the impact of this ASU on its disclosures.

In November 2023, the FASB issued ASU 2016-13, “Financial Instruments—Credit Losses 2023-07, “Segment Reporting (Topic 326) 280): Measurement of Credit Losses on Financial Instruments. Improvements to Reportable Segment Disclosures.” ASU 2016-13 introduces 2023-07 updates reportable segment disclosure primarily by requiring disclosures of significant segment expenses, while also aligning interim and annual disclosure requirements under ASC Topic 280. Additionally, this requires a new model for recognizing credit losses on financial instruments public entity that has a single reportable segment to provide all the disclosures required by this ASU and all existing based on an estimate of current expected credit losses. The new current expected credit losses (“CECL”) model generally calls segment disclosures in ASC Topic 280. This ASU is effective for annual periods beginning after December 15, 2023 (i.e., Nerdy’s financial statements for the immediate recognition of all expected credit losses year ending December 31, 2024) and applies to loans, accounts and trade receivables, as well as other financial assets measured at amortized cost, loan commitments and off-balance sheet credit exposures, debt securities, and other financial assets measured at fair value through other comprehensive income and beneficial interests in securitized financial assets. interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. This ASU replaces the current incurred loss model for measuring expected credit losses, requires expected losses on available for sale debt securities to be recognized through an allowance for credit losses rather than as a reduction in the amortized cost retrospective method of the securities, and provides for additional disclosure requirements. adoption. The Company adopted is currently evaluating the impact of this ASU on January 1, 2023 in accordance with the ASU. The adoption of this ASU did not have a material impact on the Company’s consolidated financial statements and related its disclosures.

NOTE 3 — NONCONTROLLING INTERESTS

As of September 30, 2023 March 31, 2024, Legacy Nerdy Holders owned 67,207 66,674 OpCo Units, equal to 39.2% 38.0% of the economic interest in Nerdy LLC, and 67,207 66,674 shares of Class B Common Stock. As of December 31, 2022 December 31, 2023, Legacy Nerdy Holders owned 65,948 67,256 OpCo Units excluding Earnouts, equal to 42.1% 38.7% of the economic interest in Nerdy LLC, and 65,948 67,256 shares of Class B Common Stock, excluding Earnouts. Stock.

Nerdy Inc. owned 60.8% 62.0% and 57.9% 61.3% of the outstanding OpCo Units as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. For the three and nine months ended September 30, 2023 and 2022, the The financial results of Nerdy LLC and its subsidiaries were consolidated with and into Nerdy Inc., and the portions of the consolidated net losses earnings (loss) of Nerdy LLC, which the Legacy Nerdy Holders were entitled to or required to absorb, were was allocated to NCI. At the end of each reporting period, Nerdy LLC equity attributable to Nerdy Inc. and the Legacy Nerdy Holders was rebalanced to reflect Nerdy Inc.’s and the Legacy Nerdy Holders’ ownership in Nerdy LLC.

Prior to the Earnout Transaction (see Note 1) earnout transaction in September 2023 (the Company’s third quarter), the Company excluded Earnouts earnouts in the calculation of the ownership interests in Nerdy LLC as the Earnouts earnouts were subject to forfeiture. As a result of the Earnout Transaction, 40% of the Earnouts are now regular OpCo Units and are now included in such calculations. The remaining 60% of the Earnouts were forfeited.

The following table summarizes the changes in ownership of OpCo Units in Nerdy LLC, excluding Earnouts, earnouts, for the periods presented.

	As Of and For The Three Months Ended March 31,	
	2024	2023
OpCo Units		
Nerdy Inc.		
Beginning of period	106,416	90,654
Vesting or exercise of equity awards	1,955	2,130
Conversion of Combined Interests into Class A Common Stock	631	500
End of period	109,002	93,284
Legacy Nerdy Holders		
Beginning of period	67,256	65,948
Vesting or exercise of equity awards	49	452
Conversion of Combined Interests into Class A Common Stock	(631)	(500)
End of period	66,674	65,900
Total		
Beginning of period	173,672	156,602
Vesting or exercise of equity awards	2,004	2,582
End of period	175,676	159,184
Ownership Percentage		
Nerdy Inc.		
Beginning of period	61.3 %	57.9 %
End of period	62.0 %	58.6 %
Legacy Nerdy Holders		
Beginning of period	38.7 %	42.1 %
End of period	38.0 %	41.4 %

	As Of and For The Three Months Ended September 30,		As Of and For The Nine Months Ended September 30,	
	2023	2022	2023	2022
OpCo Units				
Nerdy Inc.				
Beginning of period	95,516	86,830	90,654	79,271
Vesting or exercise of equity awards	2,218	1,770	6,387	3,480
Conversion of Combined Interests into Class A Common Stock	500	—	1,193	5,849
Issuance of OpCo units as a result of the Warrant Transactions	4,306	—	4,306	—
Inclusion of OpCo units as a result of the Earnout Transaction	1,875	—	1,875	—
End of period	104,415	88,600	104,415	88,600
Legacy Nerdy Holders				
Beginning of period	65,803	65,257	65,948	70,629
Vesting or exercise of equity awards	48	533	596	1,010
Conversion of Combined Interests into Class A Common Stock	(500)	—	(1,193)	(5,849)
Issuance of OpCo units as a result of the Warrant Transactions	513	—	513	—
Inclusion of OpCo units as a result of the Earnout Transaction	1,343	—	1,343	—
End of period	67,207	65,790	67,207	65,790
Total				
Beginning of period	161,319	152,087	156,602	149,900
Vesting or exercise of equity awards	2,266	2,303	6,983	4,490
Issuance of OpCo units as a result of the Warrant Transactions	4,819	—	4,819	—
Inclusion of OpCo units as a result of the Earnout Transaction	3,218	—	3,218	—

End of period	171,622	154,390	171,622	154,390
Ownership Percentage				
Nerdy Inc.				
Beginning of period	59.2 %	57.1 %	57.9 %	52.9 %
End of period	60.8 %	57.4 %	60.8 %	57.4 %
Legacy Nerdy Holders				
Beginning of period	40.8 %	42.9 %	42.1 %	47.1 %
End of period	39.2 %	42.6 %	39.2 %	42.6 %

NOTE 4 — REVENUE

The following table presents the Company's revenue by business category for the periods presented.

		Three Months Ended September 30,				Nine Months Ended September 30,											
		2023	%	2022	%	2023	%	2022	%								
		Three Months Ended March 31, Three Months Ended March 31, Three Months Ended March 31,															
	2024													2024	%	2023	%
Consumer	Consumer	$34,494	85 %	$29,087	92 %	$115,125	83 %	$103,640	86 %	Consumer	$ 41,602	77	77 %	$ 40,335	82	82 %	
Institutional	Institutional	5,580	14 %	2,393	7 %	22,474	16 %	14,693	12 %	Institutional	11,887	22	22 %	8,540	17	17 %	
Other (a)	Other (a)	222	1 %	272	1 %	716	1 %	2,530	2 %	Other (a)	238	1	1 %	305	1	1 %	
Revenue	Revenue	$40,296	100 %	$31,752	100 %	$138,315	100 %	$120,863	100 %	Revenue	$ 53,727	100	100 %	$ 49,180	100	100 %	

(a) Other consists of EduNation Limited, a company incorporated in England and Wales, and other services.

Contract liabilities are reported within "Deferred revenue" on the Company's Condensed Consolidated Balance Sheets. Deferred revenue consists of advanced payments from customers for performance obligations that have not been satisfied. Deferred revenue is recognized when the performance obligations have been completed. The Company expects to recognize substantially all of the deferred revenue balance in the next twelve months. The following table presents the Company's "Accounts receivable, net" and "Deferred revenue" reported on the Condensed Consolidated Balance Sheets for the periods presented.

		September 30, 2023	December 31, 2022		
	March 31, 2024			March 31, 2024	December 31, 2023
Accounts receivable, net	Accounts receivable, net	$ 8,237	$ 11,596		
Deferred revenue	Deferred revenue	$ 18,649	$ 25,539		

"Accounts receivable, net" is reported net of reserves of $584 $578 and $858 $544 as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

NOTE 5 — RESTRUCTURING

In July 2023, the Company communicated workforce reductions primarily to certain variable hourly employees in tutor operations and IT customer support roles. The workforce reductions were the result of efficiencies gained through new recurring revenue relationships with higher lifetime value customers that simplify the Company's operating model, as well as ongoing automation efforts involving self-service capabilities, the application of artificial intelligence, and other efficiency efforts.

