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

FORM 10-K/A
(Amendment No. 1)

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

For the year ended June 30, 2021

OR

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

For the transition period from to

001-39295
(Commission File Number)

SelectQuote, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**94-3339273**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

6800 West 115th Street

Suite 2511
Overland Park KS 66211
(Address of Principal Executive Offices)

(913) 599-9225
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value $0.01 per share	SLQT	New York Stock Exchange

Securities registered pursuant to section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ☐ No ☒

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 Regulations 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 has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐

The aggregate market value of the outstanding common stock held by non-affiliates of the Registrant as of December 31, 2020, the last business day of our most recently completed second fiscal quarter, based on the closing price of $20.75 reported by the New York Stock Exchange on that date, was approximately $2,576,171,824. Solely for the purposes of this calculation, the Registrant has excluded shares held by the Registrant's directors and executive officers as of December 31, 2020. Such exclusion shall not be deemed a determination by the Registrant that all such individuals are, in fact, affiliates of the Registrant.

The registrant had outstanding 164,017,054 shares of common stock as of January 31, 2022.

DOCUMENTS INCORPORATED BY REFERENCE

None.

SELECTQUOTE, INC. AND SUBSIDIARIES
FORM 10-K/A
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EXPLANATORY NOTE

SelectQuote, Inc. and its subsidiaries (the "Company", "SelectQuote", or "we") filed its Annual Report on Form 10-K for the fiscal year ended June 30, 2021 (the "Original Annual Report") with the Securities and Exchange Commission (the "SEC") on August 26, 2021. The Company is filing this Amendment No. 1 (the "Amendment") to the Original Annual Report (as amended, the "Amended Annual Report") for the purpose of amending (i) the Controls and Procedures disclosure included in "Part II, Item 9A. Controls and Procedures" to address management's re-evaluation of disclosure controls and procedures and reflect the identification of a material weakness in internal control over financial reporting, and amend the Report of Independent Registered Public Accounting Firm to reflect the identification of a material weakness in internal control over financial reporting as of June 30, 2021, (ii) the Report of Independent Registered Public Accounting Firm in "Part II, Item 8. Financial Statements and Supplementary Data" to reflect the identification of a material weakness in internal control over financial reporting, and (iii) "Part I, Item 1A. "Risk Factors" to reflect the addition of a risk factor regarding our internal control over financial reporting.

Pursuant to Rule 12b-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), this Amendment also contains new certifications by the principal executive officer and the principal financial officer as required by Section 302 of the Sarbanes-Oxley Act of 2002. We are also filing an updated Consent of Independent Registered Public Accounting Firm. Accordingly, "Part IV, Item 15. Exhibits and Financial Statement Schedules" is amended to include the currently dated certifications and consent as exhibits.

This Amendment does not modify, amend or update in any way the financial statements and other disclosures set forth in the Original Annual Report, and there have been no changes to the XBRL data filed in Exhibit 101 of the Original Annual Report. In addition, except as specifically described above, this Amendment does not reflect events occurring after the filing of the Original Annual Report, nor does it modify or update disclosures therein in any way other than as required to reflect the revisions described above. Among other things, forward-looking statements made in the Original Annual Report have not been revised to reflect events that occurred or facts that became known to us after the filing of the Original Annual Report, and any such forward looking statements should be read in their historical context. Accordingly, this Amendment should be read in conjunction with the Original Annual Report.

In addition to this Amendment, we intend to file an amendment to our Quarterly Report on Form 10-Q for the first quarter ended September 30, 2021 to amend our disclosures under "Part I, Item 4. Controls and Procedures" therein.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Unless the context otherwise requires, we use the terms “SelectQuote,” the “Company,” “we,” “us” and “our” in this report to refer to SelectQuote, Inc. In addition to historical information, this Amendment contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Exchange Act. These forward-looking statements reflect our current views with respect to, among other things, future events and our financial performance. These statements are often, but not always, made through the use of words or phrases such as “may,” “should,” “could,” “predict,” “potential,” “believe,” “will likely result,” “expect,” “continue,” “will,” “anticipate,” “seek,” “estimate,” “intend,” “plan,” “projection,” “would” and “outlook,” or the negative version of those words or other comparable words or phrases of a future or forward-looking nature. These forward-looking statements are not historical facts, and are based on current expectations, estimates and projections about our industry, management’s beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond our control. Accordingly, we caution you that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions and uncertainties that are difficult to predict. Although we believe that the expectations reflected in these forward-looking statements are reasonable as of the date made, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements.

There are or will be important factors that could cause our actual results to differ materially from those indicated in these forward-looking statements, including, but not limited to, the following:

- Our reliance on a limited number of insurance carrier partners and any potential termination of those relationships or failure to develop new relationships;
- Existing and future laws and regulations affecting the health insurance market;
- Changes in health insurance products offered by our insurance carrier partners and the health insurance market generally;
- Insurance carriers offering products and services directly to consumers;
- Changes to commissions paid by insurance carriers and underwriting practices;
- Competition with brokers, exclusively online brokers and carriers who opt to sell policies directly to consumers;
- Competition from government-run health insurance exchanges;
- Developments in the U.S. health insurance system;
- Our dependence on revenue from carriers in our Senior segment and downturns in the senior health as well as life, automotive and home insurance industries;
- Our ability to develop new offerings and penetrate new vertical markets;
- Risks from third-party products;
- Failure to enroll individuals during the Medicare annual enrollment period;
- Our ability to attract, integrate and retain qualified personnel;
- Our dependence on lead providers and ability to compete for leads;
- Failure to obtain and/or convert sales leads to actual sales of insurance policies;

- Access to data from consumers and insurance carriers;
- Accuracy of information provided from and to consumers during the insurance shopping process;
- Cost-effective advertisement through internet search engines;
- Ability to contact consumers and market products by telephone;
- Global economic conditions;
- Disruption to operations as a result of future acquisitions;
- Significant estimates and assumptions in the preparation of our financial statements;
- Impairment of goodwill;
- Potential litigation and claims, including intellectual property litigation;
- Our existing and future indebtedness;
- Developments with respect to LIBOR;
- Access to additional capital;
- Failure to protect our intellectual property and our brand;
- Fluctuations in our financial results caused by seasonality;
- Accuracy and timeliness of commissions reports from insurance carriers;
- Timing of insurance carriers' approval and payment practices;
- Factors that impact our estimate of the constrained lifetime value of commissions per policyholder;
- Changes in accounting rules, tax legislation and other legislation;
- Disruptions or failures of our technological infrastructure and platform;
- Failure to maintain relationships with third-party service providers;
- Cybersecurity breaches or other attacks involving our systems or those of our insurance carrier partners or third-party service providers;
- Our ability to protect consumer information and other data;
- Failure to market and sell Medicare plans effectively or in compliance with laws;
- Risks related to our being a public company; and
- The other risk factors described under "Risk Factors."

The foregoing factors should not be construed as exhaustive and should be read together with the other cautionary statements included in this Amendment. If one or more events related to these or other risks or

uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may differ materially from what we anticipate. Many of the important factors that will determine these results are beyond our ability to control or predict. Accordingly, you should not place undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made, and, except as otherwise required by law, we do not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise. New factors emerge from time to time, and it is not possible for us to predict which will arise. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

PART I

ITEM 1A. RISK FACTORS

Certain factors may have a material adverse effect on our business, financial condition, and results of operations. You should carefully consider the risks and uncertainties described below, together with all of the other information included in this Amended Annual Report, including our financial statements and the related notes, before deciding to invest in our common stock. Our business, financial condition, operating results, cash flow and prospects could be materially and adversely affected by any of these risks or uncertainties. In that case, the trading price of our common stock could decline, and you could lose all or part of your investment. The risks and uncertainties described below represent the material risks known to us, but they represent the material risks known to us, but they are not the only ones we face. Additional risks and uncertainties that we are unaware of or that we currently see as immaterial may also adversely affect our business. Some statements in this Amendment, including statements in the following risk factors, constitute forward-looking statements. Please refer to "Cautionary Note Regarding Forward-Looking Statements."

Except for the New Risk Factor included below, this Item 1A. Risk Factors section in this Amendment has not been updated to reflect developments occurring subsequent to the filing of the Original Annual Report on August 26, 2021. All risk factors should be considered in context of the New Risk Factor.

New Risk Factor

We have identified a material weakness in our internal control over financial reporting. If this material weakness is not remediated, our failure to establish and maintain effective disclosure controls and procedures and internal control over financial reporting could result in material misstatements in our financial statements and a failure to meet our reporting and financial obligations, each of which could have a material adverse effect on our financial condition and the trading price of our common stock.

Subsequent to the filing of the Original Annual Report, management identified a material weakness in our internal control over financial reporting related to the first year revenue provision for certain final expense policies. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company's annual or interim financial statements will not be prevented or detected on a timely basis.

As discussed in "Item 9A. Controls and Procedures" of this Amendment, management has re-evaluated its assessment of the effectiveness of internal control over financial reporting and our disclosure controls and procedures and concluded that they were not effective as of June 30, 2021.

We are committed to remediating the material weakness as promptly as possible, and management is in the process of implementing the remediation plan; however, there can be no assurance as to when the material weaknesses will be remediated or that additional material weaknesses will not arise in the future. If we are unable to maintain effective internal control over financial reporting, our ability to record, process and report financial information timely and accurately could be adversely affected, which could subject the Company to litigation or

investigations, require management resources, increase costs, negatively affect investor confidence, and adversely impact our stock price.

Risk Factor Summary

Risks Related to Our Business and Industry

- We currently depend on a small group of insurance carrier partners for a substantial portion of our business. Our business may be harmed if we lose our relationships with these partners or fail to develop new insurance carrier relationships.
- Changes in the health insurance market or in the variety, quality and affordability of the insurance products offered by our carrier partners could harm our business, operating results, financial condition and prospects.
- Systemic changes in our carrier partners' sales strategies or underwriting practices could reduce the number of, or impact the renewal or approval rates of, insurance policies sold through our distribution platform.
- Insurance carriers can offer products and services directly to consumers or through our competitors.
- Our business is substantially dependent on revenue from our Senior health insurance carrier partners.
- If we are unable to develop new offerings, achieve increased consumer adoption of those offerings or penetrate new vertical markets, our business, operating results, financial condition and prospects could be materially and adversely affected.
- Risks from third-party products could adversely affect our businesses.
- If our ability to enroll individuals during AEP and OEP is impeded, our business will be harmed.
- Our business is dependent on our obtaining a large quantity of quality insurance sales leads in a cost-effective manner and our ability to convert sales leads to actual sales of insurance policies.
- We rely on data provided to us by consumers and our insurance carrier partners to improve our technology and service offerings, and if we are unable to maintain or grow such data, or if the data provided to us by consumers is inaccurate, we may be unable to provide consumers with an insurance shopping experience that is relevant, efficient and effective, which could adversely affect our business.
- We depend upon internet search engines to attract a significant portion of the consumers who visit our website, and if we are unable to effectively advertise on search engines on a cost-effective basis our business, operating results, financial condition and prospects could be harmed.
- We may acquire other companies or technologies, which could divert our management's attention, result in additional dilution to our stockholders and otherwise disrupt our operations and harm our operating results, financial condition and prospects.
- Operating and growing our business may require additional capital, which may not be available to us.
- If we fail to protect our brand, our ability to expand the use of our agency services by consumers may be adversely affected.
- Seasonality may cause fluctuations in our financial results.
- Our operating results will be impacted by factors that affect our estimate of the constrained lifetime value of commissions per policyholder.

Risks Related to Our Intellectual Property and Our Technology

- If we are unable to adequately protect our intellectual property, our ability to compete could be harmed.
- Our business depends on our ability to maintain and improve the technological infrastructure that supports our distribution platform, and any significant disruption in service on our platform could result in a loss of consumers, which could harm our business, brand, operating results, financial condition, and prospects.
- Potential changes in applicable technology and consumer outreach techniques could have a material and adverse effect on our operating results, financial condition and prospects.
- We rely on third-party service providers that provide the infrastructure for our technological systems, and any failure to maintain these relationships could harm our business.
- Our business could be materially and adversely affected by a cybersecurity breach or other attack involving our computer systems or those of our insurance carrier partners or third-party service providers.
- We collect, process, store, share, disclose and use consumer information and other data, and an actual or perceived failure to protect such information and data or respect users' privacy could damage our reputation and harm our business.

Risks Related to Laws and Regulation

- Laws and regulations regulating insurance activities are complex and could have a material and adverse effect on our business and may reduce our profitability or limit our growth.
- Our Senior segment is subject to a complex legal and regulatory framework, and non-compliance with or changes in laws and regulations governing the marketing and sale of Medicare plans could harm our business, operating results, financial condition and prospects.
- Our businesses providing pharmacy care services face additional regulatory and operational risks.
- Our business may be harmed by competition from government-run health insurance exchanges.
- Changes and developments in the regulation of the healthcare industry and the health insurance system and markets could adversely affect our business.
- Our business may be harmed if we do not market Medicare plans effectively or if our website and marketing materials are not timely approved or do not comply with legal requirements.
- Our communications with potential and existing customers are subject to laws regulating telephone and email marketing practices. Our business could be harmed if we are unable to contact consumers or market the availability of our products by telephone.

General Risk Factors

- Our quarterly and annual operating results or other operating metrics may fluctuate significantly and may not meet expectations of analysts, which could cause the trading price of our common stock to decline.
- We are required to make significant estimates and assumptions in the preparation of our financial statements. These estimates and assumptions may not be accurate and are subject to change.
- We do not intend to pay dividends in the foreseeable future.

Risks Related to Our Business and Industry

Our business may be harmed if we lose our relationships with our insurance carrier partners or fail to develop new insurance carrier relationships.

Our contractual relationships with our insurance carrier partners, including those with whom we have carrier-branded sales arrangements, are typically non-exclusive and terminable on short notice by either party for any reason. Insurance carriers may be unwilling to allow us to sell their insurance products for a variety of reasons, including competitive or regulatory reasons, dissatisfaction with the insureds that we place with them or because they do not want to be associated with our brand. Additionally, in the future, an increasing number of insurance carriers may decide to rely on their own internal distribution channels, including traditional in-house agents and carrier websites, to sell their own products and, in turn, could limit or prohibit us from distributing their products.

If an insurance carrier partner is not satisfied with our services, it could cause us to incur additional costs and impair profitability. Moreover, if we fail to meet our contractual obligations to our insurance carrier partners, we could be subject to legal liability or loss of carrier relationships. In addition, these claims against us may produce publicity that could hurt our reputation and business and adversely affect our ability to retain business or secure new business with other insurance carriers.

We may decide to terminate our relationship with an insurance carrier partner for a number of reasons, and the termination of our relationship with an insurance carrier could reduce the variety of insurance products we distribute. In connection with such a termination, we would lose a source of commissions for future sales and, in a limited number of cases, future commissions for past sales. Our business could also be harmed if in the future we fail to develop new insurance carrier relationships or offer consumers a wide variety of insurance products.

We also may lose the ability to market and sell Medicare plans for our Medicare plan insurance carrier partners. The regulations for selling senior health insurance are complex and can change. If we or our agents violate any of the requirements imposed by the CMS, state laws or regulations, an insurance carrier may terminate our relationship, or CMS may penalize an insurance carrier by suspending or terminating that carrier's ability to market and sell Medicare plans. Because the Medicare products we sell are sourced from a small number of insurance carriers, if we lose the ability to market one of those insurance carriers' Medicare plans, even temporarily, or if one of those insurance carriers loses its Medicare product membership, our business, operating results, financial condition and prospects could be harmed.

We currently depend on a small group of insurance carrier partners for a substantial portion of our business. If we become even more dependent on a limited number of insurance carrier partners, our business and financial condition may be adversely affected.

We derive a large portion of our revenues from a limited number of insurance carrier partners. For example, carriers owned by UnitedHealthcare, Humana, and Wellcare accounted for 24%, 19%, and 15%, respectively, of our total revenue for the year ended June 30, 2021, carriers owned by UnitedHealthcare, Humana, and Aetna accounted for 26%, 18%, and 11%, respectively, of our total revenue for the year ended June 30, 2020; and carriers owned by Humana, UnitedHealthcare, and Aetna accounted for 23%, 14%, and 12%, respectively, of our total revenue for the year ended June 30, 2019. Our agreements with our insurance carrier partners to sell policies are typically terminable by our insurance carrier partners without cause upon 30 days' advance notice. Should we become more dependent on even fewer insurance carrier relationships (whether as a result of the termination of insurance carrier relationships, insurance carrier consolidation or otherwise), we may become more vulnerable to adverse changes in our relationships with insurance carriers, particularly in states where we distribute insurance from a relatively smaller number of insurance carrier partners or where a small number of insurance carriers dominates the market, and our business, operating results, financial condition and prospects could be harmed.

Changes in the health insurance market or in the variety, quality and affordability of the insurance products offered by our insurance carrier partners could harm our business, operating results, financial condition and prospects.

The demand for our agency services is impacted by the variety, quality and price of the insurance products we distribute. If insurance carriers do not continue to provide us with a variety of high-quality, affordable insurance products, or if as a result of consolidation in the insurance industry or otherwise their offerings are limited, our sales may decrease and our business, operating results, financial condition and prospects could be harmed.

