

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **May 8, 2023**

Progyny, Inc.

(Exact name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-39100
(Commission
File Number)

27-2220139
(IRS Employer
Identification No.)

1359 Broadway
New York, New York
(Address of Principal Executive Offices)

10018
(Zip Code)

(212) 888-3124
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.0001 par value per share	PGNY	The Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 2.02 Results of Operations and Financial Condition

On May 8, 2023, Progyny, Inc. (the “Company”) issued a press release announcing its financial results for the fiscal quarter ended March 31, 2023. A copy of this press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated by reference herein.

The information furnished under this Item 2.02, including Exhibit 99.1, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or subject to the liabilities of that section. The information shall not be deemed incorporated by reference into any other filing with the Securities and Exchange Commission made by the Company, regardless of any general incorporation language in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release of Progyny, Inc. dated May 8, 2023
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

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

Progyny, Inc.

Dated: May 8, 2023

By: /s/ Peter Anevski

Peter Anevski

Chief Executive Officer

Progyny, Inc. Announces First Quarter 2023 Results

Reports Record Quarterly Revenue of \$258.4 Million, Reflecting 50% Growth Over the Prior Year Period
Raises Full Year Revenue and Earnings Guidance

Strong Demand Continues for Family Building Solutions as Affirmed by Healthy Utilization, Early Sales Activity and New Partnerships

NEW YORK, May 8, 2023 /GlobeNewswire/ - Progyny, Inc. (Nasdaq: PGNY) ("Progyny" or the "Company"), a leading benefits management company specializing in fertility and family building benefits solutions, today announced its financial results for the three-month period ended March 31, 2023 ("the first quarter of 2023") as compared to the three-month period ended March 31, 2022 ("the first quarter of 2022" or "the prior year period").

"We're pleased with our strong start to 2023, as the ongoing healthy demand for fertility and family building care helped us achieve our highest-ever quarterly revenue, gross profit and Adjusted EBITDA, while our continued focus on operational excellence has allowed us to generate our highest-ever first quarter cash flow from operations," said Pete Anevski, Chief Executive Officer of Progyny. "A recent report from the World Health Organization has revealed that the prevalence of infertility - which has long been recognized as a disease - continues to increase. Access to effective treatment for any disease is essential, and we believe fertility care should likewise be an essential benefit that's available to everyone, given the profound impact it has on both employers and their employees.

"With that critical dynamic as a backdrop, we believe that the 5.4 million covered lives we manage today represent just a fraction of our market opportunity. Although our selling season for 2024 launches is at its earliest stages, we are pleased that our sales and pipeline activity is favorable when compared to the record level of activity that we had a year ago. In addition, we've already had a healthy number of early commitments as well. We believe this positive activity, as well as our recently announced strategic partnerships with Evernorth and Children's Hospital Association, further validates both the strong demand in the market, as well as our leading position as the provider of choice for fertility and family building solutions."

"Our first quarter gross profit increased 78% and Adjusted EBITDA nearly doubled when compared to the prior year period, reflecting the impact of our strong revenue growth, as well as the operational efficiencies that we continue to realize throughout our cost structure, even as we rapidly scale the business," said Mark Livingston, Progyny's Chief Financial Officer.

First Quarter 2023 Highlights:

(unaudited; in thousands, except per share amounts)	1Q 2023	1Q 2022
Revenue	\$258,394	\$172,217
Gross Profit	\$58,640	\$32,949
<i>Gross Margin</i>	22.7%	19.1%
Net Income	\$17,678	\$4,971
Net Income per Diluted Share ¹	\$0.18	\$0.05
Adjusted EBITDA ²	\$46,360	\$24,806
<i>Adjusted EBITDA Margin²</i>	17.9%	14.4%

1. Net income per diluted share reflects weighted-average shares outstanding as adjusted for potential dilutive securities, including options, restricted stock units, warrants to purchase common stock, and shares issuable under the employee stock purchase plan.