Restructuring charges and the associated liabilities for employee-related costs related to this event are shown in the following table.

Balance, December 31, 2022	$	—
Charge to expense		841
Cash payments		(841)
Non-cash charges		—
Balance, September 30, 2023	$	—
Total expected restructuring charges	$	841
Cumulative restructuring charges incurred to date		841
Remaining expected restructuring charges	$	—

All of the total restructuring charges incurred during the three and nine months ended September 30, 2023 were included in “General and administrative expenses” in the Condensed Consolidated Statements of Operations. No restructuring charges were incurred during the three or nine months ended September 30, 2022.

NOTE 6 — INCOME TAXES

Nerdy Inc. holds an economic interest in Nerdy LLC (see Notes 1 and 3), which is treated as a partnership for U.S. federal income tax purposes. As a partnership, Nerdy LLC is generally not subject to U.S. federal income tax under current U.S. tax laws as its net taxable income (loss) and any related tax credits are passed through to its members and included in their tax returns, even though such net taxable income (loss) or tax credits may not have actually been distributed. Nerdy Inc. is subject to U.S. federal income taxes, in addition to state and local income taxes, with respect to its distributive share of the net taxable income (loss) and any related tax credits of Nerdy LLC. The Company continues to maintain a full valuation allowance against the deferred tax assets at Nerdy Inc. as of September 30, 2023 March 31, 2024.

The effective income tax rate was (0.10)% and (0.17)% for the three and nine months ended September 30, 2023, respectively, and (0.07) (0.19)% and (0.07)% for the three and nine months ended September 30, 2022, March 31, 2024 and 2023, respectively. The effective income tax rates differed significantly from the statutory rates in both the current and prior year both periods, primarily as a result of changes in the valuation allowance and income tax benefit attributable to the NCI. Income tax expense reported in both the current and prior year periods represents amounts owed to state authorities.

NOTE 7 6 — LOSS PER SHARE

The following table sets forth the computation of basic and diluted net loss per share of Class A Common Stock.

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
		Three Months Ended March 31, Three Months Ended March 31, Three Months Ended March 31,			
	2024			2024	2023
Net Loss Attributable to Class A Common Stockholders	Net Loss Attributable to Class A Common Stockholders	$(12,290)	$(18,516)	$(34,519)	$(26,666)
Less: Undistributed net earnings attributable to participating securities	Less: Undistributed net earnings attributable to participating securities	—	—	—	—

Net loss attributable to Class A Common Stockholders for basic and diluted loss per share	Net loss attributable to Class A Common Stockholders for basic and diluted loss per share	$(12,290)	$(18,516)	$(34,519)	$(26,666)
Weighted-average shares of Class A Common Stock for basic and diluted loss per share	Weighted-average shares of Class A Common Stock for basic and diluted loss per share	97,077	87,714	94,453	84,601
Weighted-average shares of Class A Common Stock for basic and diluted loss per share					
Weighted-average shares of Class A Common Stock for basic and diluted loss per share					
Basic and Diluted loss per share of Class A Common Stock					
Basic and Diluted loss per share of Class A Common Stock					
Basic and Diluted loss per share of Class A Common Stock	Basic and Diluted loss per share of Class A Common Stock	$ (0.13)	$ (0.21)	$ (0.37)	$ (0.32)

The following table details the securities that have been excluded from the calculation of weighted-average shares for diluted loss per share of Class A Common Stock for the periods presented as they were anti-dilutive.

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2023	**2022**	**2023**	**2022**
	Three Months Ended March 31,			
	Three Months Ended March 31,			
	Three Months Ended March 31,			
2024		**2024**		**2023**

Stock options	Stock options	1,394	964	1,394	964
Stock appreciation rights	Stock appreciation rights	5,776	6,618	5,776	6,618
Restricted stock awards	Restricted stock awards	168	1,024	168	1,024
Restricted stock units	Restricted stock units	16,147	16,336	16,147	16,336
Restricted stock units - founder’s award	Restricted stock units - founder’s award	9,258	9,258	9,258	9,258
Warrants	Warrants	—	19,311	—	19,311
Earnouts	Earnouts	—	7,964	—	7,964
Combined Interests that can be converted into shares of Class A Common Stock	Combined Interests that can be converted into shares of Class A Common Stock	67,207	65,790	67,207	65,790

NOTE 8 7 — CASH, CASH EQUIVALENTS, AND RESTRICTED CASH

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported on the Condensed Consolidated Balance Sheets to the Condensed Consolidated Statements of Cash Flows for the periods presented.

		September 30, 2023	December 31, 2022	September 30, 2022	December 31, 2021
	March 31, 2024	March 31, 2024	December 31, 2023	March 31, 2023	December 31, 2022
Cash and cash equivalents	Cash and cash equivalents	$ 84,031	$ 90,715	$ 106,382	$ 143,964
Restricted cash included in Other current assets	Restricted cash included in Other current assets	384	516	516	1,083
Restricted cash included in Other assets	Restricted cash included in Other assets	132	316	316	832
Total Cash, Cash Equivalents, and Restricted Cash shown in the Condensed Consolidated Statements of Cash Flows	Total Cash, Cash Equivalents, and Restricted Cash shown in the Condensed Consolidated Statements of Cash Flows	$ 84,547	$ 91,547	$ 107,214	$ 145,879

The Company includes amounts in restricted cash required to be set aside by contractual agreement. Restricted cash consists of cash collateralized letters of credit in support of its corporate office leases.

leases in Tempe, Arizona.

NOTE 9 8 — FIXED ASSETS, NET

The following table presents fixed assets and accumulated depreciation reported on the Condensed Consolidated Balance Sheets for the periods presented.

		September 30, 2023	December 31, 2022
	March 31, 2024	March 31, 2024	December 31, 2023
Fixed assets	Fixed assets	$ 41,682	$ 36,164
Accumulated depreciation	Accumulated depreciation	(28,028)	(23,660)
		$ 13,654	$ 12,504
	$		

The following table presents amortization expense related to capitalized internal use software and depreciation expense reported in the Condensed Consolidated Statements of Operations for the periods presented.

			Three Months Ended September 30,		Nine Months Ended September 30,	
		Statement of Operations Location	2023	2022	2023	2022
			Three Months Ended March 31,			
			Three Months Ended March 31,			
			Three Months Ended March 31,			
	Statement of Operations Location	Statement of Operations Location	2024	2023		
Amortization expense related to capitalized internal use software	Amortization expense related to capitalized internal use software	Cost of revenue	$1,299	$1,240	$3,891	$3,573
Depreciation expense	Depreciation expense	General and administrative expenses	219	267	718	795

NOTE 10 9 — INTANGIBLE ASSETS, NET

The Company's intangibles assets consist entirely of trade names. The following table presents the carrying amount and accumulated amortization related to trade names reported on the Condensed Consolidated Balance Sheets for the periods presented.

	September 30, 2023	December 31, 2022
Carrying amount	$ 5,983	$ 5,956
Accumulated amortization	(2,842)	(2,382)
	$ 3,141	$ 3,574

	March 31, 2024	December 31, 2023
Carrying amount	$ 6,094	$ 6,122
Accumulated amortization	(3,200)	(3,061)

	$	2,894	$	3,061

The following table presents amortization expense related to intangible assets reported in the Condensed Consolidated Statements of Operations for the periods presented.

	Statement of Operations Location	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Amortization expense related to intangible assets	General and administrative expenses	$ 152	$ 146	$ 454	$ 454

	Statement of Operations Location	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Amortization expense related to intangible assets	General and administrative expenses	$ 152	$ 150

NOTE 11 10 — DERIVATIVE FINANCIAL INSTRUMENTS

The Company does not use derivative instruments to hedge exposures to cash flow, market, or foreign currency risks. The Company does not hold or issue financial instruments for speculative or trading purposes.