Our insurance carrier partners could determine to reduce the commissions paid to us and change their underwriting practices in ways that reduce the number of, or impact the renewal or approval rates of, insurance policies sold through our distribution platform, which could harm our business, operating results, financial condition and prospects.

Our commission rates from our insurance carrier partners are either set by each carrier or negotiated between us and each carrier. Our insurance carrier partners have the right to alter these commission rates with relatively short notice and have altered, and may in the future alter, the contractual relationships we have with them, including in certain instances by unilateral amendment of our contracts relating to commissions or otherwise. Changes of this nature could result in reduced commissions or impact our relationship with such carriers. In addition, insurance carriers periodically change the criteria they use for determining whether they are willing to insure individuals. Future changes in insurance carrier underwriting criteria could negatively impact sales of, or the renewal or approval rates of, insurance policies on our distribution platform and could harm our business, operating results, financial condition and prospects.

Insurance carriers can offer products and services directly to consumers or through our competitors.

Because we do not have exclusive relationships with our insurance carrier partners, consumers may obtain quotes for, and purchase, the same insurance policies that we distribute directly from the issuers of those policies, or from our competitors. Insurance carriers can attract consumers directly through their own marketing campaigns or other methods of distribution, such as referral arrangements, internet sites, physical storefront operations or broker agreements. Furthermore, our insurance carrier partners could discontinue distributing their products through our agency services, which would reduce the breadth of the products we distribute and could put us at a competitive disadvantage. If consumers seek insurance policies directly from insurance carriers or through our competitors, the number of consumers shopping for insurance through our platform may decline, and our business, operating results, financial condition and prospects could be materially and adversely affected.

Pressure from existing and new competitors may adversely affect our business and operating results, financial condition and prospects.

Our competitors provide services designed to help consumers shop for insurance. Some of these competitors include:

- companies that operate insurance search websites or websites that provide quote information or the opportunity to purchase insurance products online;
- individual insurance carriers, including through the operation of their own websites, physical storefront operations and broker arrangements;
- traditional insurance agents or brokers; and
- field marketing organizations.

New competitors may enter the market for the distribution of insurance products with competing insurance distribution platforms, which could have an adverse effect on our business, operating results, financial condition and prospects. Our competitors could significantly impede our ability to maintain or increase the number of policies sold through our distribution platform and may develop and market new technologies that render our platform less competitive or obsolete. In addition, if our competitors develop distribution platforms with similar or superior functionality to ours and we are not able to produce certain volumes for our insurance carrier partners, we may see a reduction in our production bonuses or marketing payments, and our revenue would likely be reduced and our financial results would be adversely affected.

Our business is substantially dependent on revenue from our Senior health insurance carrier partners and subject to risks related to Senior health insurance and the larger health insurance industry. Our business may also be adversely affected by downturns in the life, automotive and home insurance industries.

A majority of the insurance purchased through our platform and agency services is Senior health insurance and our financial prospects depend significantly on growing demand in an aging population for the Senior health products we provide. Our overall operating results are substantially dependent upon our success in our Senior segment. For the years ended June 30, 2021, 2020, and 2019, 78%, 68%, and 57%, respectively, of our total revenue was derived from our Senior segment. For the years ended June 30, 2021, 2020, and 2019, our top three insurance carrier partners by total revenue were from the Senior segment. Our success in the Senior health insurance market will depend upon a number of additional factors, including:

- our ability to continue to adapt our distribution platform to market Medicare plans, including the effective modification of our agent-facing tools that facilitate the consumer experience;
- our success in marketing directly to Medicare-eligible individuals and in entering into marketing partner relationships to secure cost-effective leads and referrals for Medicare plan sales;
- our ability to retain partnerships with enough insurance carriers offering Medicare products to maintain our value proposition with consumers;
- our ability to leverage technology in order to sell, and otherwise become more efficient at selling, Medicare-related plans over the telephone;
- reliance on third-party technology vendors like our voice-over IP telephone service providers and our data center and cloud computing partners;
- our ability to comply with numerous, complex and changing laws and regulations and CMS guidelines relating to the marketing and sale of Medicare plans; and
- the effectiveness of our competitors' marketing of Medicare plans.

These factors could prevent our Senior segment from successfully marketing and selling Medicare plans, which would harm our business, operating results, financial condition and prospects. We are also dependent upon the economic success of the life, automotive and home insurance industries. Declines in demand for life, automotive and home insurance could cause fewer consumers to shop for such policies using our distribution platform. Downturns in any of these markets, which could be caused by a downturn in the economy at large, could materially and adversely affect our business, operating results, financial condition and prospects.

Systemic changes in our insurance carrier partners' sales strategies could adversely affect our business.

Our business model relies on our ability to sell policies on behalf of our insurance carrier partners. We believe our insurance carrier partners view our method of acquiring customers as scalable and efficient and, ultimately, as cost advantageous compared to their own direct distribution or proprietary agent models. However, in the event that our insurance carrier partners choose to make systemic changes in the manner in which their policies

are distributed, including by focusing on direct distribution themselves or on distribution channels other than ours, such changes could materially and adversely affect our business, operating results, financial condition and prospects.

If we are unable to develop new offerings, achieve increased consumer adoption of those offerings or penetrate new vertical markets, our business, operating results, financial condition and prospects could be materially and adversely affected.

Our continued improvement of our product and service offerings is critical to our success. Accordingly, we must continually invest resources in product, technology and development in order to improve the comprehensiveness and effectiveness of our distribution platform.

In addition, while we have historically concentrated our efforts on the senior health, life and personal property and casualty insurance markets, our growth strategy includes penetrating additional vertical markets, such as final expense insurance and other insurance or financial service products. In order to penetrate new vertical markets successfully, it will be necessary to develop an understanding of those new markets and the associated risks, which may require substantial investments of time and resources, and even then we may not be successful and, as a result, our revenue may grow at a slower rate than we anticipate, and our operating results, financial condition and prospects could be materially and adversely affected.

Risks from third-party products could adversely affect our businesses.

We offer third-party products, including senior health, life, automotive and home insurance products. Insurance involves a transfer of risk, and our reputation may be harmed, and we may become a target for litigation if risk is not transferred in the way expected by customers and carriers. In addition, if these insurance products do not generate competitive risk-adjusted returns that satisfy our insurance carrier partners, it may be difficult to maintain existing business with, and attract new business from, them. Significant declines in the performance of these third-party products could subject us to reputational damage and litigation risk.

If our ability to enroll individuals during AEP and OEP is impeded, our business will be harmed.

In general, approximately 50% of our Medicare Advantage and Medicare Supplement policies are submitted during AEP. Our agents, systems and processes must handle an increased volume of transactions that occur during AEP and OEP. We hire additional flex agents during these periods to address this expected increase in transaction volume and temporarily reassign agents from our Senior business to our Life and Auto & Home businesses during non-AEP/OEP periods. We must ensure that our year-round and flex agents are trained and have received all licenses, appointments and certifications required by state authorities and our insurance carrier partners before the beginning of AEP and OEP. If the relevant state authorities or our insurance carrier partners experience shutdowns or continued business disruptions due to the COVID-19 pandemic, we may be unable to secure these required licenses, appointments and certifications for our agents in a timely manner, or at all. If technology failures, any inability to timely employ, license, train, certify and retain our employees to sell senior health insurance, interruptions in the operation of our systems, issues with government-run health insurance exchanges, weather-related events that prevent our employees from coming to our offices, or any other circumstances prevent our senior health business from operating as expected during an enrollment period, we could sell fewer policies and suffer a reduction in our business and our operating results, financial condition, prospects and profitability could be materially and adversely affected.

If we are unable to attract, integrate and retain qualified personnel, our ability to develop and successfully grow our business could be harmed.

Our business depends on our ability to retain our key executives and management and to hire, develop and retain qualified agents and enrollment and consumer service specialists. Our ability to expand our business depends on our being able to hire, train and retain sufficient numbers of employees to staff our in-house sales centers, as well as other personnel. Our success in recruiting highly skilled and qualified personnel can depend on factors outside of our control, including the strength of the general economy and local employment markets and the availability of

alternative forms of employment. Furthermore, the spread of COVID-19 may materially and adversely affect our ability to recruit and retain personnel. During periods when we are unable to recruit high-performing agents and enrollment and consumer service specialists, we tend to experience higher turnover rates. The productivity of our agents and enrollment and consumer service specialists is influenced by their average tenure. Without qualified individuals to serve in consumer-facing roles, we may produce less commission revenue, which could have a material and adverse effect on our business, operating results, financial condition and prospects. If the services of any of our key personnel should become unavailable for any reason, we may not be able to identify and hire qualified persons on terms acceptable to us, which could have a material and adverse effect on our business, operating results, financial condition and prospects.

Our business is dependent on our obtaining a large quantity of quality insurance sales leads in a cost-effective manner.

Our business requires access to a large quantity of quality insurance sales leads to keep our agents productive. We are dependent upon a number of lead suppliers from whom we obtain leads to support our sales of insurance policies. The loss of one or more of these lead suppliers, or our failure to otherwise compete to secure quality insurance sales leads, could significantly limit our ability to access our target market for selling policies.

We may not be able to compete successfully for high-quality leads against our current or future competitors, some of whom have significantly greater financial, technical, marketing and other resources than we do. If we fail to compete successfully with our competitors to source sales leads from lead suppliers, we may experience increased marketing costs and loss of market share, and our business and profitability could be materially and adversely affected.

Our business depends on our ability to convert sales leads to actual sales of insurance policies. If our conversion rate does not meet expectations, our business may be adversely affected.

Obtaining quality insurance sales leads is important to our business, but our ability to convert our leads to policy sales is also a key to our success. Many factors impact our conversion rate, including the quality of our leads, agents and our proprietary workflow technology. If lead quality diminishes, our conversion rates will be adversely affected. Competition in the marketplace and lead quality affect conversion rates. If competition for customers increases, our conversion rates may decline, even absent a degradation in lead quality. Our conversion rates are also affected by agent tenure. If agent turnover increases, leading to a decline in the average tenure of our agents, conversion rates may be adversely affected. If we are unable to recruit, train and retain talented agents, our ability to successfully convert sales leads may be adversely impacted. Our conversion rates may also be affected by issues with our workflow technology or problems with our algorithms that drive lead scoring and routing. Any adverse impact on our conversion rates could cause a material and adverse effect on our business, operating results, financial condition and prospects.

We rely on data provided to us by consumers and our insurance carrier partners to improve our technology and service offerings, and if we are unable to maintain or grow such data, we may be unable to provide consumers with an insurance shopping experience that is relevant, efficient and effective, which could adversely affect our business.

Our business relies on the data provided to us by consumers and our insurance carrier partners in addition to third-party lead suppliers. The large amount of information we use in operating our platform is critical to the insurance shopping experience we provide for consumers. If we are unable to maintain or effectively utilize the data provided to us, the value that we provide to consumers and our insurance carrier partners may be limited. In addition, the quality, accuracy and timeliness of this information may suffer, which may lead to a negative insurance shopping experience for consumers using our platform and could materially and adversely affect our business, operating results, financial condition and prospects.

We have made substantial investments into our technology systems that support our business with the goal of enabling us to provide efficient, needs-based services to consumers using data analytics. There can be no

assurance that we will be able to continually collect and retain sufficient data, or improve our data technologies to satisfy our operating needs. Failure to do so could materially and adversely affect our business, operating results, financial condition and prospects.

Our ability to match consumers to insurance products that suit their needs is dependent upon their provision of accurate information during the insurance shopping process.

Our business depends on consumers' provision of accurate information during the insurance shopping process. To the extent consumers provide us with inaccurate information, the quality of their insurance shopping experience may suffer, and we may be unable to match them with insurance products that suit their needs. Our inability to suggest suitable insurance products to consumers could lead to an increase in the number of policies we submit to carriers that are ultimately rejected and could materially and adversely affect our business, operating results, financial condition and prospects.

We depend upon internet search engines to attract a significant portion of the consumers who visit our website, and if we are unable to effectively advertise on search engines on a cost-effective basis our business, operating results, financial condition and prospects could be harmed.

We derive a significant portion of our website traffic from consumers who search for health insurance through internet search engines, such as Google, Yahoo! and Bing. A critical factor in attracting consumers to our website is whether we are prominently displayed in response to certain internet searches. Search engines typically provide two types of search results, algorithmic listings and paid advertisements. We rely on both to attract consumers to our websites.

Algorithmic search result listings are determined and displayed in accordance with a set of formulas or algorithms developed by the particular internet search engine. Once a search is initiated by a consumer, the algorithms determine the hierarchy of results. Search engines may revise these algorithms from time to time, which could cause our website to be listed less prominently in algorithmic search results and lead to decreased traffic to our website. We may also be listed less prominently as a result of other factors, such as new websites, changes we make to our website or technical issues with the search engine itself. Government health insurance exchange websites have historically appeared prominently in algorithmic search results. In addition, search engines have deemed the practices of some companies to be inconsistent with search engine guidelines and decided not to list their website in search result listings at all. If we are listed less prominently in, or removed altogether from, search result listings for any reason, the traffic to our websites would decline and we may not be able to replace this traffic. An attempt to replace this traffic may require us to increase our marketing expenditures, which would also increase our cost of customer acquisition and harm our business, operating results, financial condition and prospects.

In addition to relying on algorithmic search results, we also purchase paid advertisements on search engines in order to attract consumers to our website. We typically pay a search engine for prominent placement of our website when particular terms are searched for on the search engine, without regard to the algorithmic search result listings. The prominence of the placement of our advertisement is determined by multiple factors, including the amount paid for the advertisement and the search engine's algorithms that determine the relevance of paid advertisements to a particular search term. If the search engine revises its algorithms relevant to paid advertisements then websites other than our platform may become better suited for the algorithms, which may result in our having to pay increased costs to maintain our paid advertisement placement in response to a particular search term. We could also have to pay increased amounts should major search engines continue to become more concentrated. Additionally, we bid against our competitors, insurance carriers, government health insurance exchanges and others for the display of these paid search engine advertisements, which competition increases substantially during the enrollment periods for Medicare products as it relates to our Senior segment. The competition has increased the cost of paid advertising and has increased our marketing and advertising expenses. If paid search advertising costs increase or become cost prohibitive, whether as a result of competition, algorithm changes or otherwise, our advertising expenses could materially increase or we could reduce or discontinue our paid search advertisements, either of which would harm our business, operating results, financial condition and prospects.

Our business could be harmed if we are unable to contact consumers or market the availability of our products by telephone.

Telephone calls from our sales centers may be blocked by or subject to consumer warnings from telephone carriers. Furthermore, our telephone messages to existing or potential customers may not be reliably received due to those consumers' call-screening practices. If we are unable to communicate effectively by telephone with our existing and potential customers as a result of legislation, blockage, screening technologies or otherwise, our business, operating results, financial condition and prospects could be harmed. We are also subject to compliance with significant regulations that may affect how we are able to communicate with consumers. See "—Our communications with potential and existing customers are subject to laws regulating telephone and email marketing practices" in this section.

Global economic conditions that affect the financial stability of our insurance carrier partners, vendors, and consumers could, in turn, materially and adversely affect our revenue and results of operations.

We are also exposed to risks associated with the potential financial instability of our insurance carrier partners and consumers, many of whom may be adversely affected by volatile conditions in the financial markets or an economic slowdown. As a result of uncertainties with respect to financial institutions and the global credit markets and other macroeconomic challenges currently or potentially affecting the economy of the U.S. and other parts of the world, consumers may experience serious cash flow problems and other financial difficulties, decreasing demand for the products of our insurance carrier partners. In addition, events in the U.S. or foreign markets, such as the U.K.'s exit from the European Union, and political and social unrest in various countries around the world, can impact the global economy and capital markets. Our insurance carrier partners may modify, delay, or cancel plans to offer new products or may make changes in the mix of products purchased that are unfavorable to us. Additionally, if our insurance carrier partners are not successful in generating sufficient revenue or are precluded from securing financing, their businesses will suffer, which may materially and adversely affect our business, operating results, financial condition and prospects.

In addition, we are susceptible to risks associated with the potential financial instability of the vendors on which we rely to provide services or to whom we delegate certain functions. The same conditions that may affect consumers also could adversely affect our vendors, causing them to significantly and quickly increase their prices or reduce their output. Our business depends on our ability to perform, in an efficient and uninterrupted fashion, our necessary business functions, and any interruption in the services provided by third parties could also adversely affect our business, operating results and financial condition.

We may acquire other companies or technologies, which could divert our management's attention, result in additional dilution to our stockholders and otherwise disrupt our operations and harm our operating results, financial condition and prospects.

We may determine to grow our business through the acquisition of complementary businesses and technologies rather than through internal development. The identification of suitable acquisition candidates can be difficult, time-consuming and costly, and we may not be able to successfully complete identified acquisitions or the acquisitions may cause diversion of management time and focus away from operating our business. Following any acquisition, we may face difficulty integrating technology, finance and accounting, research and development, human resources, consumer information, and sales and marketing functions; challenges retaining acquired employees; future write-offs of intangibles or other assets; and potential litigation, claims or other known and unknown liabilities.