2. Adjusted EBITDA and Adjusted EBITDA margin are financial measures that are not required by, or presented in accordance with, U.S. generally accepted accounting principles ("GAAP"). Please see Annex A of this press release for a reconciliation of Adjusted EBITDA to net income, the most directly comparable financial measure stated in accordance with GAAP for each of the periods presented. We calculate Adjusted EBITDA margin as Adjusted EBITDA divided by revenue.

Financial Highlights

Revenue was \$258.4 million, a 50% increase as compared to the \$172.2 million reported in the first quarter of 2022, primarily as a result of the increase in our number of clients and covered lives.

- Fertility benefit services revenue was \$157.1 million, a 42% increase from the \$110.9 million reported in the first quarter of 2022.
- Pharmacy benefit services revenue was \$101.2 million, a 65% increase as compared to the \$61.3 million reported in the first quarter of 2022.

Gross profit was \$58.6 million, an increase of 78% from the \$32.9 million reported in the first quarter of 2022, primarily due to the higher revenue. Gross margin was 22.7%, an increase of 360 basis points from the 19.1% reported in the prior year period, primarily due to ongoing efficiencies realized in the delivery of our care management services.

Net income was \$17.7 million, or \$0.18 income per diluted share, an increase of 256% as compared to the \$5.0 million, or \$0.05 income per diluted share, reported in the first quarter of 2022. The higher net income was due primarily to the higher gross profit and operating efficiencies realized on our higher revenues, which was partially offset by an increase in non-cash stock-based compensation expense.

Adjusted EBITDA was \$46.4 million, an increase of 87% as compared to the \$24.8 million reported in the first quarter of 2022, reflecting the higher gross profit and operating efficiencies realized on our higher revenues. Adjusted EBITDA margin was 17.9%, an increase of 350 basis points from the 14.4% Adjusted EBITDA margin in the first quarter of 2022. Please refer to Annex A for a reconciliation of Adjusted EBITDA to net income.

Cash Flow

Net cash generated by operating activities in the first quarter of 2023 was \$21.0 million, compared to a cash use of \$11.3 million in the prior year period. The higher cash flow as compared to the prior year period was primarily due to higher profitability as well as timing items.

Balance Sheet and Financial Position

As of March 31, 2023, the Company had total working capital of approximately \$320.2 million and no debt. This included cash and cash equivalents and marketable securities of \$207.9 million, an increase of \$18.6 million from the balances as of December 31, 2022.

Key Metrics

The Company had 379 clients as of March 31, 2023, as compared to 264 clients as of March 31, 2022.

	Three Months Ended March 31,	
	2023	2022
ART Cycles*	13,171	8,924
Utilization – All Members**	0.54%	0.51%
Utilization – Female Only**	0.48%	0.45%
Average Members	5,335,000	3,927,000

* Represents the number of ART cycles performed, including IVF with a fresh embryo transfer, IVF freeze all cycles/embryo banking, frozen embryo transfers, and egg freezing.

** Represents the member utilization rate for all services, including, but not limited to, ART cycles, initial consultations, IUIs, and genetic testing. The utilization rate for all members includes all unique members (female and male) who utilize the benefit during that period, while the utilization rate for female only includes only unique females who utilize the benefit during that period. For purposes of calculating utilization rates in any given period, the results reflect the number of unique members utilizing the benefit for that period. Individual periods cannot be combined as member treatments may span multiple periods.

Financial Outlook

“In light of our strong results in the first quarter, as well as our current expectations for member utilization, we are raising our guidance for the year,” said Mr. Anevski.

The Company is providing the following financial guidance for the full year ending December 31, 2023 and the three-month period ending June 30, 2023:

- Full Year 2023 Outlook:
 - o Revenue is now projected to be \$1,040 million to \$1,065 million, reflecting growth of 32% to 35%
 - o Net income is projected to be \$43.6 million to \$49.0 million, or \$0.42 to \$0.48 per diluted share, on the basis of approximately 103 million assumed weighted-average fully diluted-shares outstanding
 - o Adjusted EBITDA¹ is projected to be \$176.5 million to \$184.0 million

- Second Quarter of 2023 Outlook:
 - o Revenue is projected to be \$260.0 million to \$265.0 million, reflecting growth of 33% to 36%
 - o Net income is projected to be \$9.3 million to \$10.4 million, or \$0.09 to \$0.10 per diluted share, on the basis of approximately 102 million assumed weighted-average fully diluted-shares outstanding
 - o Adjusted EBITDA¹ is projected to be \$44.0 million to \$45.5 million

1. Adjusted EBITDA is a financial measure that is not required by, or presented in accordance with, GAAP. Please see Annex A of this press release for a reconciliation of forward-looking Adjusted EBITDA to forward-looking net income, the most directly comparable financial measure stated in accordance with GAAP for the period presented.