Prior to the Warrant Transactions warrant and Earnout Transaction (see Note 1) earnout transactions in September 2023 (the Company's third quarter), the Company had issued and outstanding Warrants warrants and Earnouts earnouts to non-employees. The Warrants warrants and Earnouts earnouts held by non-employees were not in the scope of ASC Accounting Standards Codification ("ASC") Topic 718, "Compensation—Stock Compensation" and were classified as derivative liabilities under ASC Topic 480, "Distinguishing Liabilities from Equity" or ASC Topic 815, "Derivatives and Hedging." Derivative Warrant and Earnout liabilities were classified as non-current liabilities as their liquidation was not reasonably expected to require the use of current assets or require the creation of current liabilities. The Company did not offset derivative assets and liabilities within the Condensed Consolidated Balance Sheet. At December 31, 2022, the number of Warrant and Earnout contracts issued and outstanding to non-employees was 19,122 and 7,655, respectively.

As a result of the Warrant Transactions and Earnout Transaction, the Warrants held by non-employees were exchanged or exercised for shares of Class A Common Stock or OpCo Units (with an equivalent number of shares of Class B Common Stock) and the portion of the Earnouts held by non-employees that remained outstanding are no longer subject to forfeiture. As such, the Company reviewed the classification of the Warrants and Earnouts issued to non-employees under ASC 815 and concluded the fair value of the Warrant and Earnout liabilities should be reclassified to stockholders' equity. Immediately prior to closing of the transactions, the Company recorded the Warrants and Earnouts issued to non-employees at their fair values, and included these fair value adjustments in "Unrealized (gain) loss on derivatives, net" in the Consolidated Statements of Operations for the three and nine months ended September 30, 2023. At the closing of the transactions, the Company reclassified the fair values of the Warrants and Earnouts issued to non-employees to additional paid-in capital and noncontrolling interests within stockholders' equity from other liabilities, which resulted in a decrease to other liabilities and a corresponding increase to additional paid-in capital and noncontrolling interests on the condensed consolidated balance sheet. At September 30, 2023, no Warrant and Earnout contracts to non-employees were outstanding.

The following table presents the balance sheet location and fair value of the Company's derivative liability instruments on a gross basis, none of which are designated as hedging instruments under ASC Topic 815.

	Balance Sheet Location	September 30, 2023	December 31, 2022
Non-employee Warrants	Other liabilities	$ —	$ 4,398
Non-employee Earnouts	Other liabilities	—	7,658
		$ —	$ 12,056

The following table presents the effects of the Company's derivative instruments in the Condensed Consolidated Statements of Operations for the periods presented.

	Statement of Operations Location	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Non-employee Warrants	Unrealized (gain) loss on derivatives, net	$ 5,010	$ 1,883	$ 11,091	$ (9,561)
Non-employee Earnouts	Unrealized (gain) loss on derivatives, net	(9,109)	2,638	2,294	(12,212)
		$ (4,099)	$ 4,521	$ 13,385	$ (21,773)

	Statement of Operations Location	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Non-employee warrants	Unrealized loss on derivatives, net	$ —	$ 8,414
Non-employee earnouts	Unrealized loss on derivatives, net	—	13,268

	$ —	$ 21,682

NOTE 12 11 — FAIR VALUE MEASUREMENTS

The following table represents the Company's liabilities measured at fair value on a recurring basis and the basis for that measurement according to the levels in the fair value hierarchy in ASC Topic 820, "Fair Value Measurement."

	September 30, 2023				December 31, 2022			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Non-employee Warrants	$ —	$ —	$ —	$ —	$ 4,398	$ 2,070	$ 2,328	$ —
Non-employee Earnouts	—	—	—	—	7,658	—	—	7,658
	$ —	$ —	$ —	$ —	$ 12,056	$ 2,070	$ 2,328	$ 7,658

The Public Warrants issued to non-employees were valued using the market approach based upon the quoted market price of Nerdy Inc.'s Public Warrants and were categorized as Level 1. The Private Placement Warrants, FPA Warrants, and OpCo Warrants issued to non-employees were valued based upon the quoted price for similar liabilities (the Public Warrants issued to non-employees) in active markets. As such, the Private Placement Warrants, FPA Warrants, and OpCo Warrants issued to non-employees were categorized as Level 2.

The fair value of liabilities associated with the non-employee Earnouts was measured on a recurring basis using the Monte Carlo Option Pricing Method. The fair value measurement is categorized as Level 3, as the fair values utilize significant unobservable inputs. The following table summarizes the Level 3 activity measured on a recurring basis.

Balance, December 31, 2022	$ 7,658
Mark-to-market loss on non-employee Earnouts	2,294
Reclassification to equity as a result of the Earnout Transaction	(9,952)
Balance, September 30, 2023	$ —

Prior to the Earnout Transaction (see Note 1), the fair value of each non-employee Earnout was estimated using the Monte Carlo Option Pricing Method at the end of the reporting period. Inherent in the Monte Carlo Option Pricing Method are assumptions related to expected stock-price volatility, expected life, risk-free interest rate, and dividend yield. The Company estimated expected stock-price volatility using the implied volatility from the Company's Public Warrants. The risk-free interest rate was based on the U.S. Treasury zero-coupon yield curve for a maturity similar to the expected remaining life of the non-employee Earnouts. The expected life of the non-employee Earnouts was assumed to be equivalent to their remaining contractual term. The Company anticipated the dividend rate would remain at zero.

The following table presents the assumptions used to remeasure the fair value of outstanding non-employee Earnouts liabilities for the period presented.

	December 31, 2022
Expected term (in years)	3.72
Stock price of the Class A Common Stock	$2.25
Expected stock price volatility	79.0%
Risk-free interest rate	4.1%
Expected dividends	—%
Fair value (per Earnout)	$1.00

The Company's financial assets and liabilities also include cash and cash equivalents, restricted cash, receivables, and accounts payable for which the carrying value approximates fair value due to their short maturities (less than 12 months). Certain assets and liabilities, including definite-lived assets and goodwill, are measured at fair value on a non-recurring basis. There were no fair value measurement adjustments recognized related to definite-lived assets or goodwill during the three and nine months ended September 30, 2023 March 31, 2024 or 2022. 2023.

NOTE 13 12 — RELATED PARTIES

Tax Receivable Agreement

Nerdy Inc. has a tax receivable agreement with certain Legacy Nerdy Holders (the "TRA Holder(s)") (the "Tax Receivable Agreement"). The Tax Receivable Agreement generally provides for the payment by Nerdy Inc. to the TRA Holders of 85% of the net cash savings, if any, in U.S. federal, state, and local income tax that Nerdy Inc. actually realizes (or is deemed to realize in certain circumstances) as a result of: (i) certain increases in tax basis that occur as a result of (A) the Reverse Recapitalization reverse recapitalization (including as a result of cash received in the Reverse Recapitalization and debt repayment occurring in connection with the Reverse Recapitalization) reverse recapitalization) or (B) exercises of the redemption or call rights set forth in the Nerdy LLC operating agreement; and (ii) imputed interest deemed to be paid by Nerdy Inc. as a result of, and additional basis arising from, any payments Nerdy Inc. makes under the Tax Receivable Agreement. Nerdy Inc. will retain the benefit of the remaining 15% of these net cash savings.

As of September 30, 2023 March 31, 2024, Nerdy Inc. has not recognized a liability of $111,898 $115,968 under the Tax Receivable Agreement after concluding it was not probable that such Tax Receivable Agreement payments would be paid based on its estimates of Nerdy's LLC future taxable income. Nerdy Inc. did not make any payments to the

TRA Holders under the Tax Receivable Agreement during the three and nine months ended September 30, 2023 March 31, 2024 or 2022. 2023. The amounts payable under the Tax Receivable Agreement will vary depending upon a number of factors, including the amount, character, and timing of the taxable income of the Company in the future. If the valuation allowance recorded against the deferred tax assets applicable to the tax attributes referenced above is released in a future period, the Tax Receivable Agreement liability may be considered probable at that time and recorded within the statement of operations.

NOTE 14 13 — SUBSEQUENT EVENT COMMITMENTS AND CONTINGENCIES

Legal Proceedings

Independent Contractor Classification Matter Matters

Varsity Tutors, a The Company, through its consolidated subsidiary of the Company, subsidiaries, is subject to various legal and regulatory proceedings at the federal, state, and municipal levels challenging the classification of third-party Experts on its platform as independent contractors, and claims that, by the alleged misclassification, it has violated various labor and other laws that would apply to employees. Varsity Tutors The Company disputes any allegations of wrongdoing and intends to continue to defend itself vigorously in these matters.