Depending on the condition of any company or technology we may acquire, that acquisition may, at least in the near term, adversely affect our financial condition and operating results and, if not successfully integrated with our organization, may continue to have such effects over a longer period. We may not realize the anticipated benefits of any acquisitions and we may not be successful in overcoming these risks or any other problems encountered in connection with potential acquisitions. Our inability to overcome these risks could have an adverse effect on our profitability, return on equity and return on assets, our ability to implement our business strategy and enhance

stockholder value, which, in turn, could have a material and adverse effect on our business, operating results, financial condition and prospects.

Future acquisitions also could result in dilutive issuances of our equity securities and the incurrence of debt, which could harm our financial condition.

Our existing and any future indebtedness could adversely affect our ability to operate our business.

On February 24, 2021, the Company entered into the First Amendment to the to the Senior Secured Credit Facility with certain of its existing lenders and Morgan Stanley as administrative agent. Immediately after giving effect to the First Amendment, the aggregate principal amount of Term Loans outstanding is $471.9 million, our borrowing capacity under the DDTL Facility is $145.0 million and our borrowing capacity under the Revolving Credit Facility is $75.0 million. We could in the future incur additional indebtedness. Refer to Note 10 to the consolidated financial statements for further details and defined terms.

Our indebtedness could have important consequences, including:

- requiring us to dedicate a substantial portion of our cash flow to payments on our indebtedness, which would reduce the amount of cash flow available to fund working capital, capital expenditures or other corporate purposes;
- increasing our vulnerability to general adverse economic, industry and market conditions;
- subjecting us to restrictive covenants, including restrictions on our ability to pay dividends and requiring the pledge of substantially all of our assets as collateral under our Senior Secured Credit Facilities, that may reduce our ability to take certain corporate actions or obtain further debt or equity financing;
- limiting our ability to plan for and respond to business opportunities or changes in our business or industry; and
- placing us at a competitive disadvantage compared to our competitors that have less debt or better debt servicing options.

In addition, our indebtedness under the Senior Secured Credit Facilities bears interest at a variable rate, making us vulnerable to increases in the market rate of interest. If the market rate of interest increases substantially, we will have to pay additional interest on this indebtedness, which would reduce cash available for our other business needs. From time to time, we may enter into, and have entered into, interest rate swaps that involve the exchange of floating for fixed-rate interest payments in order to reduce interest rate volatility. However, we may not maintain interest rate swaps with respect to all or any of our variable rate indebtedness, and any swaps we enter into may not fully mitigate our interest rate risk.

Failure to make payments or comply with other covenants under our existing debt instruments could result in an event of default. If an event of default occurs and the lender accelerates the amounts due, we may need to seek additional financing, which may not be available on acceptable terms, in a timely manner or at all. In such event, we may not be able to make accelerated payments, and the lender could seek to enforce security interests in the collateral securing such indebtedness, which includes substantially all of our assets.

Developments with respect to LIBOR may affect our borrowings under our credit facilities.

Regulators and law enforcement agencies in the U.K. and elsewhere are conducting civil and criminal investigations into whether the banks that contribute to the British Bankers’ Association (“BBA”) in connection with the calculation of daily LIBOR may have been under-reporting or otherwise manipulating or attempting to manipulate LIBOR. A number of BBA member banks have entered into settlements with their regulators and law enforcement agencies with respect to this alleged manipulation of LIBOR. Actions by the BBA, regulators or law

enforcement agencies may result in changes to the manner in which LIBOR is determined or the establishment of alternative reference rates. For example, on July 27, 2017, the U.K. Financial Conduct Authority ("FCA"), which is the LIBOR administrator's regulator, announced that it will no longer persuade or compel banks to submit LIBOR rates after 2021. However, for U.S. dollar LIBOR, a recent joint statement from the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency suggests that the relevant date of discontinuation for the publication of U.S. dollar LIBOR may be deferred to June 30, 2023 for the most common tenors (overnight and one, three, six and 12 months). As to those tenors, the LIBOR administrator has published a consultation regarding its intention to cease publication of U.S. dollar LIBOR as of June 30, 2023 (instead of December 31, 2021, as previously expected), apparently based on continued rate submissions from banks. The FCA and other regulators have stated that they welcome the LIBOR Administrator's action. While an extension to 2023 would mean that many legacy U.S. dollar LIBOR contracts would terminate before related LIBOR rates cease to be published, the same regulators emphasized that, despite any continued publication of U.S. dollar LIBOR through June 30, 2023, no new contracts using U.S. dollar LIBOR should be entered into after December 31, 2021. Moreover, the LIBOR administrator's consultation also relates to the LIBOR administrator's intention to cease publication of non-U.S. dollar LIBOR as of December 31, 2021. There can be no assurance that LIBOR, of any particular currency and tenor, will continue to be published until any particular date.

The Amended Credit Agreement governing our Senior Secured Credit Facilities provides that interest may be based on LIBOR and for the use of an alternate rate to LIBOR in the event LIBOR is phased-out; however, uncertainty remains as to any such replacement rate and any such replacement rate may be higher or lower than LIBOR may have been. The establishment of alternative reference rates or implementation of any other potential changes could have a material adverse effect on our existing facilities, our interest rate swap agreements or our future debt linked to such a reference rate and may materially and adversely affect our business, operating results, financial condition and prospects.

Operating and growing our business may require additional capital, and if capital is not available to us, our business, operating results, financial condition and prospects may suffer.

Operating and growing our business is expected to require further investments in our technology and operations. We may be presented with opportunities that we want to pursue, and unforeseen challenges may present themselves, any of which could cause us to require additional capital. Our business model does not require us to hold a significant amount of cash and cash equivalents at any given time and if our cash needs exceed our expectations or we experience rapid growth, we could experience strain in our cash flow, which could adversely affect our operations in the event we were unable to obtain other sources of liquidity. If we seek to raise funds through equity or debt financing, those funds may prove to be unavailable, may only be available on terms that are not acceptable to us or may result in significant dilution to our stockholders or higher levels of leverage. If we are unable to obtain adequate financing or financing on terms satisfactory to us, when we require it, our ability to continue to pursue our business objectives and to respond to business opportunities, challenges or unforeseen circumstances could be significantly limited, and our business, operating results, financial condition and prospects could be materially and adversely affected.

If we fail to protect our brand, our ability to expand the use of our agency services by consumers may be adversely affected.

Maintaining strong brand recognition and a reputation for delivering value to consumers is important to our business. A failure by us to protect our brand and deliver on these expectations could harm our reputation and damage our ability to attract and retain customers, which could adversely affect our business. In addition, many of our competitors have more resources than we do and can spend more advertising their brands and services. Accordingly, we could be forced to incur greater expense marketing our brand in the future to preserve our position in the market and, even with such greater expense, may not be successful in doing so. Furthermore, complaints or negative publicity about our business practices, legal compliance, marketing and advertising campaigns, data privacy and security issues and other aspects of our business, whether valid or not, could damage our reputation and brand. If we are unable to maintain or enhance consumer awareness of our brand cost-effectively, our business, operating results, financial condition and prospects could be materially and adversely affected.

Seasonality may cause fluctuations in our financial results.

As a result of AEP occurring from October 15th to December 7th and OEP occurring from January 1st to March 31st, we experience an increase in the number of submitted Medicare-related applications during the second and third quarters of the fiscal year and an increase in Medicare plan related expense during the first and second quarters of the fiscal year. Accordingly, our financial results are not comparable from quarter to quarter. In addition, changes to the timing of the Medicare annual or open enrollment periods could result in changes in the cyclical nature of consumer demand for Medicare products, to which our Senior segment may not be able to adapt. If our Senior segment cannot successfully respond to changes in the seasonality of the Medicare business, our business, operating results, financial condition and prospects could be harmed.

We rely on our insurance carrier partners to prepare accurate commission reports and send them to us in a timely manner.

Our insurance carrier partners typically pay us a specified percentage of the premium amount collected by the carrier or a flat rate per policy during the period that a customer maintains coverage under a policy. We rely on carriers to report the amount of commissions we earn accurately and on time. We use carriers' commission reports to calculate our revenue, prepare our financial reports, projections and budgets and direct our marketing and other operating efforts. It is often difficult for us to independently determine whether or not carriers are reporting all commissions due to us, primarily because the majority of the purchasers of our insurance products who terminate their policies do so by discontinuing their premium payments to the carrier instead of by informing us of the cancellation. To the extent that carriers inaccurately or belatedly report the amount of commissions due to us, we may not be able to collect and recognize revenue to which we are entitled, which would harm our business, operating results, financial condition and prospects. In addition, the technological connections of our systems with the carriers' systems that provide us up-to-date information about coverage and commissions could fail or carriers could cease providing us with access to this information, which could impede our ability to compile our operating results in a timely manner.

Our operating results fluctuate depending upon insurance carrier payment and policy approval practices and the timing of our receipt of commission reports from our insurance carrier partners.

The timing of our revenue depends upon the timing of our insurance carrier partners' approval of the policies sold on our platform and submitted for their review, as well as the timing of our receipt of commission reports and associated payments from our insurance carrier partners. Although carriers typically report and pay commissions to us on a monthly basis, there have been instances where their report of commissions and payment has been delayed for several months or is incorrect. Incorrect or late commission reports or payments could result in a large amount of commission revenue from a carrier being recorded in a given quarter that is not indicative of the amount of revenue we may receive from that carrier in subsequent quarters, causing fluctuations in our operating results. We could report revenue below the expectations of our investors or securities analysts in any particular period if a material report or payment from an insurance carrier partner were delayed for any reason. Furthermore, we could incur substantial credit losses if one or more of the insurance carrier partners that we depend upon for payment of commissions were to fail

Our operating results will be impacted by factors that impact our estimate of the constrained lifetime value of commissions per policyholder.

We recognize revenue based on the expected value approach. This approach utilizes a number of assumptions, which include, but are not limited to, legal and enforceable rights to renewal commissions upon contract termination when determining variable consideration, renewal commission rates, historical lapse data, and premium increase data. These assumptions are based on historical trends and any changes in those historical trends will affect our estimated lifetime value estimates in future periods and therefore could adversely affect our revenue and financial results in those future periods. As a result, adverse changes in the assumptions we make in computing

expected values, such as increased lapse rates, would harm our business, operating results, financial condition and prospects.

In particular, if customer lapse rates exceed our expectations, we may not receive the revenues we have projected to receive over time, despite our having incurred and recorded any related customer acquisition costs up front. Any adverse impact on customer lapse rates could lead to our receipt of commission payments that are less than the amount we estimated when we recognized commission revenue. Under such circumstances, we would need to write-off the remaining commissions receivable balance, which would result in a change to earnings in the period of the write-off.

Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

As of June 30, 2021, the Company has net operating loss ("NOL") carryforwards for federal and state income tax purposes of $296.1 million and $277.2 million, respectively, available to offset future taxable income. Other than the federal NOLs generated for the tax years ended June 30, 2019 through 2021, which have an indefinite carryforward period, the federal carryforwards will expire in 2035 through 2039. The state carryforwards will expire in 2025 through 2040. Realization of these net operating loss carryforwards depends on our future taxable income, and there is a risk that our existing carryforwards could expire unused and be unavailable to offset future income tax liabilities, which could materially and adversely affect our operating results. In addition, under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended (the "Code"), if a corporation undergoes an "ownership change," generally defined as a greater than 50% change (by value) in its equity ownership over a three-year period, the corporation's ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes, such as Section 163(j) disallowed business interest expense carryforwards, to offset its post-change income may be limited. We may experience ownership changes in the future because of shifts in our stock ownership. As a result, if we earn net taxable income, our ability to use our pre-change net operating loss carry-forwards and other tax attributes to offset U.S. federal taxable income may be subject to limitations, which could potentially result in increased future tax liability to us.

Risks Related to Our Intellectual Property and Our Technology

If we are unable to adequately protect our intellectual property, our ability to compete could be harmed.

We do not currently have any patents or patent applications pending to protect our intellectual property rights, but we do hold trademarks on our name, "SelectQuote," and on the phrase "We Shop. You Save." We rely on a combination of copyright, trademark, and trade secret laws and contractual agreements, as well as our internal system access security protocols, to establish, maintain and protect our intellectual property rights and technology. Despite efforts to protect our intellectual property, these laws, agreements and systems may not be sufficient to effectively prevent unauthorized disclosure or unauthorized use of our trade secrets or other confidential information or to prevent third parties from misappropriating our technology and offering similar or superior functionality. For example, monitoring and protecting our intellectual property rights can be challenging and costly, and we may not be effective in policing or prosecuting such unauthorized use or disclosure.

We also may fail to maintain or be unable to obtain adequate protections for certain of our intellectual property in the U.S. or certain foreign countries, and our intellectual property rights may not receive the same degree of protection in foreign countries as they would in the U.S. because of the differences in foreign trademark, copyright, and other laws concerning proprietary rights. Furthermore, legal standards relating to the validity, enforceability, and scope of protection of intellectual property rights are uncertain. In addition, our competitors may attempt to copy unprotected aspects of our product design or independently develop similar technology or design around our intellectual property rights. Third parties also may take actions that diminish the value of our proprietary rights or our reputation or cause consumer confusion through the use of similar service names or domain names. Litigation regarding any intellectual property disputes may be costly and disruptive to us. Any of these results would harm our business, operating results, financial condition and prospects.

Additionally, we enter into confidentiality and invention assignment agreements with our employees and enter into confidentiality agreements with third parties, including suppliers and other partners. However, we cannot guarantee that we have entered into such agreements with each party that has or may have had access to our proprietary information, know-how and trade secrets. Moreover, no assurance can be given that these agreements will be effective in controlling access to, distribution, use, misuse, misappropriation, reverse engineering or disclosure of our proprietary information, know-how and trade secrets. Further, these agreements may not prevent our competitors from independently developing technologies that are substantially equivalent or superior to our products and platform capabilities. These agreements may be breached, and we may not have adequate remedies for any such breach.

We may become subject to intellectual property disputes, which are costly and may subject us to significant liability and increased costs of doing business.

Third parties may be able to successfully challenge, oppose, invalidate, render unenforceable, dilute, misappropriate or circumvent our trademarks, copyrights and other intellectual property rights. Our success depends, in part, on our ability to develop and commercialize our products and services without infringing, misappropriating or otherwise violating the intellectual property rights of third parties. However, we may not be aware that our products or services are infringing, misappropriating or otherwise violating third-party intellectual property rights and such third parties may bring claims alleging such infringement, misappropriation or violation.

Actions we may take to enforce our intellectual property rights may be expensive and divert management's attention away from the ordinary operation of our business, and our inability to secure and protect our intellectual property rights could materially and adversely affect our brand and business, operating results, financial condition and prospects. Furthermore, such enforcement actions, even if successful, may not result in an adequate remedy. In addition, many companies have the capability to dedicate greater resources to enforce their intellectual property rights and to defend claims that may be brought against them. If a third party is able to obtain an injunction preventing us from accessing such third-party intellectual property rights, or if we cannot license or develop alternative technology for any infringing aspect of our business, we would be forced to limit or stop sales of our products and platform capabilities or cease business activities related to such intellectual property.

Although we carry general liability insurance, our insurance may not cover potential claims of this type or may not be adequate to indemnify us for all liability that may be imposed. We cannot predict the outcome of lawsuits and cannot ensure that the results of any such actions will not have an adverse effect on our business, financial condition or results of operations. Such claims could subject us to significant liability for damages and could result in our having to stop using technology found to be in violation of a third party's rights. Further, we might be required to seek a license for third-party intellectual property, which may not be available on reasonable royalty or other terms. Alternatively, we could be required to develop alternative non-infringing technology, which could require significant effort and expense. If we cannot license or develop technology for any infringing aspect of our business, we would be forced to limit our services, which could affect our ability to compete effectively. Any of these results would harm our business, operating results, financial condition and prospects.

Our business depends on our ability to maintain and improve the technological infrastructure that supports our distribution platform, and any significant disruption in service on our platform could result in a loss of consumers, which could harm our business, brand, operating results, financial condition and prospects.

Our ability to service consumers depends on the reliable performance of our technological infrastructure. Interruptions, delays or failures in these systems, whether due to adverse weather conditions, natural disasters, power loss, computer viruses, cybersecurity attacks, physical break-ins, terrorism, errors in our software or otherwise, could be prolonged and could affect the security or availability of our platform, and the ability of our agents to sell policies and our consumer care team to service those policies. The reliability and security of our systems, and those of our insurance carrier partners, is important not only to facilitating our sale of insurance products, but also to maintaining our reputation and ensuring the proper protection of our confidential and proprietary information. If we experience operational failures or prolonged disruptions or delays in the availability

of our systems, we could lose current and potential customers, which could harm our operating results, financial condition and prospects.

Potential changes in applicable technology and consumer outreach techniques could have a material and adverse effect on our operating results, financial condition and prospects.

Changes in technology and consumer outreach techniques continue to shape the insurance distribution landscape. In recent years, consumers' behavior patterns, in particular their propensity to use online sources for research, product comparison and guidance, has changed and continues to change. Similarly, available technologies for reaching targeted groups of consumers also continues to evolve. We expect that we will incur costs in the future to adjust our systems to adapt to changing behaviors and technologies. In the future, technological innovations and changes in the way consumers engage with technology may materially and adversely affect our operating results, financial condition and prospects, if our business model and technological infrastructure do not evolve accordingly.