Conference Call Information

Progyny will host a conference call at 4:45 P.M. Eastern Time (1:45 P.M. Pacific Time) today, May 8, 2023, to discuss its financial results. Interested participants from the United States may join by calling 1.866.825.7331 and using conference ID 265484. Participants from international locations may join by calling 1.973.413.6106 and using the same conference ID. A replay of the call will be available until May 15, 2023 at 11:59 P.M. Eastern Time by dialing 1.800.332.6854 (U.S. participants) or 1.973.528.0005 (international) and entering passcode 265484. A live audio webcast of the call and subsequent replay will also be available through the Events & Presentations section of the Company’s Investor Relations website at investors.progyny.com.

About Progyny

Progyny (Nasdaq: PGNY) is a leading fertility benefits management company. We are redefining fertility and family building benefits, proving that a comprehensive and inclusive solution can simultaneously benefit employers, patients, and physicians.

Our benefits solution empowers patients with education and guidance from a dedicated Patient Care Advocate (PCA), provides access to a premier network of fertility specialists using the latest science and technologies, reduces healthcare costs for the nation’s leading employers, and drives optimal clinical outcomes. We envision a world where anyone who wants to have a child can do so.

Headquartered in New York City, Progyny has been recognized for its leadership and growth by CNBC Disruptor 50, Modern Healthcare’s Best Places to Work in Healthcare, Financial Times, INC. 5000, and Crain’s Fast 50 for NYC. For more information, visit www.progyny.com.

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements contained in this press release other than statements of historical fact, including, without limitation, statements regarding our financial outlook for the second quarter and full year 2023; the demand for our solutions; our expectations for our selling season for 2024

launches; our positioning to successfully manage economic uncertainty on our business; the timing of client decisions; our expected utilization rates and mix; our ability to retain existing clients and acquire new clients; and our business strategy, plans, goals and expectations concerning our market position, future operations, and other financial and operating information. The words “anticipates,” “assumes,” “believe,” “contemplate,” “continues,” “could,” “estimates,” “expects,” “future,” “intends,” “may,” “plans,” “predict,” “potential,” “project,” “seeks,” “should,” “target,” “will,” and the negative of these or similar expressions and phrases are intended to identify forward-looking statements, though not all forward-looking statements use these words or expressions.

Forward-looking statements are neither promises nor guarantees, but involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These risks include, without limitation, failure to meet our publicly announced guidance or other expectations about our business; competition in the market in which we operate; our history of operating losses and ability to sustain profitability; unfavorable conditions in our industry or the United States economy; our limited operating history and the difficulty in predicting our future results of operations; our ability to attract and retain clients and increase the adoption of services within our client base; the loss of any of our largest client accounts; changes in the technology industry; changes or developments in the health insurance market; negative publicity in the health benefits industry; lags, failures or security breaches in our computer systems or those of our vendors; a significant change in the level or the mix of utilization of our solutions; our ability to offer high-quality support; positive references from our existing clients; our ability to develop and expand our marketing and sales capabilities; the rate of growth of our future revenue; the accuracy of the estimates and assumptions we use to determine the size of target markets; our ability to successfully manage our growth; reductions in employee benefits spending; seasonal fluctuations in our sales; the adoption of new solutions and services by our clients or members; our ability to innovate and develop new offerings; our ability to adapt and respond to the medical landscape, regulations, client needs, requirements or preferences; our ability to maintain and enhance our brand; our ability to attract and retain members of our management team, key employees, or other qualified personnel; our ability to maintain our Company culture; risks related to any litigation against us; our ability to maintain our Center of Excellence network of healthcare providers; our strategic relationships with and monitoring of third parties; our ability to maintain or any disruption of our pharmacy distribution network or their supply chain; our relationship with key pharmacy program partners or any decline in rebates provided by them; our ability to maintain our relationships with benefits consultants; exposure to credit risk from our members; risks related to government regulation; risks related to potential sales to government entities; our ability to protect our intellectual property rights; risks related to acquisitions, strategic investments, partnerships, or alliances; federal tax reform and changes to our effective tax rate; the imposition of state and local taxes; our ability to utilize a significant portion of our net operating loss or research tax credit carryforwards; our ability to maintain effective internal control over financial reporting; our ability to adapt and respond to the changing SEC expectations regarding environmental, social and governance practices. For a detailed discussion of these and other risk factors, please refer to our filings with the Securities and Exchange Commission (the “SEC”), including in the section entitled “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, and subsequent reports that we file with the SEC which are available at <http://investors.progyny.com> and on the SEC’s website at <https://www.sec.gov>.