In 2019, a Complaint was filed in a Superior California Court against Varsity Tutors alleging that Varsity Tutors misclassified California tutors as independent contractors as opposed to employees in violation of the California Labor Code and seeking penalties and other remedies under California's Private Attorneys General Act ("PAGA"). In October 2023, Varsity Tutors agreed to a tentative settlement in this matter which that remains subject to Court approval (as required by PAGA). In accordance with ASC Topic 855, "Subsequent Events", the Company expensed $1,250 and $1,700 related to this matter during the three and nine months ended September 30, 2023, respectively, which is expected in mid-2024. No expense was included in "General and administrative expenses" recorded in the Condensed Consolidated Statements of Operations. Operations related to these matters for the three months ended March 31, 2024 or 2023. At September 30, 2023 March 31, 2024 and December 31, 2023, the Company had accrued $2,000 for this matter, which was included in "Other current liabilities" on the Condensed Consolidated Balance Sheet. Sheets, respectively.

Other

The Company is subject to various other legal proceedings and actions in the normal course of business. In the opinion of management, based upon the information presently known, the ultimate liability, if any, arising from such pending legal proceedings, as well as from asserted legal claims and known potential legal claims which are likely to be asserted, taking into account established accrual for estimated liabilities (if any), are not expected to be material individually or in the aggregate to the consolidated financial condition, result of operations, or cash flows of the Company.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion summarizes the significant factors affecting the consolidated operating results, financial condition, liquidity, and capital resources of Nerdy Inc. and its consolidated subsidiaries. This discussion should be read in conjunction with our unaudited condensed consolidated financial statements and notes thereto included herein and our audited consolidated financial statements and notes thereto found in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 (the "2022 "2023 Annual Report"), as filed with the United States Securities and Exchange Commission (the "SEC") on February 28, 2023 February 27, 2024. In addition, the following discussion and analysis of Nerdy Inc.'s financial condition and results of operations also contains forward-looking statements that involve risks, uncertainties, and assumptions. Actual results may differ materially from those anticipated in these forward-looking statements as a result of a variety of factors, including those set forth in the sections entitled "Item 1A. Risk Factors" in Part I of the 2022 2023 Annual Report and "Item 1A. Risk Factors" in Part II of this report, as well as under the section "Cautionary Note On Forward-Looking Statements" below. Unless otherwise stated or the context otherwise indicates, all references in the succeeding paragraphs to "Nerdy," "the Company," "us," "our" or "we" mean Nerdy Inc. and its consolidated subsidiaries.

OVERVIEW

We operate a platform for live online learning. Our mission is to transform the way people learn through technology. Our purpose-built proprietary platform leverages technology, including artificial intelligence ("AI"), to connect students, users, parents, guardians, and purchasers ("Learner(s)") of all ages to tutors, instructors, subject matter experts, educators, and other professionals ("Expert(s)"), delivering superior value on both sides of the network. Our comprehensive learning destination provides learning experiences across numerous subjects and multiple formats, including Learning Memberships, one-on-one instruction, small group tutoring, small group classes, large format group classes, tutor chat, essay review, adaptive assessments, and adaptive self-study. self-study tools. Our flagship business, Varsity Tutors LLC ("Varsity Tutors"), is one of the nation's largest platforms for live online tutoring and classes. Its Our solutions are available directly to Learners ("Consumer(s)"), as well as through schools and other institutions. education systems ("Institution(s)"). Our platform offers Experts the opportunity to generate income from the convenience of home, while also increasing access for Learners by removing barriers to high-quality live online learning. Our offerings include *Varsity Tutors for Schools*, a product suite (including our new subscription offerings such as District Assigned, Teacher Assigned, Parent Assigned) that leverages our platform capabilities to offer high-dosage tutoring and our online learning solutions directly to education systems. Institutions. We have built a diversified business across the following audiences: K-8, High School, College, Graduate School, and Professional.

The Public and FPA Warrant Exchange, the Private Warrant Transaction, and the Earnout Transaction

Public and FPA Warrant Exchange

On September 25, 2023, we concluded an offer to holders of our then outstanding publicly traded warrants, each exercisable to purchase one share of Nerdy Inc.'s Class A common stock, par value $0.0001 per share (the "Class A Common Stock") at a price of $11.50 per share (the "Public Warrant(s)") and warrants to purchase one share of Nerdy Inc.'s Class A Common Stock at a price of $11.50 per share issued in connection with a forward purchase agreement (the "FPA Warrant(s)"), which provided such holders the opportunity to receive 0.25 shares of Nerdy Inc.'s Class A Common Stock (the "Public Offer exchange rate") in exchange for each Public Warrant and FPA Warrant tendered by such holders (the "Offer"). This Offer included a solicitation of consents from holders of the Public Warrants and FPA Warrants to amend the warrant agreement with respect to certain terms of the Public Warrants and the FPA Warrants (the "Public and FPA Warrant Amendment", together with the Offer, the "Public and FPA Warrant Exchange"). At the closing of the Offer, all remaining outstanding Public and FPA warrants that were not exchanged at the election of the holder were converted into 0.225 shares of Class A Common Stock, pursuant to the Public and FPA Warrant Amendment. As a result of the Public and FPA Warrant Exchange, 12,000 thousand Public Warrants and FPA Warrants were exchanged for 2,992 thousand shares of Nerdy Inc.'s Class A Common Stock, with a nominal cash settlement in lieu of fractional shares. No Public Warrants and FPA Warrants remain outstanding after the Public and FPA Warrant Exchange.

Private Warrant Transaction

Concurrently with the Offer, holders of our then outstanding warrants to purchase one share of Nerdy Inc.'s Class A Common Stock at a price of $11.50 per share issued in connection with a private placement (the "Private Placement Warrant(s)") and warrants to purchase one unit of Nerdy LLC (the "OpCo Unit(s)") at an exercise price of $11.50 (the exercise of which would also result in the issuance of one corresponding share of Class B common stock, par value $0.0001 per share (the "Class B Common Stock" together with the Class A Common Stock, the "Common Stock")) (the "OpCo Warrant(s)") agreed to amend the warrant agreement with respect to certain terms of the Private Placement Warrants and OpCo Warrants (the "Private Placement Warrant Amendment", together with the Public and FPA Warrant Amendment, the "Warrant Amendment"). The Warrant Amendment, among other provisions, required that upon the closing of the Offer that (a) each Private Placement Warrant be automatically exchanged into shares of Class A Common Stock and (b) each OpCo Warrant that is outstanding be automatically exercised on a cashless basis into OpCo Units with an equivalent number of shares of Class B Common Stock, in each case, at the same ratio as the Public Offer exchange rate (the "Private Warrant Transaction", together with the Public and FPA Warrant Exchange, the "Warrant Transactions"). As a result of the Private Warrant Transaction, 5,281 thousand Private Placement Warrants were exchanged or exercised on a cashless basis for 1,314 thousand shares of the Company's Class A Common Stock, with a nominal cash settlement in lieu of fractional shares and 2,052 thousand OpCo Warrants were exchanged or exercised on a cashless basis for 513 thousand OpCo Units (with an equivalent number of shares of Class B Common Stock), with a nominal cash settlement in lieu of fractional shares. No Private Placement Warrants and OpCo Warrants remain outstanding after the Private Warrant Transaction.

The Private Placement Warrants, the Public Warrants, the FPA Warrants, and the OpCo Warrants are collectively referred to herein as the "Warrant(s)."

Earnout Transaction

Concurrently with the Offer, holders of our then outstanding shares or units of (i) Class A Common Stock or (ii) OpCo Units (and a corresponding number of Class B Common Stock), as applicable, that were subject to forfeiture if the achievement of certain stock price thresholds of the Class A Common Stock were not met within five years of the reverse recapitalization (assuming there was no change in control event) (the "Earnout(s)") agreed to forfeit (and thus surrender for cancellation) 60% of the Earnouts they held and agreed that the remaining 40% of the Earnouts will no longer be subject to potential forfeiture and will be either regular shares of Class A Common Stock or regular OpCo Units (with an equivalent number of regular shares of Class B Common Stock) (the "Earnout Transaction"). As a result of the Earnout Transaction, 2,764 thousand shares of Class A Common Stock and 2,015 thousand OpCo Units (with an equivalent number of shares of Class B Common Stock) were cancelled and 1,842 thousand shares of Class A Common Stock and 1,343 thousand OpCo Units (with an equivalent number of shares of Class B Common Stock) remain outstanding after the Earnout Transaction and are no longer subject to forfeiture. The 36 thousand Earnouts held by the Company are now regular shares of Class A Common Stock and are no longer subject to forfeiture.