We rely on third-party service providers that provide the infrastructure for our technological systems, and any failure to maintain these relationships could harm our business.

Information technology systems form a key part of our business and accordingly we are dependent on our relationships with third parties that provide the infrastructure for our technological systems. If these third parties experience difficulty providing the services we require or meeting our standards for those services, or experience disruptions or financial distress or cease operations temporarily or permanently, it could make it difficult for us to operate some aspects of our business. In addition, such events could cause us to experience increased costs and delay our ability to provide services to consumers until we have found alternative sources of the services provided by these third parties. If we are unsuccessful in identifying high-quality partners, if we fail to negotiate cost-effective relationships with them or if we ineffectively manage these relationships, it could materially and adversely affect our business, operating results, financial condition and prospects.

Our business could be materially and adversely affected by a cybersecurity breach or other attack involving our computer systems or those of our insurance carrier partners or third-party service providers.

Our systems and those of our insurance carrier partners and third-party service providers could be vulnerable to hardware and cybersecurity issues. Our operations are dependent upon our ability to protect our computer equipment against damage from fire, power loss, telecommunications failure or a similar catastrophic event. We could also experience a breach by intentional or negligent conduct on the part of employees or other internal sources. Any damage or failure that causes an interruption in our operations could have an adverse effect on our business, operating results, financial condition and prospects. In addition, our operations are dependent upon our ability to protect the computer systems and network infrastructure utilized by us against damage from cybersecurity attacks by sophisticated third parties with substantial computing resources and capabilities and other disruptive problems caused by the internet or other users. Such disruptions would jeopardize the security of information stored in and transmitted through our computer systems and network infrastructure, which may result in significant liability and damage our reputation.

It is difficult or impossible to defend against every risk being posed by changing technologies as well as criminals' intent on committing cyber-crime and these measures may not be successful in preventing, detecting, or stopping attacks. The increasing sophistication and resources of cyber criminals and other non-state threat actors and increased actions by nation-state actors make keeping up with new threats difficult and could result in a breach of security. Controls employed by our information technology department and our insurance carrier partners and third-party service providers, including cloud vendors, could prove inadequate. A breach of our security that results in unauthorized access to our data could expose us to a disruption or challenges relating to our daily operations, as well as to data loss, litigation, damages, fines and penalties, significant increases in compliance costs and reputational damage, any of which could have a material and adverse effect on our business, operating results, financial condition and prospects.

To the extent we or our systems rely on our insurance carrier partners or third-party service providers, through either a connection to, or an integration with, those third-parties' systems, the risk of cybersecurity attacks and loss, corruption, or unauthorized publication of our information or the confidential information of consumers and employees may increase. Third-party risks may include lax security measures, data location uncertainty, and the possibility of data storage in inappropriate jurisdictions where laws or security measures may be inadequate.

Any or all of the issues above could adversely affect our ability to attract new customers and continue our relationship with existing customers, cause our insurance carrier partners to cancel their contracts with us or subject us to governmental or third-party lawsuits, investigations, regulatory fines or other actions or liability, thereby harming our business, operating results, financial condition and prospects. Although we are not aware of any material information security breaches to date, we have detected common types of attempts to attack our information systems and data.

We collect, process, store, share, disclose and use consumer information and other data, and an actual or perceived failure to protect such information and data or respect users' privacy could damage our reputation and brand and harm our business, operating results, financial condition and prospects.

The operation of our distribution platform involves the collection and storage of consumers' information, including personal information, and security breaches could expose us to a risk of loss or exposure of this information, which could result in potential liability, investigations, regulatory fines, litigation and remediation costs, as well as reputational harm, all of which could materially and adversely affect our business, operating results, financial condition and prospects. For example, unauthorized parties could steal our potential customers' names, email addresses, physical addresses, phone numbers and other information, including sensitive personal information and credit card payment information, which we collect when providing agency services.

We receive credit and debit card payment information and related data, which we input directly into our insurance carrier portal and in some cases, submit through a third party. With respect to the Life segment, for a few of our insurance carrier partners, we retain limited card payment information and related data, which is encrypted in compliance with Payment Card Industry standards, for a period of 90 days prior to being erased from our systems.

Any failure or perceived failure by us to comply with our privacy policies, our privacy-related obligations to consumers or other third parties, or our privacy-related legal obligations, or any compromise of security that results in the unauthorized release or transfer of sensitive information, which could include personally identifiable information or other user data, may result in governmental investigations, enforcement actions, regulatory fines, litigation and public statements against us by consumer advocacy groups or others, and could cause consumers and insurance carriers to lose trust in us, all of which could be costly and have an adverse effect on our business. Regulatory agencies or business partners may institute more stringent data protection requirements or certifications than those which we are currently subject to and, if we cannot comply with those standards in a timely manner, we may lose the ability to sell a carrier's products or process transactions containing payment information. Moreover, if third parties that we work with violate applicable laws or our policies, such violations also may put consumer or insurance carrier partner information at risk and could in turn harm our reputation, business, operating results, financial condition and prospects.

Risks Related to Laws and Regulation

Laws and regulations regulating insurance activities are complex and could have a material and adverse effect on our business, may reduce our profitability and potentially limit our growth.

The insurance industry in the United States is heavily regulated. The insurance regulatory framework addresses, among other things: granting licenses to companies and agents to transact particular business activities; and regulating trade, marketing, compensation and claims practices. For example, we are required by state regulators to maintain a valid license in each state in which we transact insurance business and comply with business practice requirements that vary from state to state. In addition, our agents who transact insurance business must also maintain valid licenses. Complying with the regulatory framework requires a meaningful dedication of management and

financial resources. Due to the complexity, periodic modification and differing interpretations of insurance laws and regulations, we may not have always been, and we may not always be, in full compliance with them. There can be no assurance that we, our employees, consultants, contractors and other agents are in full compliance with current and/or future laws and regulations or interpretations. Any such non-compliance could impose material costs on us, result in limitations on the business we conduct or damage our relationship with regulatory bodies, our insurance carrier partners and consumers, any of which could have a material and adverse effect on our business, operating results, financial condition and prospects.

Regulatory authorities often have the discretion to grant, renew and revoke the various licenses and approvals we need to conduct our activities. Such authorities may require us to incur substantial costs in order to comply with such laws and regulations. Furthermore, laws and regulations are also subject to interpretation by regulatory authorities, and changes in any such interpretations may adversely impact our business and our ability to carry on our existing activities.

Furthermore, the laws and regulations governing the sale of insurance may change in ways that adversely impact our business. These changes could impact the manner in which we are permitted to conduct our business, could force us to reduce the compensation we receive or otherwise adversely impact our business, operating results, financial condition and prospects.

In addition, we are subject to laws and regulations with respect to matters regarding privacy and cybersecurity. See "—We collect, process, store, share, disclose and use consumer information and other data, and an actual or perceived failure to protect such information and data or respect users' privacy could damage our reputation and brand and harm our business, operating results, financial condition and prospects" and "—We may not be able to maintain compliance with all current and potentially applicable U.S. federal and state or foreign laws and regulations, and actions by regulatory authorities or changes in legislation and regulation in the jurisdictions in which we operate could have a material adverse effect on our business" in this section.

Our Senior segment is subject to a complex legal and regulatory framework, and non-compliance with or changes in laws and regulations governing the marketing and sale of Medicare plans could harm our business, operating results, financial condition and prospects.

Our Senior segment is subject to a complex legal and regulatory framework and the laws and regulations governing the marketing and sale of Medicare plans, particularly with respect to regulations and guidance issued by CMS for Medicare Advantage and Medicare Part D prescription drug plans, change frequently. Changes to the laws, regulations and guidelines relating to Medicare plans, their interpretation or the manner in which they are enforced could harm our business, operating results, financial condition and prospects.

Changes to laws, regulations, CMS guidance or the enforcement or interpretation of CMS guidance applicable to our Senior segment could cause insurance carriers or state departments of insurance to object to or not to approve aspects of our marketing materials and processes. As a result, those authorities may determine that certain aspects of our Senior segment are not in compliance with the current legal and regulatory framework. Any such determinations could delay or halt the operation of our Senior segment, which would harm our business, operating results, financial condition and prospects, particularly if such delay or halt occurred during the Medicare annual or open enrollment periods.

Our business may be harmed by competition from government-run health insurance exchanges.

Our Senior segment competes with government-run health insurance exchanges with respect to our sale of Medicare-related health insurance. Potential and existing customers can shop for and purchase Medicare Advantage and Medicare Part D Prescription Drug plans through a website operated by the federal government and can also obtain plan selection assistance from the federal government in connection with their purchase of a Medicare Advantage and Medicare Part D Prescription Drug plan. Competition from government-run health insurance exchanges could increase our marketing costs, reduce our revenue and could otherwise harm our business, operating results, financial condition and prospects.

Changes and developments in the regulation of the healthcare industry could adversely affect our business.

The U.S. healthcare industry is subject to an evolving regulatory regime at both the federal and state levels. In recent years, there have been multiple reform efforts made within the healthcare industry in an effort to curtail healthcare costs. For example, the Patient Protection and Affordable Care Act of 2010 and related regulatory reforms have materially changed the regulation of health insurance. Changes to healthcare and insurance regulation arising from the effects of the COVID-19 pandemic may be possible. While it is difficult to determine the impact of potential reforms on our future business, it is possible that such changes in healthcare industry regulation could result in reduced demand for our insurance distribution services. Our insurance carrier partners may react to existing or future reforms, or general regulatory uncertainty, by reducing their reliance on our agents. Developments of this type could materially and adversely affect our business, operating results, financial condition and prospects.

Changes and developments in the health insurance system and laws and regulations governing the health insurance markets in the United States could materially and adversely affect our business, operating results, financial condition and prospects.

Our Senior segment depends upon the private sector of the U.S. insurance system, which is subject to rapidly evolving regulation. Accordingly, the future financial performance of our Senior segment will depend in part on our ability to adapt to regulatory developments. For example, healthcare reform could lead to increased competition in our industry, and the number of consumers shopping for insurance through our agents may decline. Various aspects of healthcare reform could also cause insurance carriers to discontinue certain health insurance products or prohibit us from distributing certain health insurance products in particular jurisdictions. Our Senior segment, operating results, financial condition and prospects may be materially and adversely affected if we are unable to adapt to developments in healthcare reform in the United States.

Healthcare laws and regulations are rapidly evolving and may change significantly in the future, impacting the coverage and plan designs that are or will be provided by certain insurance carriers. Health reform efforts and measures may expand the role of government-sponsored coverage, including single payer or so called “Medicare-for-All” proposals, which could have far-reaching implications for the insurance industry if enacted. Government regulation may change in response to the COVID-19 pandemic, which may have an adverse effect on our business. We are unable to predict the full impact of healthcare reform initiatives on our operations in light of the uncertainty regarding the terms and timing of any provisions enacted and the impact of any of those provisions on various healthcare and insurance industry participants. In particular, because our DTC platform provides consumers with a venue to shop for insurance policies from a curated panel of the nation’s leading insurance carriers, the expansion of government-sponsored coverage through “Medicare-for-All” or the implantation of a single-payer system may adversely impact our business.

Our business may be harmed if we do not market Medicare plans effectively or if our website and marketing materials are not timely approved or do not comply with legal requirements.

Our insurance carrier partners whose Medicare plans we sell approve our website, much of our marketing material and our call scripts for our Senior segment. In the event that CMS or an insurance carrier partner requires changes to, disapproves, or delays approval of these materials, we could lose a significant source of Medicare plan demand and the operations of our Senior segment could be adversely affected. If we are not successful in timely receiving insurance carrier partner or CMS approval of our marketing materials, we could be prevented from implementing our Medicare marketing initiatives, which could harm our business, operating results, financial condition and prospects, particularly if such delay or non-compliance occurs during AEP or OEP. The CMS rules and regulations also apply to our marketing partners’ marketing materials. If our marketing partners’ marketing materials do not comply with the CMS marketing guidelines or other Medicare program related laws, rules and regulations, such non-compliance could result in our losing the ability to receive referrals of individuals interested in purchasing Medicare plans from that marketing partner or being delayed in doing so.

If our Senior segment substantively changes its marketing materials or call scripts, our insurance carrier partners may be required to re-file those materials with CMS. Due to our inability to make CMS filings ourselves and the need for further CMS review, it is very difficult and time consuming for us to make changes to our marketing materials, and our inability to timely make changes to these materials, whether to comply with new rules and regulations or otherwise, could adversely affect the results of operations for our Senior segment. In addition, we may be prevented from using any marketing material until any changes required by CMS or our insurance carrier partners are made and approved, which would harm our business, operating results, financial condition and prospects, particularly if such delay occurred during AEP or OEP.

Our businesses providing pharmacy care services face regulatory and operational risks and uncertainties that differ from the risks of our other businesses.

We provide pharmacy care services through our Population Health and SelectRx businesses. Each business is subject to federal and state anti-kickback, beneficiary inducement and other laws governing the relationships of the business with pharmaceutical manufacturers, physicians, pharmacies, customers and consumers. In addition, federal and state legislatures regularly consider new regulations for the industry which could materially affect current industry practices, including potential new legislation and regulations regarding the receipt or disclosure of rebates and other fees from pharmaceutical companies, the development and use of formularies and other utilization management tools, the use of average wholesale prices or other pricing benchmarks, pricing for specialty pharmaceuticals, limited access to networks, and pharmacy network reimbursement methodologies. SelectRx also conducts business through home delivery and specialty and compounding pharmacies, which subjects it to extensive federal, state and local laws and regulations, including those of the DEA and individual state controlled substance authorities, the Food and Drug Administration (FDA) and state boards of pharmacy.

We could face potential claims in connection with purported errors by our home delivery, specialty or compounding pharmacies, including as a result of the risks inherent in the packaging and distribution of pharmaceuticals and other health care products. Disruptions from any of our home delivery or specialty pharmacy services could materially and adversely affect our results of operations, financial position and cash flows.

We may not be able to maintain compliance with all current and potentially applicable U.S. federal and state or foreign laws and regulations, and actions by regulatory authorities or changes in legislation and regulation in the jurisdictions in which we operate could have a material adverse effect on our business.

We are also subject to a variety of laws and regulations that involve matters central to our business, including with respect to user privacy and the collection, processing, storing, sharing, disclosing, using, transfer and protecting of personal information and other data. These laws and regulations constantly evolve and remain subject to significant change. In addition, the application and interpretation of these laws and regulations are often uncertain. Because we store, process and use data, some of which contain personal information, we are subject to complex and evolving federal, state and local laws and regulations regarding privacy, data protection and other matters. Many of these laws and regulations are subject to change and uncertain interpretation.

New York's cybersecurity regulation for financial services companies, including insurance entities under its jurisdiction, requires entities to establish and maintain a cybersecurity program designed to protect private consumer data. The regulation specifically provides for: (i) controls relating to the governance framework for a cybersecurity program; (ii) risk-based minimum standards for technology systems for data protection; (iii) minimum standards for cyber breach responses, including notice to the New York Department of Financial Services ("NYDFS") of material events; and (iv) identification and documentation of material deficiencies, remediation plans and annual certification of regulatory compliance with the NYDFS.

In addition, in October 2017, the National Association of Insurance Commissioners ("NAIC") adopted the Insurance Data Security Model Law (the "Cybersecurity Model Law"), which is intended to establish the standards for data security and for the investigation and notification of data breaches applicable to insurance licensees in states adopting such law. The Cybersecurity Model Law continues to be adopted by states since its inception. The law

could impose significant new regulatory burdens intended to protect the confidentiality, integrity and availability of information systems, although the NAIC model law is functionally similar to the NYDFS rule.

Compliance with existing and emerging privacy and cybersecurity regulations could result in increased compliance costs and/or lead to changes in business practices and policies, and any failure to protect the confidentiality of client information could adversely affect our reputation, lend to private litigation against us, any of which could materially and adversely affect our business, operating results, financial condition and prospects.

Further, we incur substantial compliance costs as a result of being a public company. The Sarbanes-Oxley Act (“SOX”), the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of the New York Stock Exchange (the “NYSE”), and other applicable securities rules and regulations impose various requirements on public companies that do not apply to private companies. In addition to increasing our legal and financial costs, complying with these requirements causes management and other personnel to divert attention from operational and other business matters to devote substantial time to public company corporate governance and reporting requirements.

We expect this burden to increase, as we now qualify as a “large accelerated filer” (as defined in Rule 12b-2 under the Exchange Act) and are, therefore, no longer able to take advantage of certain reduced reporting requirements that were previously available to us as an emerging growth company. Specifically, we are now required to, among other things, provide more detailed disclosures regarding our executive compensation; hold, on a periodic basis, a non-binding advisory vote on executive compensation; obtain stockholder approval of any golden parachute payments not previously approved; and obtain an annual attestation from our independent registered public accounting firm as to the effectiveness of our internal control over financial reporting under Section 404(b) of SOX. If we are unable to timely comply with these requirements, other existing public company requirements, or any additional requirements to which we may become subject in the future, we could be subject to sanctions or investigations by the NYSE, the SEC, or other regulatory authorities, which would require additional financial and management resources and could affect the market price of our common stock.