Forward-looking statements represent our management’s beliefs and assumptions only as of the date of this press release. Our actual future results could differ materially from what we expect. Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to update the reasons.

Non-GAAP Financial Measures

In addition to disclosing financial measures prepared in accordance with U.S. generally accepted accounting principles (“GAAP”), this press release and the accompanying tables include the non-GAAP financial measures Adjusted EBITDA, Adjusted EBITDA margin, and Adjusted EBITDA margin on incremental revenue.

Adjusted EBITDA, Adjusted EBITDA margin and Adjusted EBITDA margin on incremental revenue are supplemental financial measures that are not required by, or presented in accordance with, GAAP. We believe that these non-

GAAP measures, when taken together with our GAAP financial results, provides meaningful supplemental information regarding our operating performance and facilitates internal comparisons of our historical operating performance on a more consistent basis by excluding certain items that may not be indicative of our business, results of operations or outlook. In particular, we believe that the use of Adjusted EBITDA, Adjusted EBITDA margin and Adjusted EBITDA margin on incremental revenue are helpful to our investors as they are measures used by management in assessing the health of our business, determining incentive compensation, evaluating our operating performance, and for internal planning and forecasting purposes.

Adjusted EBITDA, Adjusted EBITDA margin and Adjusted EBITDA margin on incremental revenue are presented for supplemental informational purposes only, have limitations as analytical tools and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP. Some of the limitations of Adjusted EBITDA, Adjusted EBITDA margin and Adjusted EBITDA margin on incremental revenue include: (1) it does not properly reflect capital commitments to be paid in the future; (2) although depreciation and amortization are non-cash charges, the underlying assets may need to be replaced and Adjusted EBITDA does not reflect these capital expenditures; (3) it does not consider the impact of stock-based compensation expense; (4) it does not reflect other non-operating income and expenses, including other (income) expense, net and interest (income) expense, net; (5) it does not reflect tax payments that may represent a reduction in cash available to us. In addition, our non-GAAP measures may not be comparable to similarly titled measures of other companies because they may not calculate such measures in the same manner as we calculate these measures, limiting their usefulness as comparative measures. Because of these limitations, when evaluating our performance, you should consider Adjusted EBITDA, Adjusted EBITDA margin and Adjusted EBITDA margin on incremental revenue alongside other financial performance measures, including our net income, gross margin, and our other GAAP results.

We calculate Adjusted EBITDA as net income, adjusted to exclude depreciation and amortization; stock-based compensation expense; other (income) expense, net; interest income, net; and benefit for income taxes. We calculate Adjusted EBITDA margin as Adjusted EBITDA divided by revenue. We calculate Adjusted EBITDA margin on incremental revenue as incremental Adjusted EBITDA in 2023 divided by incremental revenue in 2023. Please see Annex A: "Reconciliation of GAAP to Non-GAAP Financial Measures" elsewhere in this press release.