The collective net effect of the Public and FPA Warrant Exchange, the Private Warrant Transaction, and the Earnout Transaction resulted in a net increase of 37 thousand shares of our Common Stock, or less than 0.1%, in the amount of our Common Stock outstanding at the closing of these transactions.

KEY OPERATING METRICS

We monitor the following key operating metrics to evaluate the growth of our business, measure our performance, identify trends affecting our business, formulate business plans, and make strategic decisions.

During the second quarter of 2023, we completed the transition from our Package model to Learning Memberships within our Consumer business for all new customers. As a result of this transition, we are presenting Active Members (as defined below) as a key operating metric.

"Active Member(s)" is defined as the number of Learners with an active paid Learning Membership as of the date presented. Variations in the number of Active Members are due to changes in demand for our solutions, seasonality, testing schedules, the extension of Learning Memberships to additional Consumer audiences, and the launch of new membership options. As a result, we believe Active Members is a key indicator of our ability to attract, engage, and retain Learners. Active Members exclude EduNation Limited, a company incorporated in England and Wales ("First Tutors UK"), as well as our Institutional business.

Active Members in thousands	*Active Members in thousands*	**September 30, 2023**	**June 30, 2023**	**March 31, 2023**	**December 31, 2022**	**September 30, 2022**
Active Members	Active Members	39.5	31.0	32.9	20.2	11.3
YoY change						

Active Members in thousands	**March 31, 2024**	**December 31, 2023**	**September 30, 2023**	**June 30, 2023**	**March 31, 2023**
YoY change	40%	101%	250%	1,450%	n/a

"Active Experts" is defined as the number of Experts who have instructed one or more sessions in a given period. Active Experts also includes our Institutional business, but excludes First Tutors UK. The following table summarizes Active Experts for the periods presented. Our Active Expert count for the three months ended March 31, 2024 was primarily driven by higher Institutional active experts when compared to the prior year period, which reflects the continued scaling of our Institutional business.

	Three Months Ended September 30,	**Change**	**Nine Months Ended September 30,**	**Change**
	Three Months Ended March 31,			

		Three Months Ended March 31, Three Months Ended March 31,										Change	
Active Experts in thousands	*Active Experts in thousands*	**2023**	**2022**	**%**	**2023**	**2022**	**%**	*Active Experts in thousands*	**2024**		**2023**		**%**
Active Experts	Active Experts	9.0	10.7	(16)%	14.1	18.2	(23)%	Active Experts	12.3	10.2	10.2	21%	21%

RESULTS OF OPERATIONS

		Three Months Ended September 30,				Nine Months Ended September 30,								
		Three Months Ended March 31, Three Months Ended March 31, Three Months Ended March 31,												
dollars in thousands	*dollars in thousands*	**2023**	**%**	**2022**	**%**	**2023**	**%**	**2022**	**%**	*dollars in thousands*	**2024**		**%**	**2023**
Revenue	**Revenue**	$ 40,296	100 %	$ 31,752	100 %	$138,315	100 %	$120,863	100 %	**Revenue**	$53,727	100	100 %	$ 49,180
Cost of revenue	Cost of revenue	11,108	28 %	9,835	31 %	41,138	30 %	37,418	31 %	Cost of revenue	17,212	32	32 %	15,290
Gross Profit	**Gross Profit**	29,188	72 %	21,917	69 %	97,177	70 %	83,445	69 %	**Gross Profit**	36,515	68	68 %	33,890
Sales and marketing expenses	Sales and marketing expenses	19,233	47 %	16,195	51 %	49,652	36 %	57,152	47 %	Sales and marketing expenses	17,392	32	32 %	15,560
General and administrative expenses	General and administrative expenses	35,508	88 %	33,409	105 %	94,921	68 %	96,669	80 %	General and administrative expenses	31,976	60	60 %	29,700
Operating Loss	**Operating Loss**	(25,553)	(63)%	(27,687)	(87)%	(47,396)	(34)%	(70,376)	(58)%					
Unrealized (gain) loss on derivatives, net		(4,099)	(10)%	4,521	15 %	13,385	10 %	(21,773)	(18)%					
Operating Loss														
Operating Loss											(12,853)		(24)%	(11,370)
Unrealized loss on derivatives, net										Unrealized loss on derivatives, net	—		— %	21,682
Interest income	Interest income	(844)	(2)%	(7)	— %	(2,460)	(2)%	(19)	— %	Interest income	(886)	(2)	(2)%	(833)
Other (income) expense, net		(5)	— %	75	— %	11	— %	149	— %					
Other expense, net										Other expense, net	25		— %	11
Loss before Income Taxes														
Loss before Income Taxes														

Loss before Income Taxes	**Loss before Income Taxes**	(20,605)	(51)%	(32,276)	(102)%	(58,332)	(42)%	(48,733)	(40)%		(11,992)	(22)	(22) %	(32,230)	(66)
Income tax expense	Income tax expense	21	— %	22	— %	97	— %	35	— %	Income tax expense	23	—	— %	23	
Net Loss	**Net Loss**	(20,626)	(51)%	(32,298)	(102)%	(58,429)	(42)%	(48,768)	(40)%	**Net Loss**	(12,015)	(22)	(22)%	(32,253)	
Net loss attributable to noncontrolling interests	Net loss attributable to noncontrolling interests	(8,336)	(21)%	(13,782)	(44)%	(23,910)	(17)%	(22,102)	(18)%						
Net loss attributable to noncontrolling interests															
Net loss attributable to noncontrolling interests											(4,569)		(8)%	(13,322)	
Net Loss Attributable to Class A Common Stockholders	**Net Loss Attributable to Class A Common Stockholders**	$(12,290)	(31)%	$(18,516)	(58)%	$ (34,519)	(25)%	$ (26,666)	(22)%	**Net Loss Attributable to Class A Common Stockholders**	$ (7,446)	(14)	(14)%	$ (18,931)	

Revenue

Revenue growth in both the current year periods period was driven by the completion of our evolution towards ‘always on’ recurring revenue products, strong adoption of Learning Memberships during the back-to-school season, and lifetime value expansion in our Consumer business coupled with the continued scaling of our Consumer and Institutional businesses, partially offset by lower average revenue per member per month in our Consumer business.

The following table presents our revenue by business category for the periods presented.

		Three Months Ended September 30,				**Nine Months Ended September 30,**														
		Three Months Ended March 31,																		
		Three Months Ended March 31,																		
		Three Months Ended March 31,														**Change**				
dollars in thousands	*dollars in thousands*	**2023**	**%**	**2022**	**%**	**2023**	**%**	**2022**	**%**	*dollars in thousands*	**2024**		**%**	**2023**		**%**	**$**		**%**	
Consumer	Consumer	$34,494	85 %	$29,087	92 %	$115,125	83 %	$103,640	86 %	Consumer	$41,602	77	77 %	$40,335	82	82 %	$ 1,267	3	3	
Institutional	Institutional	5,580	14 %	2,393	7 %	22,474	16 %	14,693	12 %	Institutional	11,887	22	22 %	8,540	17	17 %	3,347	39	39	
Other (a)	Other (a)	222	1 %	272	1 %	716	1 %	2,530	2 %	Other (a)	238	1	1 %	305	1	1 %	(67)	(22)	(22)	
Revenue	Revenue	$40,296	100 %	$31,752	100 %	$138,315	100 %	$120,863	100 %	Revenue	$53,727	100	100 %	$49,180	100	100 %	$ 4,547	9	9	

(a) Other consists of First Tutors UK and other services.

Cost of Revenue and Gross Profit

The following table sets forth our cost of revenue and gross profit for the periods presented.