Our communications with potential and existing customers are subject to laws regulating telephone and email marketing practices.

We make telephone calls and send emails and text messages to potential and existing customers. The United States regulates marketing by telephone and email and the laws and regulations governing the use of emails and telephone calls for marketing purposes continue to evolve, and changes in technology, the marketplace or consumer preferences may lead to the adoption of additional laws or regulations or changes in interpretation of existing laws or regulations. New laws or regulations, or changes to the manner in which existing laws and regulations or interpreted or enforced, may further restrict our ability to contact potential and existing customers by phone and email and could render us unable to communicate with consumers in a cost-effective fashion. The Telephone Consumer Protection Act (the “TCPA”) prohibits companies from making telemarketing calls to numbers listed in the Federal Do-Not-Call Registry and imposes other obligations and limitations on making phone calls and sending text messages to consumers. The CAN-SPAM Act regulates commercial email messages and specifies penalties for the transmission of commercial email messages that do not comply with certain requirements, such as providing an opt-out mechanism for stopping future emails from senders. We may be required to comply with these and similar laws, rules and regulations. Failure to comply with obligations and restrictions related to telephone, text message and email marketing could subject us to lawsuits, fines, statutory damages, consent decrees, injunctions, adverse publicity and other losses that could harm our business. We have policies in place to comply with the TCPA and other telemarketing laws. However, despite our legal compliance, we have in the past and may in the future become subject to claims that we have violated the TCPA.

Any legal liability for the information we communicate to consumers could harm our business and operating results.

Consumers rely upon information we communicate through our agency services regarding the insurance plans we distribute, including information relating to insurance premiums, coverage, benefits, exclusions,

limitations, availability, and plan comparisons. If we provide inaccurate information or information that could be construed as misleading, or if we do not properly assist individuals in purchasing insurance, we could be found liable for related damages and our relationships with our insurance carrier partners and our standing with regulators could suffer.

General Risk Factors

Our quarterly and annual operating results or other operating metrics may fluctuate significantly and may not meet expectations of research analysts, which could cause the trading price of our common stock to decline.

Our quarterly and annual operating results and other operating metrics have fluctuated in the past and may in the future fluctuate as a result of a number of factors, many of which are outside of our control and may be difficult to predict. Period to period variability or unpredictability of our results could result in our failure to meet our expectations or those of any analysts that cover us or investors with respect to revenue or other operating results for a particular period. If we fail to meet or exceed such expectations for these or any other reasons, the market price of our common stock could fall substantially, and we could face litigation, including securities class actions.

We are required to make significant estimates and assumptions in the preparation of our financial statements. These estimates and assumptions may not be accurate and are subject to change.

The preparation of our consolidated financial statements in conformity with GAAP requires our management to make significant estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of income and expense during the reporting periods. If our underlying estimates and assumptions prove to be incorrect or if events occur that require us to revise our previous estimates or assumptions, our business, operating results, financial condition and prospects may be materially and adversely affected.

We do not intend to pay dividends in the foreseeable future.

The declaration and amount of any future dividends to holders of our common stock will be at the discretion of our Board of Directors in accordance with applicable law and after taking into account various factors, including our financial condition, operating results, current and anticipated cash needs, cash flows, impact on our effective tax rate, indebtedness, contractual obligations, legal requirements and other factors that our Board of Directors deems relevant. Our Board of Directors intends to retain future earnings to finance the operation and expansion of our business. In addition, our Senior Secured Credit Facility contains restrictions on our ability to pay dividends, subject to certain exceptions. Accordingly, we do not expect to pay dividends in the foreseeable future. As a result, capital appreciation, if any, of our common stock will be your sole source of gain for the foreseeable future.

PART II

ITEM 8. FINANCIAL STATEMENTS

Consolidated Financial Statements

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of SelectQuote, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of SelectQuote, Inc. and subsidiaries (the "Company") as of June 30, 2021 and 2020, the related consolidated statements of comprehensive income, changes in shareholders' equity, and cash flows, for each of the three years in the period ended June 30, 2021, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2021, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of June 30, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated August 26, 2021 (February 14, 2022 as to the material weakness described in Management's Report on Internal Control over Financial Reporting (as revised)), expressed an adverse opinion on the Company's internal control over financial reporting because of a material weakness.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Company has changed its method of accounting for leases, as of July 1, 2020, due to the adoption of Financial Accounting Standards Board Standards Update 2016-02, *Leases*.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Commission Revenue – Renewal Commission Revenue - ***Refer to Notes 1 and 13 to the financial statements***

Critical Audit Matter Description

The Company earns commissions for first year and renewal policies from the insurance carriers, as presented in the consolidated statements of comprehensive income as commission revenue. The Company recognized commission revenue of $826.6 million for the year ended June 30, 2021, which includes $451.1 million of renewal commission revenue. The accounting estimates and judgments related to the recognition of renewal commission revenue (referred to as "renewal commissions") require the Company to make assumptions to determine the transaction price. Renewal commissions are considered variable consideration in the transaction price and require significant judgment including determining the number of periods in which a renewal will occur and the value of those renewal commissions to be received if renewed. The Company utilizes a practical expedient to estimate commission revenue by applying the use of a portfolio approach to policies grouped together by segment, insurance carrier, product type, and quarter the policy was initially sold (referred to as a "cohort"). The Company utilizes the expected value approach to estimate the renewal commissions incorporating significant judgment to determine the key assumptions which include the combination of historical lapse and premium increase data (where applicable), available carrier experience data, and historical payment data by segment and insurance carrier to estimate forecasted renewal consideration and then constrain revenue recognized to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The Company continually reassesses the variable consideration to evaluate the assumptions and inputs used in the Company's calculation of renewal commissions. The Company evaluates the difference between the actual cash collections and the estimated renewal commissions from policies renewing in the current year to determine if a change in the variable consideration estimates for performance obligations recognized in prior periods should be recognized in the current period, including changes to future renewal periods (referred to as "cohort adjustments"). For the year ended June 30, 2021, the Company recognized a net $7.0 million decrease in renewal commission revenue which includes the change in the variable consideration estimates for performance obligations recognized in prior periods.

Given the significant judgment made by management to determine the key assumptions which include the combination of historical lapse and premium increase data (where applicable), available carrier experience data, and historical payment data by segment and insurance carrier made by management to estimate the variable consideration at the time the performance obligation is met and to continually reassess based on cash collections through the cohort adjustments, auditing management's estimates and the underlying assumptions supporting the variable consideration requires a high degree of auditor judgment and an increased extent of audit effort to obtain an understanding of the estimates, including evaluating if the audit evidence obtained supports management's methodology to recognize cohort adjustments.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures to address the significant judgments, including management's determination of key assumptions used to estimate the variable consideration at the time the performance obligation is met and to reassess the variable consideration based on cash collections and management's methodology to record cohort adjustments included the following, among others:

- We tested the operating effectiveness of the control over the Company's methodology to estimate the variable consideration at the time the performance obligation is met including key assumptions used in the methodology which include historical lapse and premium increase data (where applicable), available carrier experience data, and historical payment data by segment and the insurance carrier.

- We tested the operating effectiveness of the control over the completeness and accuracy of the lapse data supporting certain key assumptions used to identify, evaluate, and record the variable consideration recognized at the time the performance obligation is met.

- We tested the operating effectiveness of the control over the Company's methodology to reassess the variable consideration recognized in prior periods related to current and future renewal periods, referred to as cohort adjustments.

- We tested the operating effectiveness of the control over the completeness and accuracy of the policy data and underlying inputs, including cash collections, policy status and historical lapse rates used to identify, evaluate, and record cohort adjustments in accordance with the Company's methodology.

- We performed a sensitivity analysis on key assumptions including historical lapse and premium increase data (where applicable) to conclude on the sensitivity of each assumption.

- We tested the completeness and accuracy of the renewal revenue commissions recorded in the current year as variable consideration. We reperformed the renewal revenue commissions calculation using management's selected assumptions to test that the Company followed its methodology for a sample of policies.

- We confirmed the accuracy of the individual policy lapse or active status used in the Company's assumption of historical policy lapses with carriers.

- We obtained new and amended insurance carrier contracts and evaluated key terms, including termination clauses and penalties and to determine that the contract qualified for inclusion in the variable consideration either at the time the performance obligation was met or subsequently included as a cohort adjustment due to a contract modification.

- We evaluated and tested the Company's methodology, including any changes, to identify, evaluate and record cohort adjustments.

- We tested the completeness and accuracy of the policy data and underlying inputs, including cash collections, policy status and historical lapse rates, used in the Company's cohort adjustments which included agreeing inputs to third-party carrier statements and reperformed the cohort adjustment calculation to test that the Company followed its methodology for a sample of cohort adjustments.

- We evaluated the Company's disclosures related to the underlying assumptions and methodology used to estimate renewal commissions, and the changes in the estimates or methodology used to reassess the remaining renewal commissions through cohort adjustments.

/s/ Deloitte & Touche LLP

Kansas City, MO
August 26, 2021

We have served as the Company's auditor since 2018.

SELECTQUOTE, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)

	June 30, 2021	June 30, 2020
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 286,454	$ 321,065
Restricted cash	—	47,805
Accounts receivable	113,375	83,634
Commissions receivable-current	89,120	51,209
Other current assets	4,486	10,121
Total current assets	493,435	513,834
COMMISSIONS RECEIVABLE—Net	756,777	461,752
PROPERTY AND EQUIPMENT—Net	29,510	22,150
SOFTWARE—Net	12,611	8,399
OPERATING LEASE RIGHT-OF-USE ASSETS	31,414	—
INTANGIBLE ASSETS—Net	40,670	19,673
GOODWILL	68,019	46,577
OTHER ASSETS	1,436	1,408
TOTAL ASSETS	$ 1,433,872	$ 1,073,793
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 34,079	$ 22,891
Accrued expenses	20,676	14,936
Accrued compensation and benefits	40,909	22,228
Earnout liability	—	30,812
Operating lease liabilities—current	5,289	—
Other current liabilities	7,864	4,944
Total current liabilities	108,817	95,811
DEBT	459,043	311,814
DEFERRED INCOME TAXES	140,988	105,844
OPERATING LEASE LIABILITIES	38,392	—
OTHER LIABILITIES	11,743	14,635
Total liabilities	758,983	528,104
COMMITMENTS AND CONTINGENCIES (Note 11)		
SHAREHOLDERS' EQUITY:		
Common stock, $0.01 par value—700,000,000 shares authorized; 163,510,191 and 162,190,730 shares issued and outstanding as of June 30, 2021 and 2020, respectively	1,635	1,622
Additional paid-in capital	544,771	548,113
Retained earnings (accumulated deficit)	128,254	(2,792)
Accumulated other comprehensive income (loss)	229	(1,254)
Total shareholders' equity	674,889	545,689
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 1,433,872	$ 1,073,793

See accompanying notes to consolidated financial statements.

SELECTQUOTE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)

	Year Ended June 30,		
	2021	**2020**	**2019**
REVENUE:			
Commission	$ 826,606	$ 476,606	$ 296,000
Production bonus and other	111,209	54,909	41,469
Total revenue	937,815	531,515	337,469
OPERATING COSTS AND EXPENSES:			
Cost of revenue	270,715	167,399	104,421
Marketing and advertising	385,291	184,157	110,265
General and administrative	63,114	35,283	18,169
Technical development	18,623	12,347	8,326
Total operating costs and expenses	737,743	399,186	241,181
INCOME FROM OPERATIONS	200,072	132,329	96,288
INTEREST EXPENSE, NET	(29,320)	(24,595)	(1,660)
LOSS ON EXTINGUISHMENT OF DEBT	(3,315)	(1,166)	—
OTHER EXPENSES, NET	(1,588)	(405)	(15)
INCOME BEFORE INCOME TAX EXPENSE	165,849	106,163	94,613
INCOME TAX EXPENSE	34,803	25,016	22,034
NET INCOME	$ 131,046	$ 81,147	$ 72,579
NET INCOME (LOSS) PER SHARE:			
Basic	$ 0.80	$ (0.16)	$ 0.70
Diluted	$ 0.79	$ (0.16)	$ 0.55
WEIGHTED-AVERAGE COMMON STOCK OUTSTANDING USED IN PER SHARE AMOUNTS:			
Basic	162,889	97,496	85,378
Diluted	165,544	97,496	132,491
OTHER COMPREHENSIVE INCOME (LOSS) NET OF TAX:			
Gain (loss) on cash flow hedge	1,483	(1,254)	—
OTHER COMPREHENSIVE INCOME (LOSS)	1,483	(1,254)	—
COMPREHENSIVE INCOME	$ 132,529	$ 79,893	$ 72,579

See accompanying notes to the consolidated financial statements.

SELECTQUOTE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(In thousands, except share amounts)

	Common Stock		Additional Paid-In Capital	Retained Earnings / (Accumulated Deficit) [1]	Treasury Stock	Accumulated Other Comprehensive (Loss) Income	Total Shareholders' Equity
	Shares	Amount					
BALANCES-June 30, 2018	84,997	$ 850	$ 134,048	$ 129,472	$ (77,241)	$ —	$ 187,129
Net income	—	—	—	72,579	—	—	72,579
Cumulative effect of adoption of ASU 2016-09	—	—	—	353	—	—	353
Stock options exercised	5,642	56	4,244	—	—	—	4,300
Share-based compensation expense	—	—	86	—	—	—	86
Dividends paid[2]	—	—	—	(1,958)	—	—	(1,958)
Common stock repurchased	(20)	—	—	—	(34)	—	(34)
BALANCES-June 30, 2019	90,619	$ 906	$ 138,378	$ 200,446	$ (77,275)	$ —	$ 262,455
Net income	—	—	—	81,147	—	—	81,147
Loss on cash flow hedge, net of tax	—	—	—	—	—	(1,295)	(1,295)
Amount reclassified into earnings, net tax	—	—	—	—	—	41	41
Stock options exercised	5,495	56	5,450	—	—	—	5,506
Share-based compensation expense	—	—	9,483	—	—	—	9,483
Issuance and conversion of preferred shares, net of transaction fees	51,571	516	129,531	—	—	—	130,047
Dividends paid[3]	—	—	—	(207,341)	—	—	(207,341)
Dividends paid on unexercised stock options	—	—	(9,221)	—	—	—	(9,221)
Return of capital	—	—	(58,438)	—	—	—	(58,438)
Treasury stock retirement	(3,520)	(36)	—	(77,044)	77,275	—	195
Proceeds from initial public offering, net of underwriters' discounts and commissions and other offering expenses	18,026	180	332,930	—	—	—	333,110
BALANCES-June 30, 2020	162,191	$ 1,622	$ 548,113	$ (2,792)	$ —	$ (1,254)	$ 545,689
Net income	—	—	—	131,046	—	—	131,046
Gain on cash flow hedge, net of tax	—	—	—	—	—	941	941
Amount reclassified into earnings, net tax	—	—	—	—	—	542	542
Exercise of employee stock options, net of shares withheld for cashless exercises and to cover tax withholdings	1,213	12	(9,473)	—	—	—	(9,461)
Issuance of common stock pursuant to employee stock purchase plan and vesting of restricted stock unit awards	106	1	985	—	—	—	986
Share-based compensation expense	—	—	5,146	—	—	—	5,146
BALANCES-June 30, 2021	163,510	$ 1,635	$ 544,771	$ 128,254	$ —	$ 229	$ 674,889

[1] As adjusted for the adoption of ASC 606 using the full retrospective method.

[2] Dividends paid per share, including common shares and series A-D, were $0.12 for the year ended June 30, 2019.

[3] Dividends paid for common stock and unexercised stock options were $1.96 per share and $15.66 per share for preferred series A-D during the year ended June 30, 2020. Refer to Note 12 for further details.

Reflects the retrospective application of the eight-for-one stock split effective February 28, 2020, whereby each share of common stock outstanding immediately prior to the effective date was split and converted into eight shares of common stock. The par value per share remained unchanged. The Company's capital accounts have been retroactively restated to reflect the stock split.

See accompanying notes to the consolidated financial statements.