For Further Information, Please Contact:

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PROGYNY, INC.
Consolidated Balance Sheets
(Unaudited)
(in thousands, except share and per share amounts)

	March 31, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 155,320	\$ 120,078
Marketable securities	52,569	69,222
Accounts receivable, net of \$33,447 and \$28,328 of allowances at March 31, 2023 and December 31, 2022, respectively	313,245	240,067
Prepaid expenses and other current assets	5,945	4,489
Total current assets	527,079	433,856
Property and equipment, net	8,883	8,371
Operating lease right-of-use assets	18,872	6,903
Goodwill	11,880	11,880
Intangible assets, net	—	99
Deferred tax assets	79,237	77,889
Other noncurrent assets	3,773	3,988
Total assets	\$ 649,724	\$ 542,986
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 145,623	\$ 109,287
Accrued expenses and other current liabilities	61,244	50,249
Total current liabilities	206,867	159,536
Operating lease noncurrent liabilities	18,456	6,482
Total liabilities	225,323	166,018
Commitments and Contingencies		
STOCKHOLDERS' EQUITY		
Common stock, \$0.0001 par value; 1,000,000,000 shares authorized at March 31, 2023 and December 31, 2022; 94,319,215 and 93,301,156 shares issued and outstanding at March 31, 2023 and December 31, 2022, respectively	9	9
Additional paid-in capital	379,065	349,533
Treasury stock, at cost, \$0.0001 par value; 615,980 shares at March 31, 2023 and December 31, 2022	(1,009)	(1,009)
Accumulated earnings	45,612	27,934
Accumulated other comprehensive income	724	501
Total stockholders' equity	424,401	376,968
Total liabilities and stockholders' equity	\$ 649,724	\$ 542,986

PROGYNY, INC.
Consolidated Statements of Operations
(Unaudited)
(in thousands, except share and per share amounts)

	Three Months Ended March 31,	
	2023	2022
Revenue	\$ 258,394	\$ 172,217
Cost of services	199,754	139,268
Gross profit	58,640	32,949
Operating expenses:		
Sales and marketing	14,282	10,015
General and administrative	29,347	22,992
Total operating expenses	43,629	33,007
Income (loss) from operations	15,011	(58)
Other income (expense), net:		
Other income (expense), net	498	(96)
Interest income, net	822	12
Total other income (expense), net	1,320	(84)
Income (loss) before income taxes	16,331	(142)
Benefit for income taxes	1,347	5,113
Net income	\$ 17,678	\$ 4,971
Net income per share:		
Basic	\$ 0.19	\$ 0.05
Diluted	\$ 0.18	\$ 0.05
Weighted-average shares used in computing net income per share:		
Basic	93,832,873	91,410,368
Diluted	100,166,008	99,935,735

PROGYNY, INC.
Consolidated Statements of Cash Flows
(Unaudited)
(in thousands)

	Three Months Ended March 31,	
	2023	2022
OPERATING ACTIVITIES		
Net income	\$ 17,678	\$ 4,971
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Deferred tax benefit	(1,347)	(5,155)
Depreciation and amortization	541	364
Stock-based compensation expense	30,808	24,500
Bad debt expense	5,244	2,281
Realized gains on sale of marketable securities	(502)	—
Changes in operating assets and liabilities:		
Accounts receivable	(78,422)	(65,845)
Prepaid expenses and other current assets	(1,456)	(664)
Accounts payable	36,445	23,171
Accrued expenses and other current liabilities	11,751	6,489
Other noncurrent assets and liabilities	221	(1,374)
Net cash provided by (used in) operating activities	20,961	(11,262)
INVESTING ACTIVITIES		
Purchase of property and equipment, net	(1,251)	(790)
Purchase of marketable securities	(23,435)	(59,867)
Sale of marketable securities	40,813	21,099
Net cash provided by (used in) investing activities	16,127	(39,558)
FINANCING ACTIVITIES		
Proceeds from exercise of stock options	1,675	830
Payment of employee taxes related to equity awards	(3,815)	(2,988)
Proceeds from contributions to employee stock purchase plan	294	386
Net cash used in financing activities	(1,846)	(1,772)
Net increase (decrease) in cash and cash equivalents	35,242	(52,592)
Cash and cash equivalents, beginning of period	120,078	91,413
Cash and cash equivalents, end of period	\$ 155,320	\$ 38,821
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for income taxes, net of refunds received	\$ (20)	\$ 5
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Additions of property and equipment, net included in accounts payable and accrued expenses	\$ 201	\$ 251