		Three Months Ended September 30,		**Change**		**Nine Months Ended September 30,**		**Change**								
dollars in thousands; favorable/(unfavorable)		**2023**	**2022**	**$**	**%**	**2023**	**2022**	**$**	**%**							
		Three Months Ended March 31,														
		Three Months Ended March 31,														
		Three Months Ended March 31,												**Change**		
dollars in thousands										*dollars in thousands*		**2024**		**2023**	**$**	**%**
Revenue	Revenue	$ 40,296	$ 31,752	$8,544	27%	$ 138,315	$ 120,863	$17,452	14%	Revenue	$	53,727	$	49,180	$ 4,547	9%

Cost of revenue	Cost of revenue	11,108	9,835	(1,273)	(13)%	41,138	37,418	(3,720)	(10)%	Cost of revenue	17,212	15,290	(1,922)	(13)%
Gross Profit	**Gross Profit**	$ 29,188	$ 21,917	$7,271	33%	$ 97,177	$ 83,445	$13,732	16%	**Gross Profit**	$ 36,515	$ 33,890	$ 2,625	8%
% Margin	**% Margin**	72 %	69 %			70 %	69 %							

For Cost of revenue for the three months ended September 30, 2023 March 31, 2024, cost of revenue increased due to higher expert costs of $1,213 thousand. For the nine months ended September 30, 2023, cost of revenue increased due to higher expert costs of $3,402 thousand. These

higher expert costs in both current year periods primarily $1,827 thousand, related to higher tutoring volumes utilization of our services in both our Consumer and Institutional business.

businesses. Gross profit for the three months ended September 30, 2023 March 31, 2024 of $29,188 $36,515 thousand increased by $7,271 $2,625 thousand, or 33% 8%, compared to the same period in 2022. 2023. Gross margin of 72% was 68% for the three months ended September 30, 2023 was 340 basis points higher than March 31, 2024, compared to gross margin of 69% for the three months ended September 30, 2022 March 31, 2023. Gross The increase in gross profit for was primarily driven by the nine months ended September 30, 2023 continued scaling of $97,177 thousand increased by $13,732 thousand, or 16%, compared our Consumer and Institutional businesses. The decrease in gross margin was primarily due to the same higher utilization of tutoring sessions across our new access-based products within our Institutional business in a seasonally high period in 2022. Gross margin of 70% for the nine months ended September 30, 2023 was 122 basis points higher than gross margin of 69% for the nine months ended September 30, 2022. These increases in both current year periods were driven by growth in our Consumer business as a result of the strong adoption of Learning Memberships, which has led to lifetime value expansion and higher gross margin. school year.

Operating Expenses

The following table sets forth our operating expenses for the periods presented.

		Three Months Ended September 30,		**Change**		**Nine Months Ended September 30,**		**Change**									
dollars in thousands; (favorable)/unfavorable		**2023**	**2022**	**$**	**%**	**2023**	**2022**	**$**	**%**								
		Three Months Ended March 31,															
		Three Months Ended March 31,															
		Three Months Ended March 31,													**Change**		
dollars in thousands										*dollars in thousands*	**2024**		**2023**		**$**		**%**
Sales and marketing expenses	Sales and marketing expenses	$19,233	$16,195	$3,038	19%	$ 49,652	$ 57,152	$(7,500)	(13)%	Sales and marketing expenses	$17,392	$	$15,560	$	$1,832		12%
General and administrative expenses	General and administrative expenses	35,508	33,409	2,099	6%	94,921	96,669	(1,748)	(2)%	General and administrative expenses	31,976	29,700	29,700	2,276		2,276	
Total operating expenses	**Total operating expenses**	$54,741	$49,604	$5,137	10%	$144,573	$153,821	$(9,248)	(6)%	**Total operating expenses**	$49,368	$	$45,260	$	$4,108		9%

Sales and Marketing

Sales and marketing expenses for the three months ended September 30, 2023 March 31, 2024 and 2022 2023 included stock-based compensation of $695 $535 thousand and $1,085 $838 thousand, respectively. Excluding these impacts in both periods, sales and marketing expenses increased $3,428 $2,135 thousand, or 23% 15%. Additionally, excluding these impacts in both periods, sales and marketing expenses for the three months ended September 30, 2023 March 31, 2024 were 46% 31% of revenue compared to 48% 30% of revenue during the same period in 2022, a 158 basis point improvement year-over-year. 2023.

Sales These increases were driven by investments in our Institutional sales organization in order to drive customer acquisition, brand awareness, and reach, including through signing up school districts with free access to the Varsity Tutors platform. These impacts were partially offset by marketing expenses for the nine months ended September 30, 2023 and 2022 included stock-based compensation of $2,224 thousand and $3,130 thousand, respectively. Excluding these impacts in both periods, sales and marketing expenses decreased $6,594 thousand, or 12%. Additionally, excluding these impacts in both periods, sales and marketing expenses for the nine months ended September 30, 2023 were 34% of revenue compared to 45% of revenue during the same period in 2022, a 1,041 basis point improvement year-over-year.

We were able to deliver sales and marketing spend efficiency improvements, efficiencies driven by the transition to Learning Memberships, and substantial *Varsity Tutors which allows for School* revenue growth. Our a more efficient operating model in our Consumer business and the continued scaling of our Institutional business continue to lead to sales and marketing efficiency improvements as the business delivers revenue growth. business.

General and Administrative

General and administrative expenses include compensation for certain employees, support services, product development expenses intended to support continued innovation, and other operating expenses. Product development costs were $10,663 thousand and $8,430 thousand for the three months ended March 31, 2024 and 2023, respectively, an increase of $2,233 thousand. Product development costs include compensation for employees on our product and engineering who are responsible for developing new and improving existing offerings, maintaining our website, improving efficiencies across our organization, and third-party expenses.

General and administrative expenses for the three months ended September 30, 2023 included non-cash stock based compensation, costs related to the Warrant Transactions March 31, 2024 and Earnout Transaction, restructuring costs, and a provision for legal settlement of $10,927 thousand, $1,940 thousand, $841 thousand, and $1,250 thousand, respectively. General and administrative expenses for the three months ended September 30, 2022 2023 included non-cash stock based compensation of $11,073 thousand. $10,577 thousand and $10,211 thousand, respectively. Excluding these impacts in both periods, general and administrative expenses decreased $1,786 increased $1,910 thousand, or 8% 10%. Additionally, excluding these impacts in both periods, general and administrative expenses for both the three months ended September 30, 2023 March 31, 2024 and 2023 were 51% 40% of revenue compared to 70% of revenue during the same period in 2022, a 1,935 basis point improvement year-over-year.

General and administrative expenses for the nine months ended September 30, 2023 included non-cash stock based compensation, costs related to the Warrant Transactions and Earnout Transaction, and restructuring costs of $30,578 thousand, $1,940 thousand, $841 thousand, and $1,250 thousand, respectively. General and administrative expenses for the nine months ended September 30, 2022 included non-cash stock based compensation of $32,372 thousand. Excluding these impacts in both periods, general and administrative expenses decreased $3,985 thousand, or 6%. Additionally, excluding these impacts in both periods, general and administrative expenses for the nine months ended September 30, 2023 were 44% of revenue compared to 53% of revenue during the same period in 2022, a 959 basis point improvement year-over-year.

revenue.

Our investments in product development and our platform-oriented approach to growth have allowed us to launch a and continuously improve our suite of 'always on' subscription products, including Learning Memberships for consumers, Consumers, and our District, Teacher, and Parent Assigned offerings for Institutional customers. Subscription These subscription and access-based offerings simplify the our operating model needed to support customers and grow the business. Combined with organization, which allows us to maximize our ongoing automation efforts involving self-service capabilities, the application of artificial intelligence, and other efficiency efforts, we have been able to generate operating efficiencies and remove significant costs from the business. We believe we will be able to further simplify investment in our operating model and remove additional costs from the business while growing revenue and Active Members in future periods. common platform.

Unrealized (Gain) Loss on Derivatives, Net

During the three and nine months ended September 30, 2023 March 31, 2023, we recognized a net (gain) loss of $(4,099) $21,682 thousand and $13,385 thousand, respectively, related to non-cash mark-to-market adjustments on our Warrants warrants and Earnouts contracts earnouts prior to non-employees.

the warrant and earnout transactions in September 2023 (our third quarter). Of the net gain recognized in the three months ended September 30, 2023, $5,010 thousand and $(9,109) thousand related to Warrants and Earnouts, respectively. The net loss recognized in the three months ended September 30, 2023 related to our Warrants was due to a higher average trading price of our Public Warrants after the Offer and prior to the completion of the Warrant Transactions. The net gain recognized in the three months ended September 30, 2023 related to our Earnouts was primarily due to the cancellation of a portion of the Earnouts in connection with the Earnout Transaction.