SELECTQUOTE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended June 30, 2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 131,046	$ 81,147	$ 72,579
Adjustments to reconcile net income to net cash, cash equivalents, and restricted cash used in operating activities:			
Depreciation and amortization	16,142	7,993	4,702
Loss on disposal of property, equipment, and software	686	360	221
Share-based compensation expense	5,165	9,498	86
Deferred income taxes	34,654	25,007	21,991
Amortization of debt issuance costs and debt discount	3,344	2,266	123
Write-off of debt issuance costs	2,570	237	—
Fair value adjustments to contingent earnout obligations	1,488	375	—
Non-cash lease expense	3,823	—	—
Changes in operating assets and liabilities:			
Accounts receivable	(27,827)	(15,585)	(8,676)
Commissions receivable	(332,936)	(197,364)	(91,639)
Other assets	4,848	(3,352)	(3,031)
Accounts payable and accrued expenses	19,728	15,672	2,810
Operating lease liabilities	(3,782)	—	—
Other liabilities	25,609	11,970	947
Net cash (used in) provided by operating activities	(115,442)	(61,776)	113
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	(14,907)	(9,446)	(3,921)
Proceeds from sales of property and equipment	—	3	—
Purchases of software and capitalized software development costs	(8,081)	(6,106)	(4,715)
Acquisition of business	(41,028)	(35,821)	—
Net cash used in investing activities	(64,016)	(51,370)	(8,636)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from revolving line of credit	—	87,989	135,621
Payments on revolving line of credit	—	(99,021)	(144,341)
Net proceeds from Term Loans	228,753	416,500	—
Payments on Term Loans	(84,118)	(100,000)	—
Proceeds from other debt	—	16,575	16,200
Payments on other debt	(251)	(31,447)	(1,395)
Proceeds from common stock options exercised and employee stock purchase plan	1,887	5,506	4,300
Purchase of treasury stock	—	—	(34)
Cash dividends paid	—	(275,000)	(1,958)
Issuance of preferred stock	—	135,000	—
Payments of tax withholdings related to net share settlement of equity awards	(10,362)	—	—
Payments of debt issuance costs	(885)	(7,854)	(258)
Payments of costs incurred in connection with private placement	(1,771)	(3,784)	—
Payments of costs incurred in connection with initial public offering	(3,911)	(3,218)	—
Proceeds from initial public offering, net of underwriters' discounts and commissions	—	340,200	—
Payment of contingent earnout liability	(32,300)	—	—
Net cash provided by financing activities	97,042	481,446	8,135
NET (DECREASE) INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(82,416)	368,300	(388)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH—Beginning of year	368,870	570	958
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH—End of year	$ 286,454	$ 368,870	$ 570
Reconciliation to the Consolidated Balance Sheets:			
Cash and cash equivalents	286,454	321,065	570
Restricted cash	—	47,805	—
Total cash, cash equivalents, and restricted cash	$ 286,454	$ 368,870	$ 570

SUPPLEMENTAL CASH FLOW INFORMATION:			
Interest paid, net	$ (26,006)	$ (23,497)	$ (1,467)
Income taxes paid, net	(214)	64	(40)
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING ACTIVITIES:			
Landlord funded allowance for tenant improvements	—	4,437	2,562
Capital expenditures in accounts payable and accrued expenses	444	241	250
Contingent earnout obligation related to acquisition	—	30,437	—
SUPPLEMENTAL DISCLOSURES OF NONCASH FINANCING ACTIVITIES:			
Payoff of credit agreement	—	(21,645)	—
Equity issuance costs in accounts payable and accrued expenses	—	5,643	—

See accompanying notes to consolidated financial statements.

SELECTQUOTE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Description of Business—SelectQuote, Inc. and its subsidiaries (the "Company" or "SelectQuote") contract with numerous insurance carriers to sell senior health ("Senior"), life ("Life"), and auto and home insurance ("Auto & Home") policies by telephone to individuals throughout the United States through the use of multi-channel marketing and advertising campaigns. Senior sells Medicare Advantage, Medicare Supplement, Medicare Part D, and other ancillary senior health insurance related policies. InsideResponse and Population Health are also included in Senior. Life sells term and permanent life insurance policies (together referred to as "core") and final expense policies, along with other ancillary products. Auto & Home primarily sells non-commercial auto & home property and casualty insurance policies. SelectQuote's licensed insurance agents provide comparative rates from a variety of insurance carriers relying on our technology distribution channel with a combination of proprietary and commercially available software to perform its quote service and sell insurance policies on behalf of the insurance carriers. The Company primarily earns revenue in the form of commission payments from the insurance carriers. Commission payments are received both when the initial policy is sold ("first year") and when the underlying policyholder renews their policy in subsequent years ("renewal"). Additionally, the Company receives certain volume-based bonuses from some carriers on first-year policies sold, which are referred to as production bonuses and marketing development funds, based on attaining various predetermined target sales levels or other agreed upon objectives.

Basis of Presentation—The accompanying consolidated financial statements include the accounts of SelectQuote, Inc., and its wholly owned subsidiaries: SelectQuote Insurance Services, SelectQuote Auto & Home Insurance Services, LLC ("SQAH"), ChoiceMark Insurance Services, Inc., Tiburon Insurance Services, InsideResponse, LLC, and SelectQuote Ventures, Inc. All intercompany accounts and transactions have been eliminated in consolidation. The consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles and include all adjustments necessary for the fair presentation of our financial position as of June 30, 2021. Certain reclassifications have been made to prior periods to conform with current year. Results from operations related to entities acquired during the periods covered by the consolidated financial statements are reflected from the effective date of acquisition. Results of operations were not materially impacted by the COVID-19 pandemic.

Our fiscal year ends on June 30. References in this Annual Report to a particular "year," "fiscal," "fiscal year," or "year-end" mean our fiscal year. The significant accounting policies applied in preparing the accompanying consolidated financial statements of the Company are summarized below.

Seasonality—Medicare-eligible individuals are permitted to change their Medicare Advantage and Medicare Part D prescription drug coverage for the following year during the Medicare annual enrollment period ("AEP") in October through December and are allowed to switch plans from an existing plan during the open enrollment period ("OEP") in January through March each year. As a result, the Company's Senior segment's commission revenue is highest in the second quarter and to a lesser extent, the third quarter during OEP.

Use of Estimates—The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, and liabilities and disclosure of contingent assets and liabilities. The Company regularly assesses these estimates; however, actual amounts could differ from those estimates. The most significant items involving management's estimates include estimates of revenue recognition, commissions receivable, the provision for income taxes, share-based compensation, and valuation of intangible assets and goodwill. The impact of changes in estimates is recorded in the period in which they become known.

Business Combinations—The Company accounts for business combinations in accordance with ASC Topic 805, *Business Combinations* ("ASC 805"), which requires most identifiable assets, liabilities, and goodwill

acquired in a business combination to be recorded at full fair value at the acquisition date. Additionally, ASC 805 requires transaction-related costs to be expensed in the period incurred. The determination of fair value of assets acquired and liabilities assumed requires estimates and assumption that can change as a result of new information obtained about facts and circumstances that existed as of the acquisition date. As such, the Company will make any necessary adjustments to goodwill in the period identified within one year of the acquisition date. Adjustments outside of that range are recognized currently in earnings. Refer to Note 2 of the consolidated financial statements for further details.

Cash, Cash Equivalents, and Restricted Cash—Cash and cash equivalents represent cash and short-term, highly liquid investments with maturities of three months or less at the time of purchase. The Company's restricted cash balance consists of a specified deposit account to be used only for interest payments on the 2019 Term Loan (as defined below).

Concentrations of Credit Risk—Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of accounts and commissions receivable. The Company believes the potential for collection issues with any of its customers is minimal as of June 30, 2021, based on the lack of collection issues in the past and the high financial standards the Company requires of its customers. As of June 30, 2021, three insurance carrier customers accounted for 29%, 21%, and 10% of total accounts and commissions receivable. As of June 30, 2020, three insurance carrier customers accounted for 26%, 20%, and 10% of total accounts and commissions receivable.

For the year ended June 30, 2021, three insurance carriers customers accounted for 24%, 19%, and 15% of total revenue. For the year ended June 30, 2020, three insurance carrier customers accounted for 26% 18%, and 11% of total revenue. For the year ended June 30, 2019, three insurance carrier customers accounted for 23%, 14%, and 12% of total revenue.

Property and Equipment—Net—Property and equipment are stated at cost less accumulated depreciation. Finance lease amortization expenses are included in depreciation expense in our consolidated statements of comprehensive income. Depreciation is computed using the straight-line method based on the date the asset is placed in service using the following estimated useful lives:

Computer hardware	3 years
Machinery and equipment	2–4 years
Automobiles	5 years
Leasehold improvements	Shorter of lease period or useful life
Furniture and fixtures	7 years

Maintenance and minor replacements are expensed as incurred.

Software—Net—The Company capitalizes costs of materials, consultants, and compensation and benefits costs of employees who devote time to the development of internal-use software during the application development stage. Judgment is required in determining the point at which various projects enter the phases at which costs may be capitalized, in assessing the ongoing value of the capitalized costs, and in determining the estimated useful lives over which the costs are amortized, which is generally 3 years.

Implementation costs incurred in a hosting arrangement that is a service contract are capitalized according to the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software and classified in the same balance sheet line item as amounts prepaid for the related hosting arrangement. Amortization of these costs is recorded to the same income statement line item as the service fees for the related hosting arrangement and over the same term.

Leases—The Company has entered into various lease agreements for office space and other equipment as lessee. At contract inception, the Company determines that a contract contains a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) for a period of time in exchange for consideration. If a contract contains a lease, the Company recognizes a right-of-use asset and a lease liability on the consolidated balance sheet at lease commencement. The Company has elected a practical expedient to make an accounting policy not to record short-term leases on the consolidated balance sheet, defined as leases with an initial term of 12 months or less that do not contain purchase options that the lessee is reasonably certain to elect.

Right-of-use assets represent the Company's right to use an underlying asset for the lease term as the Company has control over an economic resource and is benefiting from the use of the asset. Lease liabilities represent the Company's obligation to make payments for that right of use. Right-of-use assets and lease liabilities are determined by recognizing the present value of future lease payments using the Company's incremental borrowing rate, which is the rate we would have to pay to borrow on a collateralized basis based upon information available at the lease commencement date. The right-of-use asset is measured at the commencement date by totaling the amount of the initial measurement of the lease liability, adding any lease payments made to the lessor at or before the commencement date, subtracting any lease incentives received, and adding any initial direct costs incurred by the Company.

When lease terms include renewal or termination options, the Company determines the lease term as the noncancelable period of the lease, plus periods covered by an option to extend the lease if the Company is reasonably certain to exercise the option. The Company considers an option to be reasonably certain to be exercised by the Company when a significant economic incentive exists.

The Company has lease agreements with lease and nonlease components. The Company elected the practical expedient to make an accounting policy election by class of underlying asset, to not separate nonlease components from the associated lease components and instead account for each separate lease component and its associated nonlease components as a single lease component. The Company has applied this accounting policy election to all asset classes.

Impairment and Disposal of Long-Lived Assets—The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of an asset to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such asset is considered to be impaired, a loss is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell. For the years ended June 30, 2021, 2020, and 2019, there were no events or changes in circumstances to indicate impairment of long-lived assets.

Goodwill—Goodwill represents the excess of the purchase price over the estimated fair values of identifiable assets and liabilities acquired in a business combination as of the acquisition date. Goodwill is not amortized in accordance with the requirements of ASC 350, Intangibles-Goodwill and Other ("ASC 350"). ASC 350 requires that the Company test goodwill for impairment on an annual basis and whenever events or circumstances indicate that the asset may be impaired. The Company considers significant unfavorable industry or economic trends as factors in deciding when to perform an impairment test. Goodwill is allocated among, and evaluated for impairment, at the reporting unit level, which is defined as an operating segment or one level below an operating segment. The Company performs the annual goodwill impairment as of April 1. Refer to Note 2 of the consolidated financial statements for further details.

Commission Advances—Commission advances represent a refund liability primarily for upfront future renewal commission payments received from certain insurance carriers at the time an insurance policy is first sold. The Company is required to return commission advances to customers in the event the underlying policyholder does not renew the policy. When the Company has an unconditional right to the consideration, the Company recognizes a reduction to the corresponding contract asset and refund liability. As of June 30, 2021 and 2020, there was

approximately $5.1 million and $1.7 million, respectively, recorded in other current liabilities on the consolidated balance sheet.

Equity Issuance Costs—Equity issuance costs primarily consist of legal fees, underwriting fees, and other costs incurred as a result of the IPO and the issuance of Series E preferred stock. Upon completion of the IPO in May of 2020, $26.9 million of costs were charged to shareholders' equity against the gross proceeds raised. For the issuance of Series E preferred stock in April and May of 2020, $5.6 million of costs were charged to shareholders' equity against the gross proceeds raised.

Revenue Recognition—The Company recognizes revenue when a customer obtains control of promised goods or services and recognizes an amount that reflects the consideration that an entity expects to receive in exchange for those goods or services. The Company applies the following five-step model in order to determine this amount: (i) identification of the contract with a customer; (ii) identification of the performance obligations in the contract, including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when (or as) the Company satisfies each performance obligation.

Contracts with Customers—The Company's primary customers are the insurance carriers that it contracts with to sell insurance policies on their behalf. The Company only applies the five-step model to contracts when it is probable that it will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer. The Company earns commissions for first year and renewal policies from the insurance carriers, as presented in the consolidated statements of comprehensive income as commission revenue. Additionally, the Company earns production bonuses on first year policies from the insurance carriers based on attaining predetermined target sales levels or other agreed upon objectives and marketing development funds received from certain insurance carriers based on historical experience to drive incremental policy sales, as presented in the consolidated statements of comprehensive income as production bonus and other revenue. The contracts with the insurance carriers are non-exclusive and can typically be terminated unilaterally by either party. We review individual contracts to determine the Company's legal and enforceable rights to renewal commissions upon contract termination when determining variable consideration. Additionally, the insurance carriers often have the ability to amend provisions in the contracts relating to the prospective commission rates paid to the Company for new policies sold. The Company's contracts with customers contain a single performance obligation satisfied at a point in time to which it allocates the total transaction price.

Significant Judgments—The accounting estimates and judgments related to the recognition of revenue require the Company to make assumptions about numerous factors such as the determination of performance obligations and determination of the transaction price. In determining the amounts of revenue to recognize, the Company uses the following methods, inputs, and assumptions:

- *Determination of Performance Obligations*—The Company reviews each contract with customers to determine what promises the Company must deliver and which of these promises are capable of being distinct and are distinct in the context of the contract. The delivery of new policyholders to the insurance carriers is the only material promise specified within the contracts. After a policy is sold, the Company has no material additional or recurring obligations to the policyholder or the insurance carrier. The Company's contracts do not include downstream policyholder activities such as claims support or payment collection services. While the primary promise is the sale of policies, some contracts include the promise to provide administrative services to policyholders on behalf of the insurance carrier such as responding to policyholder inquiries regarding coverage or providing proof of insurance. The Company has concluded that while these administrative services may be distinct, they are immaterial in the context of the contract.

- *Determination of the Transaction Price*—The transaction price is identified as the first year commission due upon the initial sale of a policy as well as an estimate of renewal commissions or production bonuses when applicable. The estimates of renewal commissions and production bonuses are considered variable consideration and require significant judgment including

determining the number of periods in which a renewal will occur and the value of those renewal commissions to be received if renewed.

For renewal commissions, the Company utilizes the expected value approach. This approach incorporates a combination of historical lapse and premium increase data (where applicable), available insurance carrier experience data, historical payment data by segment and insurance carrier to estimate forecasted renewal consideration and constrain revenue recognized to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The uncertainty associated with the variable consideration is subsequently resolved when the policy renews, and adjustments in variable consideration are recognized in the period incurred. The foregoing is exclusive of marketing development funds, InsideResponse lead generation revenue, and Population Health revenue in which the transaction prices are known.

The Company utilizes a practical expedient to estimate commission revenue by applying the use of a portfolio approach to policies grouped together by segment, insurance carrier, product type, and quarter the policy was initially sold (referred to as a "cohort"). This provides a practical approach to estimating the renewal commissions expected to be collected for each cohort by evaluating various factors, including but not limited to, contracted commission rates, insurance carrier mix, premium increases, and persistency rates.

Timing of Recognition—The Company recognizes revenue when it has completed its performance obligation, which is at different milestones for each segment based on the contractual enforceable rights, the Company's historical experience, and established customer business practices:

Senior Revenue

a. Commission revenue for senior health policies is recognized at the earliest of when the insurance carrier has approved the policy sold, when a commission payment is received from the insurance carrier, or when the policy sold becomes effective.

b. Lead sales revenue for InsideResponse is recognized when the generated lead is accepted by the customer, which is the point of sale, and the Company has no further performance obligation after the delivery.

c. Revenues generated from SelectRx are recognized upon shipment. At the time of shipment, the Company has performed substantially all of its performance obligations and does not experience a significant level of returns or re-shipments. There are no future revenue streams associated as patients have the option to cancel their service at any time.

Life Revenue

a. Commission revenue is recognized when the insurance carrier has approved the policy sold and payment information has been obtained from the policyholder.

Auto & Home Revenue

a. Commission revenue is recognized when the policy sold becomes effective.

The Company does not receive consideration prior to the satisfaction of its performance obligation, and as a result, does not have contract liabilities with its customers. Refer to Note 13 of the consolidated financial statements for further information.

Reassessment of the Transaction Price—The Company is continuously evaluating the assumptions and inputs into the Company's calculation of renewal commission revenue. As a result of these continuous evaluations, the Company recognizes cohort adjustments for revenue from prior periods when the cash collections are different from the estimated constrained renewal commissions. Cohort adjustments are a result of a change in estimate of

expected cash collections when actual cash collections differs from the estimated constrained renewal commissions for the revenue recognized at the time of approval. Cohort adjustments can be positive or negative and are recognized using actual experience from policy renewals. As part of the ongoing evaluation, the Company revised its approach for estimating renewal commissions for the Senior segment beginning with the fourth quarter 2021, which included changing to the use of policy level persistency as the method for calculating persistency and the constraints applied to the calculation of a cohort renewal commission value.