ANNEX A

PROGYNY, INC.
Reconciliation of GAAP to Non-GAAP Financial Measures
(unaudited)
(in thousands)

Costs of Services, Gross Margin and Operating Expenses Excluding Stock-Based Compensation Calculation

The following table provides a reconciliation of cost of services, gross profit, sales and marketing and general and administrative expenses to each of these measures excluding the impact of stock-based compensation expense for each of the periods presented:

	Three Months Ended March 31, 2023		
	GAAP	Stock-Based Compensation Expense	Non-GAAP
Cost of services	\$ 199,754	\$ (8,214)	\$ 191,540
Gross profit	\$ 58,640	\$ 8,214	\$ 66,854
Sales and marketing	\$ 14,282	\$ (6,568)	\$ 7,714
General and administrative	\$ 29,347	\$ (16,026)	\$ 13,321

Expressed as a Percentage of Revenue

Gross margin	22.7 %	3.2 %	25.9 %
Sales and marketing	5.5 %	(2.5)%	3.0 %
General and administrative	11.4 %	(6.2)%	5.2 %

	Three Months Ended March 31, 2022		
	GAAP	Stock-Based Compensation Expense	Non-GAAP
Cost of services	\$ 139,268	\$ (6,165)	\$ 133,103
Gross profit	\$ 32,949	\$ 6,165	\$ 39,114
Sales and marketing	\$ 10,015	\$ (4,763)	\$ 5,252
General and administrative	\$ 22,992	\$ (13,572)	\$ 9,420

Expressed as a Percentage of Revenue

Gross margin	19.1 %	3.6 %	22.7 %
Sales and marketing	5.8 %	(2.8)%	3.0 %
General and administrative	13.4 %	(7.9)%	5.5 %

Note: percentages shown in the table may not cross foot due to rounding.

Adjusted EBITDA and Adjusted EBITDA Margin on Incremental Revenue Calculation

The following table provides a reconciliation of Net income to Adjusted EBITDA for each of the periods presented:

	Three Months Ended	
	March 31,	
	2023	2022
Net income	\$ 17,678	\$ 4,971
Add:		
Depreciation and amortization	541	364
Stock-based compensation expense	30,808	24,500
Other (income) expense, net	(498)	96
Interest income, net	(822)	(12)
Benefit for income taxes	(1,347)	(5,113)
Adjusted EBITDA	\$ 46,360	\$ 24,806
Revenue	\$ 258,394	\$ 172,217
Incremental revenue vs. 2022	86,177	
Incremental Adjusted EBITDA vs. 2022	21,554	
Adjusted EBITDA margin on incremental revenue	25.0%	

Reconciliation of Non-GAAP Financial Guidance for the Three Months Ending June 30, 2023 and Year Ending December 31, 2023

(in thousands)	Three Months Ending June 30, 2023		Year Ending December 31, 2023	
	Low	High	Low	High
Revenue	\$ 260,000	\$ 265,000	\$ 1,040,000	\$ 1,065,000
Net Income	\$ 9,300	\$ 10,400	\$ 43,600	\$ 49,000
Add:				
Depreciation and amortization	600	600	2,500	2,500
Stock-based compensation expense	32,000	32,000	129,000	129,000
Other income, net	(1,400)	(1,400)	(7,000)	(7,000)
Provision for income taxes	3,500	3,900	8,400	10,500
Adjusted EBITDA*	\$ 44,000	\$ 45,500	\$ 176,500	\$ 184,000

* All of the numbers in the table above reflect our future outlook as of the date hereof. Net income and Adjusted EBITDA ranges do not reflect any estimate for other potential activities and transactions, nor do they contemplate any discrete income tax items, including the income tax impact related to equity compensation activity.