Of the net loss recognized in the nine months ended September 30, 2023 March 31, 2023, $11,091 $8,414 thousand and $2,294 $13,268 thousand related to Warrants warrants and Earnouts, earnouts, respectively. The net loss recognized in the nine months ended September 30, 2023 related to our Warrants was due to a higher average trading price of our Public Warrants during the period, including in the period after the Offer and prior to the completion of the Warrant Transactions. The net loss recognized in the nine months ended September 30, 2023 related to our Earnouts was primarily due to a higher average trading price of our Class A common stock during the period, partially offset by the cancellation of a portion of the Earnouts in connection with the Earnout Transaction.

During the three and nine months ended September 30, 2022, we recognized a net loss (gain) of $4,521 thousand and $(21,773) thousand, respectively, related to non-cash mark-to-market adjustments on our Warrants and Earnouts.

Of the net loss recognized in the three months ended September 30, 2022, $1,883 thousand and $2,638 thousand related to Warrants and Earnouts, respectively. The net loss recognized in the three months ended September 30, 2022 related to our Warrants was due to a higher average trading price of our Public Warrants during the period. The net gain recognized in the three months ended September 30, 2022 related to our Earnouts was primarily due to a higher implied volatility from our Public Warrants during the period.

Of the net gain recognized in the nine months ended September 30, 2023, $9,561 thousand and $12,212 thousand related to Warrants and Earnouts, respectively. The net gain recognized in the nine months ended September 30, 2023 related to our Warrants was due to a lower average trading price of our Public Warrants during the period. The net loss recognized in the nine months ended September 30, 2023 related to our Earnouts was primarily due to a lower average trading price of our Class A Common Stock during the period.

At September 30, 2023, no Warrants and Earnouts were outstanding. For additional information on our previously outstanding Warrants and Earnouts, see "The Public and FPA Warrant Exchange, the Private Warrant Transaction, and the Earnout Transaction" section discussed above, as well as Notes 1, 11, and 12 within "Notes to Condensed Consolidated Financial Statements" in Part I, Item 1 of this report.

Interest Income

Interest income for the three months ended September 30, 2023 March 31, 2024 was $844 $886 thousand, an increase from $7 $833 thousand in the same period in 2022. Interest income for the nine months ended September 30, 2023 2023. This increase was $2,460 thousand, an increase from $19 thousand in the same period in 2022. These increases in both current year periods were driven by higher interest income on our cash balances during the current year periods. period.

LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Cash

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, we had cash and cash equivalents totaling $84,031 $76,960 thousand and $90,715 $74,824 thousand, respectively. We have incurred cumulative losses from our operations, and we may incur additional losses in the future. Our operations have historically been financed primarily through capital contributions and debt financings. To the extent we generate negative operating cash flows, it is possible that we may have to finance future operations primarily or in part from cash on hand.

Cash Requirements

Our cash requirements within the next twelve months include working capital requirements, sales and marketing activities, and capital expenditures. We believe our cash on hand will be sufficient to satisfy these future requirements.

As of September 30, 2023 March 31, 2024, we had no debt obligations. Our cash requirements under our contractual obligations and commitments consist primarily of lease arrangements. For information on our lease obligations and the amount and timing of future payments, see Note 17 within "Notes to Consolidated Financial Statements" in Part II, Item 8 of our 2022 2023 Annual Report. There have been no material changes to our leasing arrangements previously disclosed in our 2022 2023 Annual Report.

The following table sets forth our cash flows for the periods presented.

		Nine Months Ended September 30,				
Three Months Ended March 31,					Three Months Ended March 31,	
dollars in thousands	*dollars in thousands*	**2023**	**2022**	*dollars in thousands*	**2024**	**2023**
Cash used in:						
Cash provided by (used in):						
Operating activities						
Operating activities						
Operating activities	Operating activities	$(2,515)	$(33,470)			
Investing activities	Investing activities	(3,923)	(4,339)			
Financing activities	Financing activities	(567)	(863)			
Effect of Exchange Rate Change on Cash, Cash equivalents, and Restricted Cash	Effect of Exchange Rate Change on Cash, Cash equivalents, and Restricted Cash	5	7			
Net Decrease in Cash, Cash equivalents, and Restricted Cash		$(7,000)	$(38,665)			
Net Increase in Cash, Cash equivalents, and Restricted Cash						

Operating Activities

Cash used in provided by operating activities for the nine three months ended September 30, 2023 March 31, 2024 decreased $30,955 $2,441 thousand compared to the same period in 2022. The improvement in operating cash flow was driven by 2023 as higher revenues sales and marketing efficiency gains, business model changes that allowed us efficiencies were more than offset by investments in our Institutional sales organization and product development to streamline operations through automation drive innovation and workforce reductions, and diligent cost oversight. support our continued growth. Additionally, cash used in provided by operating activities in the current year period was positively impacted by favorable unfavorable changes in working capital, primarily related to fluctuations in the timing of sales and collections of receivables and the payments of accounts payable and for other current liabilities. assets.

Investing Activities

Cash used in investing activities was $3,923 $2,221 thousand and $4,339 $982 thousand for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. Cash used in investing activities for both periods related to capital expenditures primarily for the development of internal use software and IT equipment.

Financing Activities

Cash used in We did not have any financing activities for in either the nine three months ended September 30, 2023 was $567 thousand, which related to transaction costs paid in connection with the Warrant Transactions and Earnout Transaction. Cash used in financing activities for the nine months ended September 30, 2022 was $863 thousand, which primarily related to payments made to legacy Nerdy holders in connection with the reverse recapitalization. March 31, 2024 or 2023.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our critical accounting policies and estimates are more fully described in our 2022 2023 Annual Report. There have been no material changes to our critical accounting policies and estimates previously disclosed in our 2022 2023 Annual Report.

RECENTLY ISSUED AND ADOPTED ACCOUNTING STANDARDS

See Note 2 within "Notes to Condensed Consolidated Financial Statements" Statements (Unaudited)" in Part 1, Item 1 of this report for a discussion regarding recently issued and adopted accounting standards.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

Certain statements in this report may constitute "forward-looking statements" for purposes of the federal securities laws. Our forward-looking statements include, but are not limited to, statements regarding our or our management team's expectations, hopes, beliefs, intentions, or strategies regarding the future, including our expectations with respect to: continued improvements in sales and marketing leverage; the growth of our Institutional business; simplifying our operations model while growing our business; and the sufficiency of our cash to fund future operations. Any statements that refer to projections, forecasts, or other characterizations of future events or circumstances, including any underlying assumptions, are forward-

looking forward-looking statements. The words "anticipates," "approximately," "believes," "contemplates," "continues," "could," "estimates," "expects," "intends," "may," "might," "outlook," "plans," "possible," "potential," "predicts," "projects," "should," "seeks," "will," "would," and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Our financial condition, results of operations, and cash flows may differ materially from those in the forward-looking statements as a result of various factors, including:

- our limited operating history, which makes it difficult to predict our future financial and operating results;
- our history of net losses;
- risks associated with our transition ability to the Learning Membership model; acquire and retain customers in our Consumer business;
- risks associated with operating and scaling up our Institutional business;
- risks associated with our intellectual property, including claims that we infringe on a third party's intellectual property rights;
- risks associated with our classification of some individuals and entities we contract with as independent contractors;
- risks associated with the liquidity and trading of our securities;
- risks associated with payments that we may be required to make under the tax receivable agreement;
- litigation, regulatory, and reputational risks arising from the fact that many of our Learners are minors;
- changes in applicable laws or regulations;
- the possibility of cyber-related incidents and their related impacts on our business and results of operations;
- the possibility that we may be adversely affected by other economic, business, and/or competitive factors;
- risks associated with managing our rapid growth; and
- other risks and uncertainties included under "Risk Factors" within Part II, Item 1A of this report and in our 2022 2023 Annual Report filed with the SEC on February 28, 2023 February 27, 2024.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance, or events and circumstances reflected in the forward-looking statements will be achieved or occur. Moreover, we undertake no obligation to update publicly any forward-looking statements for any reason after the date of this report to conform these statements to actual results or to changes in our expectations. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties, and other factors described in the section titled “Risk Factors” elsewhere in this report. Readers are urged to carefully review and consider the various disclosures made in this report and in other documents we file from time to time with the SEC that disclose risks and uncertainties that may affect our business. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this report. We cannot assure you that the results, events, and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results, events, or circumstances could differ materially from those described in the forward-looking statements.