Accounts Receivable—Accounts receivable represents either first year or renewal commissions expected to be received on policies that have already been sold or renewed and for production bonus revenue that has been earned but not received from the insurance carrier. Typically, the Company receives commission payments as the insurance carriers receive payments from the underlying policyholders. As these can be on various payment terms such as monthly or quarterly, a receivable is recorded to account for the commission payments yet to be received from the insurance carriers.

Commissions Receivable—Commissions receivable are contract assets that represent estimated variable consideration for performance obligations that have been satisfied but payment is not due as the underlying policy has not renewed yet. The current portion of commissions receivable are future renewal commissions expected to be renewed within one year, while the non-current portion of commissions receivable are expected to be renewed beyond one year. Contract assets are reclassified as accounts receivable when the rights to the renewal commissions become unconditional, which is primarily upon renewal of the underlying policy, typically on an annual basis.

The Company assesses impairment for uncollectible consideration amounts when information available indicates it is probable that an asset has been impaired. There were no impairments recorded during the years ended June 30, 2021 or 2020, respectively.

Cost of Revenue—Cost of revenue represents the direct costs associated with fulfilling the Company's obligations to the insurance carriers for the sale of insurance policies. Such costs primarily consist of compensation and related benefit costs for sales agents, fulfillment specialists, and others directly engaged in serving policy holders. The Company does not have any incremental costs of obtaining its contracts with its customers, the insurance carriers.

Share-Based Compensation—The Company applies the fair value method under ASC 718, *Compensation—Stock Compensation* ("ASC 718"), in accounting for share-based compensation to employees. Under ASC 718, compensation cost is measured at the grant date based on the fair value of the equity instruments awarded and is recognized over the period during which an employee is required to provide service in exchange for the award, or the requisite service period, which is usually the vesting period. The fair value of the equity award granted is estimated on the date of the grant.

Marketing and Advertising Expenses—Direct costs related to marketing and advertising the Company's services are expensed in the period incurred. Advertising expense was $329.4 million, $162.8 million, and $99.9 million for the years ended June 30, 2021, 2020, and 2019, respectively.

Income Taxes—The Company accounts for income taxes using an asset and liability method. Deferred income tax assets and liabilities result from temporary differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements that will result in taxable or deductible amounts in future years. Valuation allowances are provided when necessary to reduce deferred tax assets to the amount expected to be realized.

The Company applies ASC 740, *Income Taxes* ("ASC 740"), in accounting for uncertainty in income taxes recognized in the Company's consolidated financial statements. ASC 740 requires a more-likely-than-not threshold for financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. The Company records a liability for the difference between the benefit recognized and measured pursuant to ASC 740 and the tax position taken or expected to be taken on the Company's tax return. To the extent that the

assessment of such tax positions changes, the change in estimate is recorded in the period in which the determination is made.

Comprehensive Income—Comprehensive income is comprised of net income and the effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges, less amounts reclassified into earnings.

Adoption of New Accounting Pronouncements—In February 2016, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*, which has been clarified and amended by various subsequent updates. The core principle of this standard is that a lessee should recognize the assets and liabilities that arise from leases, by recognizing in the consolidated balance sheet a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. In accordance with the guidance of Topic 842, leases are classified as finance or operating leases, and both types of leases are recognized on the consolidated balance sheet. The accounting applied by a lessor is largely unchanged from that applied under previous guidance. The new guidance requires certain expanded qualitative disclosures and specific quantitative disclosures in order to provide users of financial statements enough information to supplement the amounts recorded in the financial statements so that users can understand more about the nature of an entity's leasing activities.

The Company adopted the new guidance and related amendments on July 1, 2020, and elected the transition package of practical expedients permitted under the transition guidance, which allowed the carry forward of historical assessments of whether a contract contains a lease, lease classification, and initial direct costs. The new guidance and related amendments have been applied on a modified retrospective basis using the optional transition method with an application date of July 1, 2020.

As a result of adopting this standard, on July 1, 2020, the Company recorded lease liabilities of $41.3 million and right-of-use assets of $29.7 million, which includes reclassifications of existing assets and liabilities primarily related to deferred rent. The adoption of this new standard did not have a material impact on the Company's consolidated statements of comprehensive income or the consolidated statements of cash flows. The Company has included expanded disclosures on the consolidated balance sheets and in Note 5 to the consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-04, "*Intangibles-Goodwill and Other (Topic 350)*: *Simplifying the Test for Goodwill Impairment.*" This ASU amends the subsequent measurement of goodwill whereby Step 2 from the goodwill impairment test is eliminated. As a result, an entity should recognize a goodwill impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. The standard was adopted and applied prospectively by the Company as of July 1, 2020, but it did not have an impact on the Company's consolidated financial statements and disclosures.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments — Credit Losses (Topic 326),* which amends the guidance for accounting for assets that are potentially subject to credit risk. The amendments affect contract assets, loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables, and certain other financial assets. The Company adopted the standard on a prospective basis as of July 1, 2020. Adoption of the standard did not have a material impact on the Company's consolidated financial statements and related disclosures.

Recent Accounting Pronouncements Not Yet Adopted—In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, which simplifies and changes the accounting for certain income tax transactions, among other minor improvements. This standard becomes effective for the Company on July 1, 2022, and for interim periods beginning July 1, 2023, with early adoption permitted. The Company is currently evaluating the impact to its consolidated financial statements and related disclosures but does not expect this ASU to have a material impact.

2. ACQUISITIONS

In accordance with ASC 805, the Company allocates the purchase price of its acquisitions to the tangible assets, liabilities, and intangible assets acquired based on fair values. Any excess purchase price over those fair values is recorded as goodwill. The fair value assigned to intangible assets acquired is supported by valuations using estimates and assumptions provided by management. Based on the valuation inputs, the Company has recorded assets acquired and liabilities assumed according to the following fair value hierarchy:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2	Unadjusted quoted prices in active markets for similar assets or liabilities; or unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active; or inputs other than quoted prices that are observable for the asset or liability.
Level 3	Unobservable inputs for the asset or liability

InsideResponse, LLC—On May 1, 2020, the Company acquired 100% of the outstanding membership units of InsideResponse, an online marketing consulting firm the Company previously purchased leads from, for an aggregate purchase price of up to $65.0 million (subject to customary adjustments), as set forth in the Agreement and Plan of Merger, as amended on May 1, 2020 (the "Merger Agreement"). The purchase price was comprised of $32.7 million, which was paid in cash at the closing of the transaction and an earnout of up to $32.3 million, which was paid in full in cash during the year ended June 30, 2021, as InsideResponse achieved the applicable earnout target for calendar year 2020, as set forth in the Merger Agreement. Additionally, during the year ended June 30, 2021, the Company recorded $1.5 million in other expenses, net in the consolidated statement of comprehensive income as an adjustment to the fair market value of the earnout liability.

Under the terms of the Merger Agreement, total consideration in the acquisition consisted of the following as of the acquisition date (in thousands):

Base purchase price	$	32,700
Fair value of earnout		30,437
Net working capital true-up[1]		3,527
Closing cash		904
Closing indebtedness		(476)
Total purchase consideration	$	67,092

(1) The Company recorded a $0.1 million measurement period adjustment to the carrying amount of goodwill related to the net working capital true-up for the year ended June 30, 2021.

At the date of acquisition, the fair value of net tangible assets acquired approximated their carrying value. The trade name acquired was determined using the relief from royalty method, which measures the value by estimating the cost savings associated with owning the asset rather than licensing it. For the proprietary software acquired, the replacement cost method under the cost approach was used, estimating the cost to rebuild the software. The non-compete agreements were valued using the income approach, and the customer relationships were valued using the multiple period excess earnings method. As such, all aforementioned intangible assets were valued using Level 3 inputs. Further, the Company believes that the fair value of the earn-out liability falls within Level 3 of the fair value hierarchy as a result of the unobservable inputs used for the measurement.

Goodwill resulting from the transaction constitutes the excess of the consideration paid over the fair values of the assets acquired and liabilities assumed and primarily represents the expected synergies in streamlining the Company's marketing and advertising process by consolidating a primary vendor into its marketing team, providing full access to a rapidly growing and scalable lead generation strategy, guaranteeing our ability to consume more leads and reducing cost. This acquired goodwill is allocated to the Senior segment (which is also the reporting unit), and approximately $5.0 million is deductible for tax purposes.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed as of the acquisition date (in thousands):

Description	Estimated Life	Amount
Cash and cash equivalents		$ 955
Accounts receivable		8,220
Other current assets		459
Property and equipment, net		51
Accounts payable		(2,922)
Accrued expenses		(737)
Other current liabilities		(8)
Other liabilities		(1)
Net tangible assets acquired		6,017
Trade Name	5 years	2,680
Proprietary Software	2-5 years	1,042
Non-compete agreements	3 years	192
Customer relationships	7 years	16,069
Goodwill	Indefinite	41,092
Total intangible assets acquired		61,075
Net assets acquired		$ 67,092

The Company will amortize the intangible assets acquired on a straight-line basis over their estimated remaining lives, ranging from two to seven years.

Lead distribution company—On February 1, 2021, the Company acquired substantially all of the assets of a lead distribution company for an aggregate purchase price of up to $33.5 million (subject to customary adjustments), as set forth in the Asset Purchase Agreement, dated February 1, 2021 (the "Asset Purchase Agreement"). The purchase price is comprised of $30.0 million, of which $24.0 million was paid in cash at the closing of the transaction with an additional $6.0 million of holdback for indemnification claims, net working capital adjustments, and underperformance. Additionally, the purchase price includes an earnout of up to $3.5 million. The primary purpose of the acquisition was to secure and incorporate the exclusive publisher relationships into the lead generation business of InsideResponse. The Company recorded $0.4 million of acquisition-related costs in general and administrative operating costs and expenses in the consolidated statement of comprehensive income.

The earnout is contingent upon the achievement of a minimum of 50,000 insurance policies sold to closed policy leads during calendar year 2021 and will be paid in cash no later than five days after the accountant-reviewed stand-alone financial statements of the lead distribution company, as of and for the period ending December 31, 2021, are finalized. While the earnout provides for a range of possible payouts, if the lead distribution company fails to hit the minimum target threshold set forth in the Asset Purchase Agreement, there will be no payout, but in no circumstance can the earnout exceed $3.5 million. As the earnout payment is contingent upon continued employment of certain individuals, the Company will recognize the earnout as compensation expense in general and administrative operating costs and expenses in the consolidated statement of comprehensive income in the period in which it is earned. As of June 30, 2021, the Company has not accrued an earnout payment based on current forecasted performance.

The underperformance amount related to the $6.0 million holdback is calculated as follows: if the lead performance percentage, calculated as the calendar year 2021 closed policy amount divided by the closed policy performance target of 50,000 closed policy leads, is less than or equal to 60%, the underperformance amount shall be calculated as 100% less the lead performance percentage multiplied by $30.0 million. As of June 30, 2021, current forecasted performance is expected to exceed 60%.

The Company will accrue interest on the remaining holdback of $5.5 million, after the net working capital true-up of $0.5 million, through the 15-month anniversary of the closing date in interest expense, net in the consolidated statement of comprehensive income.

Under the terms of the Asset Purchase Agreement, the total consideration for the acquisition consisted of the following as of the acquisition date (in thousands):

Base purchase price	$	30,000
Net working capital true-up		(499)
Total Purchase Consideration	$	29,501

At the date of acquisition, the fair value of net tangible assets acquired approximated their carrying value. The non-compete agreements were valued using the income approach, and the customer relationships were valued using the multiple period excess earnings method. As such, all aforementioned intangible assets were valued using Level 3 inputs.

Goodwill resulting from the transaction constitutes the excess of the consideration paid over the fair values of the assets acquired and liabilities assumed and primarily represents the benefits of leveraging the exclusive publisher relationships in the business. This acquired goodwill is allocated to the Senior segment (which is also the reporting unit), and is not deductible for tax purposes after adding back acquisition costs and excluding the holdback not yet paid.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed as of the acquisition date (in thousands):

Description	Estimated Life		Amount
Accounts receivable		$	1,301
Total tangible assets acquired			1,301
Non-compete agreements	5 years		1,000
Vendor relationships	9 years		23,700
Goodwill	Indefinite		3,500
Total intangible assets acquired			28,200
Net Assets Acquired		$	29,501

The Company will amortize the intangible assets acquired on a straight-line basis over their estimated remaining lives, ranging from five to nine years.

From the date of acquisition, February 1, 2021, through June 30, 2021, the lead distribution company generated $5.6 million of lead generation revenue, all of which was consumed by the Senior segment.

Express Med Pharmaceuticals—On April 30, 2021, the Company acquired 100% of the outstanding shares of Express Med Pharmaceuticals, now branded SelectRx, a leading specialty pharmaceutical distributor, for

an aggregate purchase price of up to $24.0 million (subject to customary adjustments), as set forth in the Stock Purchase Agreement dated April 30, 2021 (the "Stock Purchase Agreement"). The aggregate purchase price of up to $24.0 million is comprised of $17.5 million in cash paid at the closing of the transaction, an additional $2.5 million of holdback for indemnification claims, if any, and an earnout of up to $4.0 million, if any. The primary purpose of the acquisition was to take advantage of the Company's technology and customer base to facilitate better patient care through coordination of strategic, value-based care partnerships. The Company recorded $0.3 million of acquisition-related costs in general and administrative operating costs and expenses in the consolidated statement of comprehensive income. In addition, as a result of the acquisition, the Company has entered into an operating lease with a related party. Refer to Note 5 in the consolidated financial statements for further details.

The earnout of up to $4.0 million is comprised of two separate provisions. The first provision provides for an earnout of up to $3.0 million and is contingent upon achievement of the following within the first 20 months following the acquisition: facility updates that would allow for processing a minimum of 75,000 active patients, the issuance of pharmacy licenses in all 50 states, and active patients of 15,000 or more. The second provision provides for an earnout of up to $1.0 million and is contingent upon achievement of the following within 36 months following the acquisition: construction of a new facility to accommodate the servicing of additional active patients or 75,000 or more active patients as of the last day of any month prior to the end of the second earnout provision period or as of the end of the second earnout provision period. As of June 30, 2021, the Company has not accrued an earnout payment based on current forecasted performance. The $2.5 million of holdback will be due upon the 15-month anniversary of the closing date of the acquisition.

Under the terms of the Stock Purchase Agreement, total consideration in the acquisition consisted of the following as of the acquisition date (in thousands):

Base purchase price	$	20,000
Net working capital true-up		(483)
Closing cash		20
Total purchase consideration	$	19,537

At the date of acquisition, the fair value of net tangible assets acquired, excluding property and equipment, approximated their carrying value. The property and equipment was valued primarily using the cost and sales comparison approach to value. For the proprietary software acquired, the replacement cost method under the cost approach was used, estimating the cost to rebuild the software. The non-compete agreement was valued using the income approach, and the customer relationships were valued using the multiple period excess earnings method. As such, all aforementioned intangible assets were valued using Level 3 inputs.

Goodwill resulting from the transaction constitutes the excess of the consideration paid over the fair values of the assets acquired and liabilities assumed and primarily represents the additional value of the synergies of combining the SelectRx business with the Company's technology and existing customer base. This acquired goodwill is allocated to the Senior segment (which is also the reporting unit), and the Company expects approximately $16.0 million to be deductible for tax purposes after adding back acquisition costs and excluding the holdback not yet paid.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed as of the acquisition date (in thousands):

Description	Estimated Life	Amount
Cash and cash equivalents		$ 20
Accounts receivable		613
Other current assets		28
Property and equipment, net		287
Accounts payable		(280)
Accrued expenses, including compensation and benefits		(45)
Net tangible assets acquired		623
Proprietary Software	3 years	550
Non-compete agreements	5 years	100
Customer relationships	1 year	200
Goodwill	Indefinite	18,064
Total intangible assets acquired		18,914
Net assets acquired		$ 19,537

The Company will amortize the intangible assets acquired on a straight-line basis over their estimated remaining lives, ranging from one to five years.

From the date of acquisition, April 30, 2021, through June 30, 2021, SelectRx generated $1.8 million of mail order prescription revenue.

3. PROPERTY AND EQUIPMENT—NET

Property and equipment—net consisted of the following as of June 30:

(in thousands)	**2021**	**2020**
Computer hardware	$ 13,351	$ 9,829
Machinery and equipment[1]	2,667	2,443
Leasehold improvements	18,525	17,692
Furniture and fixtures	5,004	5,259
Work in progress	7,220	1,267
Total	46,767	36,490
Less accumulated depreciation	(17,257)	(14,340)
Property and equipment—net	$ 29,510	$ 22,150

(1) Includes financing lease right-of-use assets.

Work in progress as of June 30, 2021, primarily represents computer equipment and machinery not yet put into service and not yet being depreciated. As of June 30, 2020, work in progress primarily represents tenant improvements not yet put into service. Depreciation expense for the years ended June 30, 2021, 2020, and 2019, was $7.7 million, $5.2 million, and $3.7 million, respectively.