EMERGING GROWTH COMPANY STATUS

We are an “emerging growth company,” as defined in Section 2(a) of the Securities Act, as modified by the JOBS Act. As such, we are eligible to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies” including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. If some investors find our securities less attractive as a result, there may be a less active trading market for our securities and the prices of our securities may be more volatile.

In addition, Section 107 of the JOBS Act also provides that an “emerging growth company” can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an “emerging growth company” can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We intend to take advantage of the benefits of this extended transition period.

We expect to remain an emerging growth company until the earlier of (1) the last day of the fiscal year (a) following the fifth anniversary of TPG Pace Tech Opportunities’ initial public offering, (b) in which we have total annual gross revenue of at least $1,235,000 thousand, or (c) in which we are deemed to be a large accelerated filer, which means the market value of our shares of common stock that are held by non-affiliates equals or exceeds $700,000 thousand as of the prior June 30 or (2) the date on which we have issued more than $1,000,000 thousand in non-convertible debt securities during the prior three-year period.

SMALLER REPORTING COMPANY STATUS

We are a “smaller reporting company” as defined in Item 10(f)(1) of Regulation S-K. Smaller reporting companies may take advantage of certain reduced disclosure obligations, including, among other things, providing only two years of audited financial statements. We expect to remain a smaller reporting company at the last day of the fiscal year as long as (i) the market value of our shares of common stock held by non-affiliates is less than $250,000 thousand as of the prior June 30, or (ii) our annual revenues are less than $100,000 thousand during the prior fiscal year and the market value of our shares of common stock held by non-affiliates is less than $700,000 thousand as of the prior June 30.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Our Warrants and Earnouts issued exposure to non-employees are no longer outstanding as a result of the Public and FPA Warrant Exchange, the Private Warrant Transaction, and the Earnout Transaction. As such, we are no longer exposed to significant market risk. Our exposure to risk, foreign currency exchange rates, and interest rates are immaterial. For additional information regarding our the Public and FPA Warrant Exchange, the Private Warrant Transaction, and the Earnout Transaction, refer to “Overview” within Part I, Item 2 of this report and Note 1 within “Notes to Condensed Consolidated Financial Statements” in Part I, Item 1 of this report.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

Our management, including the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) of the Company, has evaluated the effectiveness of the Company’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of September 30, 2023 March 31, 2024. Based on that evaluation, the Company’s CEO and CFO concluded that, as of September 30, 2023 March 31, 2024, the Company’s disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms and (ii) accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

Limitations on Effectiveness of Controls and Procedures

Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and our management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Further, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected.

Changes in Internal Control Over Financial Reporting

There were no significant changes in the Company’s internal control over financial reporting during the quarter ended September 30, 2023 March 31, 2024, that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II. OTHER INFORMATION.

ITEM 1. LEGAL PROCEEDINGS.

For information regarding our legal proceedings, refer to Note 14 13 within “Notes to Condensed Consolidated Financial Statements” Statements (Unaudited)” in Part I, Item 1 of this report, which is incorporated herein by reference.

For disclosure of environmental proceedings with a governmental entity as a party pursuant to Item 103(c)(3)(iii) of Regulation S-K, we have elected to disclose matters where we reasonably believe such proceeding would result in monetary sanctions, exclusive of interest and costs, of $1,000 thousand or more. Applying this threshold, there are no such environmental proceedings to disclose as of and for the three months ended September 30, 2023 March 31, 2024.

ITEM 1A. RISK FACTORS.

In addition to the information set forth elsewhere in this Quarterly Report on Form 10-Q (the “Quarterly Report”), you should carefully consider the risk factors we previously disclosed in our Annual Report on Form 10-K filed with the SEC on February 28, 2023, as of and for the year ended December 31, 2022 December 31, 2023 (the “2022 “2023 Annual Report”), filed with the SEC on February 27, 2024. As of the date of the Quarterly Report, there have been no material changes to the risk factors previously disclosed in our 2022 2023 Annual Report. These risks could materially and adversely affect our business, financial condition, results of operations, and cash flows. However, these risks are not the only risks we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business, financial condition, results of operations, and cash flows.

ITEM 5. OTHER INFORMATION.

Rule 10b5-1 and Non-Rule 10b5-1 Trading Arrangements

During the three months ended March 31, 2024, no director or “officer,” as defined in Rule 16a-1(f) under the Exchange Act, of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408 of Regulation S-K.

ITEM 6. EXHIBITS.

The following exhibits are either provided with this Form 10-Q or are incorporated herein by reference.

Exhibit No.	Description
3.1	Certificate of Incorporation of Nerdy Inc. (incorporated by reference to Exhibit 3.1 filed with the Company’s Form 8-K filed on September 24, 2021 (File No. 001-39595)).
3.2	Bylaws of Nerdy Inc. (incorporated by reference to Exhibit 3.2 filed with the Company’s Form 8-K filed on September 24, 2021 (File No. 001-39595)).
10.1	Amendment No.1 to the Warrant Agreement, dated as of September 26, 2023, by and between Nerdy Inc. and Continental Stock & Transfer Trust Company, as warrant agent (incorporated by reference to Exhibit 10.1 filed with the Company’s Form 8-K filed on September 26, 2023 (File No. 001-39595)).
10.2	Form of Earnout Equity Cancellation and Release Agreement, by and among Nerdy Inc., Nerdy LLC, and each of the holders party thereto (incorporated by reference to Exhibit 10.2 filed with the Company’s Form 8-K filed on September 26, 2023 (File No. 001-39595)).
31.1	Certification of Charles Cohn pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated November 7, 2023 May 7, 2024.
31.2	Certification of Jason Pello pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated November 7, 2023 May 7, 2024.
* 32.1	Certification of Charles Cohn and Jason Pello, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated November 7, 2023 May 7, 2024.
101	Interactive Data File (Form 10-Q for the quarterly period ended September 30, 2023 March 31, 2024 filed in iXBRL (Inline eXtensible Business Reporting Language)). The financial information contained in the iXBRL-related documents is “unaudited” and “unreviewed.”
104	The cover page from the Company’s Form 10-Q for the quarterly period ended September 30, 2023 March 31, 2024, formatted in iXBRL (Inline eXtensible Business Reporting Language) and contained in Exhibit 101.

* These certifications are deemed not “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liability of that section, nor shall they be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act.

SIGNATURES

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

Nerdy Inc.

Date: November 7, 2023 May 7, 2024

By: /s/ Jason Pello

Name: Jason Pello

Title: Chief Financial Officer

EXHIBIT 31.1

Certification pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Charles Cohn, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Nerdy 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 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 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: November 7, 2023 May 7, 2024

By: /s/ Charles Cohn
Name: Charles Cohn
Title: President and Chief Executive Officer

EXHIBIT 31.2

Certification pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Jason Pello, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Nerdy 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 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 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: November 7, 2023 May 7, 2024

By: /s/ Jason Pello
Name: Jason Pello
Title: Chief Financial Officer

EXHIBIT 32.1

Certification Pursuant to
18 U.S.C. Section 1350, as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

The undersigned, the Chief Executive Officer of Nerdy Inc. (the "Company"), hereby certifies that, to his knowledge on the date hereof:

(a) the quarterly report on Form 10-Q for the period ended September 30, 2023 March 31, 2024, filed on the date hereof with the Securities and Exchange Commission (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

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

Date: November 7, 2023 May 7, 2024

By: /s/ Charles Cohn
Name: Charles Cohn
Title: President and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Nerdy Inc. and will be retained by Nerdy Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Certification Pursuant to
18 U.S.C. Section 1350, as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

The undersigned, the Chief Financial Officer of Nerdy Inc. (the "Company"), hereby certifies that, to his knowledge on the date hereof:

(a) the quarterly report on Form 10-Q for the period ended September 30, 2023 March 31, 2024, filed on the date hereof with the Securities and Exchange Commission (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

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

Date: November 7, 2023 May 7, 2024	By:	/s/ Jason Pello
		Name: Jason Pello
		Title: Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Nerdy Inc. and will be retained by Nerdy Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

DISCLAIMER