4. SOFTWARE—NET

Software—net consisted of the following as of June 30:

(in thousands)	2021	2020
Software	$ 16,530	$ 10,999
Work in progress	3,826	1,922
Total	20,356	12,921
Less accumulated amortization	(7,745)	(4,522)
Software—net	$ 12,611	$ 8,399

Work in progress as of June 30, 2021 and June 30, 2020, primarily represents costs incurred for software not yet put into service and are not yet being amortized. For the years ended June 30, 2021, 2020, and 2019, the Company capitalized internal-use software and website development costs of $7.6 million, $5.8 million, and $4.1 million, respectively, and recorded amortization expense of $3.9 million, $2.2 million, and $0.9 million, respectively.

5. LEASES

The majority of the Company's leases are operating leases related to office space. The Company leases office facilities in the United States in San Diego, California; Centennial, Colorado; Jacksonville, Florida; Overland Park, Kansas; Wilmington, North Carolina; Des Moines, Iowa; and Oakland, California. The Company has also entered into an operating lease with a related party for the SelectRx facilities in Monaca, Pennsylvania which is included in the disclosures that follow. Over the term of the lease the Company expects to incur $3.6 million in total rental payments over the initial ten-year term plus an additional five-year extension option which it is reasonably certain to exercise. The Company recognizes lease expense for operating leases on a straight-line basis over the respective lease term. The Company's operating leases have remaining lease terms of less than one year to fifteen years.

The Company has entered into noncancelable agreements to sublease portions of its office facilities to unrelated third parties. Sublease rental income is recorded as a reduction of rent expense in general and administrative operating costs and expenses in the consolidated statements of comprehensive income. Sublease rental income was $1.0 million, $0.3 million, and $0.4 million for the years ended June 30, 2021, 2020, and 2019, respectively.

Operating lease expense was $7.8 million for the year ended June 30, 2021, recorded in general and administrative operating costs and expenses in the consolidated statements of comprehensive income.

Right-of-Use Asset and Lease Liability—The right-of-use assets and lease liabilities were as follows as of June 30, 2021:

(in thousands)	**Balance Sheet Classification**		**Amount**
Assets			
Operating leases	Operating lease right-of-use assets	$	31,414
Finance leases	Property and equipment - net		181
Total lease right-of-use assets			31,595
Liabilities			
Current			
Operating leases	Operating lease liabilities - current		5,289
Finance leases	Other current liabilities		188
Non-current			
Operating leases	Operating lease liabilities		38,392
Finance leases	Other liabilities		27
Total lease liabilities		$	43,896

Lease Costs—The components of lease costs were as follows:

(in thousands)		**Year Ended June 30, 2021**
Finance lease costs(1)	$	245
Operating lease costs(2)		7,843
Short-term lease costs		172
Variable lease costs(3)		1,195
Sublease income		(975)
Total net lease costs	$	8,480

(1) Primarily consists of amortization of finance lease right-of-use assets and an immaterial amount of interest on finance lease liabilities recorded in operating costs and expenses and interest expense, net in the consolidated statements of comprehensive income.
(2) Recorded in operating costs and expenses in the consolidated statements of comprehensive income.
(3) Variable lease costs are not included in the measurement of the lease liability or right-of-use asset as they are not based on an index or rate and primarily represents common area maintenance charges and real estate taxes recorded in operating costs and expenses in the consolidated statements of comprehensive income.

Supplemental Information—Supplemental information related to leases was as follows as of and for the year ended June 30, 2021:

(in thousands)	Operating Leases	Finance leases	Total
Cash paid for amounts included in measurement of liabilities:			
Operating cash flows from leases	$ 7,228	$ 11	$ 7,239
Financing cash flows from leases	—	262	262
Right-of-use assets obtained in exchange for new lease liabilities	$ 5,618	$ 194	$ 5,812

	Operating Leases	Finance leases
Weighted-average remaining lease term (in years)	7.20	1.14
Weighted-average discount rate	9.58 %	6.44 %

Maturities of Lease Liabilities—As of June 30, 2021, remaining maturities of lease liabilities for each of the next five fiscal years and thereafter are as follows:

(in thousands)	Operating leases	Finance leases	Total
2022	9,171	196	9,367
2023	8,704	26	8,730
2024	9,086	—	9,086
2025	9,100	—	9,100
2026	6,825	—	6,825
Thereafter	17,537	—	17,537
Total undiscounted lease payments	60,423	222	60,645
Less: interest	16,742	7	16,749
Present value of lease liabilities	$ 43,681	$ 215	$ 43,896

The following table summarizes the future annual minimum lease obligations under non-cancelable operating leases at June 30, 2020, under the previous lease accounting standard ASC 840, *Leases* (in thousands):

2021	$ 8,781
2022	8,497
2023	7,991
2024	8,353
2025	8,306
Thereafter	21,262
Total minimum lease payments	$ 63,190

6. SUPPLEMENTAL FINANCIAL STATEMENT INFORMATION

Cash, cash equivalents, and restricted cash—As of June 30, 2021 and 2020, cash equivalents included a money market account primarily invested in cash, U.S. Government securities, and repurchase agreements that are collateralized fully. As of June 30, 2020, the Company had $47.8 million of restricted cash required to be used toward payment of interest on the 2019 Term Loan. This requirement was subsequently removed in the 2021 Term Loan (refer to Note 10 of the consolidated financial statements for further details). Cash, cash equivalents, and restricted cash consisted of the following as of June 30:

(in thousands)		**2021**		**2020**
Cash	$	25,713	$	20,395
Money market funds		260,741		300,670
Cash and cash equivalents		286,454		321,065
Restricted Cash		—		47,805
Total cash, cash equivalents, and restricted cash	$	286,454	$	368,870

Other current assets—Other current assets consisted of the following as of June 30:

(in thousands)		**2021**		**2020**
Prepaid expenses[(1)]	$	2,327	$	7,257
Other receivables[(2)]		1,882		2,036
Other[(3)]		277		828
Total other current assets	$	4,486	$	10,121

(1) Prepaid expenses primarily consists of amounts prepaid for future services and other contractual arrangements for which we have yet to receive benefit.
(2) Other receivables primarily consists of tax incentive payments not yet received.
(3) Other primarily consists of prescription drug management inventory and income taxes receivable.

Other current liabilities—Other current liabilities consisted of the following as of June 30:

(in thousands)		**2021**		**2020**
Unearned revenue	$	5,080	$	1,738
Current portion of debt		2,360		
Unrealized loss on interest rate swap contract		236		1,669
Deferred rent-short term		—		1,488
Leases payable-short term		—		49
Financing lease liabilities-short term		188		—
Total other current liabilities	$	7,864	$	4,944

Other liabilities**—**Other current liabilities consisted of the following as of June 30:

(in thousands)	**2021**	**2020**
Deferred rent-long term	$ —	$ 11,451
Leases payable-long term	—	59
Payroll tax liabilities-long term	4,332	2,493
Acquisition holdback	5,730	—
Financing lease liabilities-long term	27	—
Third party commission liabilities	1,286	—
Other[(1)]	368	632
Total other liabilities	$ 11,743	$ 14,635

(1) Other noncurrent liabilities primarily consists of revenue sharing obligations expected to settle beyond one year from the balance sheet date.

7. INTANGIBLE ASSETS AND GOODWILL

Intangible assets**—**The Company's intangible assets include those acquired as part of the acquisitions listed in the table below (refer to Note 2 to the consolidated financial statements for further details). The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. During the years ended June 30, 2021, 2020, and 2019, there were no such indicators.

Goodwill**—**The Company recorded as goodwill the excess of the purchase price over the estimated fair values of identifiable assets and liabilities acquired as part of the acquisitions listed in the table below (refer to Note 2 to the consolidated financial statements for further details). There were no goodwill impairment charges recorded during the years ended June 30, 2021, 2020, and 2019.

Goodwill is assigned to reporting units that are expected to benefit from the synergies of the business combination as of the acquisition date and becomes identified with that reporting unit in its entirety. As such, the reporting unit as a whole supports the recovery of its goodwill. For the following acquisitions, the reporting units to which goodwill has been assigned and the associated reportable segments are as follows:

Acquisition	Reporting Unit	Reportable Segment
Auto & Home-controlling interest	Auto & Home	Auto & Home
InsideResponse	Senior	Senior
Lead distribution company	Senior	Senior
Express Med Pharmaceuticals	Senior	Senior

The carrying amounts, accumulated amortization, net carrying value, and weighted average remaining life of our definite-lived amortizable intangible assets as well as our goodwill are presented in the tables below as of June 30 (dollars in thousands, useful life in years):

	2021				2020			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted-Average Remaining Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted-Average Remaining Useful Life
Total intangible assets subject to amortization								
Customer relationships	$ 17,122	$ (3,448)	$ 13,674		$ 16,922	$ (1,011)	$ 15,911	
Trade name	2,680	(625)	2,055		2,680	(88)	2,592	
Proprietary software	1,592	(382)	1,210		1,042	(48)	994	
Non-compete agreements	1,292	(163)	1,129		192	(16)	176	
Vendor relationships	23,700	(1,098)	22,602		—	—	—	
Total intangible assets	$ 46,386	$ (5,716)	$ 40,670	7.1	$ 20,836	$ (1,163)	$ 19,673	6.4
Total indefinite-lived assets								
Goodwill-Auto & Home			$ 5,364				$ 5,364	
Goodwill-Senior			62,655				41,213	
Total goodwill			$ 68,019				$ 46,577	

For the years ended June 30, 2021, 2020, and 2019, amortization expense related to intangible assets totaled $4.6 million, $0.5 million, and $0.1 million, respectively.

Changes in the balance of goodwill for the year ended June 30, 2021, are as follows (in thousands):

Balance, June 30, 2020	$ 46,577
Measurement period adjustments[1]	(122)
Goodwill from the acquisition of a lead distribution company	3,500
Goodwill from the acquisition of Express Med Pharmaceuticals	18,064
Balance, June 30, 2021	$ 68,019

(1) Represents measurement period adjustments related to the InsideResponse acquisition (refer to Note 2 to the consolidated financial statements for further details).

As of June 30, 2021, expected amortization expense in future fiscal periods were as follows (in thousands):

	Trade Name	Proprietary Software	Non-compete agreements	Vendor Relationships	Customer relationships	Total
2022	$ 536	$ 432	$ 282	$ 2,633	$ 2,476	$ 6,359
2023	536	339	273	2,633	2,324	6,105
2024	536	308	220	2,633	2,319	6,016
2025	447	131	220	2,633	2,316	5,747
2026	—	—	134	2,633	2,313	5,080
Thereafter	—	—	—	9,437	1,926	11,363
Total	$ 2,055	$ 1,210	$ 1,129	$ 22,602	$ 13,674	$ 40,670

8. EMPLOYEE BENEFIT PLANS

The Company has a pretax savings plan covering nearly all of its employees that is intended to qualify under Section 401(k) of the Internal Revenue Code. The Company matches each employee’s contributions up to 2% per plan year. Additionally, the Company makes a discretionary profit-sharing contribution based on achieving certain financial metrics to individuals who’ve participated in the plan during the year. The Company’s contributions were $3.6 million, $2.1 million, and $1.5 million for the years ended June 30, 2021, 2020, and 2019, respectively.

In addition, our Board of Directors and shareholders have adopted the 2020 Employee Stock Purchase Plan (the “ESPP”), which was effective as of May 21, 2020. The purpose of the ESPP is to provide the Company's eligible employees with an opportunity to purchase shares of its common stock through accumulated payroll deductions at 95% of the fair market value on the exercise date, but no less than the lesser of 85% of the fair market value of a share of common stock on the date the offering period commences or 85% of the fair market value of the common stock on the exercise date. Refer to note 12 to the consolidated financial statements for further detail.

The Company maintains self-insured medical benefit plans for its employees. The accrued liabilities associated with this program are based on the Company's estimate of the ultimate costs to settle known claims as well as claims incurred but not yet reported as of the balance sheet date. The accrued liability for our self-insured benefit plans, which is included in accrued compensation and benefits on the consolidated balance sheet, was $1.8 million and $0.7 million as of June 30, 2021, and 2020, respectively.

9. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The Company uses derivative financial instruments to hedge against the interest rate risk associated with its variable-rate debt as a result of the Company's exposure to fluctuations in interest rates associated with the Term Loans (as defined in Note 10 to the consolidated financial statements). To accomplish this hedging strategy, the Company enters into interest rate swaps designated as cash flow hedges that are designed to be highly correlated to the underlying terms of the debt instruments to which their forecasted, variable-rate payments are tied. To qualify for hedge accounting, the Company documents and assesses effectiveness at inception and in subsequent reporting periods. The fair value of interest rate swaps are recorded on the consolidated balance sheets as an asset or liability with the related gains or losses reported as a component of accumulated other comprehensive income. The changes in fair value are reclassified from accumulated other comprehensive income into earnings as an offset to interest expense, net in the same period that the hedged items affect earnings. The Company does not engage in the use of derivative instruments for speculative or trading purposes.

The Company entered into a USD floored interest rate swap agreement on May 12, 2020, with an effective date of May 29, 2020, wherein the Company exchanged a floating rate of interest of LIBOR (subject to a 1% floor) plus 6.00% on the notional amount of $325.0 million of the Company’s $425.0 million 2019 Term Loan (as defined in Note 10 to the consolidated financial statements) for a fixed rate payment of 6.00% plus 1.188%. Subsequently, on March 12, 2021, as a result of the First Amendment (as defined in Note 10 to the consolidated financial statements), the Company de-designated and simultaneously re-designated the original interest rate swap with modified terms (the "Amended Interest Rate Swap"), matching those of the 2021 Term Loan (as defined in Note 10 to the consolidated financial statements), in order to maintain a highly effective hedge relationship. The Amended Interest Rate Swap is designed as a hedge of the remaining forecasted interest payments on the notional amount of $325.0 million of the Term Loans (as defined in Note 10 to the consolidated financial statements). As the results of the modification indicate that the hedge remains highly effective, the Amended Interest Rate Swap continues to qualify for hedge accounting. As of the date of de-designation, $0.5 million was recorded directly to general and administrative expense in the consolidated statement of comprehensive income, as this represents the ineffective portion of the hedge in re-designation. The Amended Interest Rate Swap terminates on November 5, 2024.

In addition, the Company has determined that the majority of the inputs used to value its Amended Interest Rate Swap fall within Level 2 of the fair value hierarchy as they primarily include other than quoted prices that are observable. Further, this valuation uses standard calculations and models that use readily observable market data as

their basis. As a result, the Company classifies its Amended Interest Rate Swap in Level 2 of the fair value hierarchy.

The following table presents the fair value of the Company's derivative financial instrument on a gross basis, as well as its classification on the Company's consolidated balance sheets as of June 30:

(in thousands)	2021		2020	
Derivatives Designated as Hedging Instruments	**Balance Sheet Location**	**Fair Value**	**Balance Sheet Location**	**Fair Value**
Cash flow hedge	Other current liabilities	$ (236)	Other current liabilities	$ (1,669)

The following table presents the unrealized gains (losses) deferred to accumulated other comprehensive income (loss) resulting from the Company's derivative instruments designated as cash flow hedging instruments as of June 30:

(in thousands)	2021	2020
Unrealized gain (loss), before taxes	$ 1,251	$ (1,723)
Income tax (expense) benefit	(310)	428
Unrealized gain (loss), net of taxes	$ 941	$ (1,295)

The following table presents information about the reclassification of gains and losses from accumulated other comprehensive income (loss) into earnings resulting from the Company's derivative instruments designated as cash flow hedging instruments as of June 30:

(in thousands)	2021	2020
Interest expense	$ 721	$ 54
Income tax benefit	(179)	(13)
Net reclassification into earnings	$ 542	$ 41

Amounts included in accumulated other comprehensive income (loss) are recorded net of the related income tax effects. The following table details the changes in accumulated other comprehensive income (loss):

(in thousands)	**Derivative Instruments**
Balance at June 30, 2020	$ (1,254)
Unrealized gains, net of related tax expense of $0.3 million	941
Amount reclassified into earnings, net of related taxes of $0.2 million	542
Balance at June 30, 2021	$ 229

As of June 30, 2021, the Company estimates that $0.9 million will be reclassified into interest expense during the next twelve months.

10. DEBT

Senior Secured Credit Facility— Debt consisted of the following as of June 30:

(in thousands)	2021	2020
Term Loans	$ 471,912	$ 325,000
Unamortized debt issuance costs on Term Loans	(4,081)	(5,819)
Unamortized debt discount on Term Loans	(6,428)	(7,367)
Total debt	461,403	311,814
Less current portion of debt:[(1)]	(2,360)	—
Non-current portion of debt	$ 459,043	$ 311,814

(1) Presented in other current liabilities on the consolidated balance sheets.

On November 5, 2019, the Company entered into a credit agreement with UMB Bank N.A. ("UMB") as a lender and revolving agent and Morgan Stanley Capital Administrators, Inc. ("Morgan Stanley") as a lender and the administrative agent for a syndicate of lenders party to the agreement (the "Senior Secured Credit Facility"). The Senior Secured Credit Facility provides for (1) a secured revolving loan facility with UMB in an aggregate principal amount of up to $75.0 million (the "Revolving Credit Facility") and (2) a senior secured term loan facility in an aggregate principal amount of $425.0 million (the "2019 Term Loan"). The proceeds of the 2019 Term Loan were used (i) to finance a distribution in November 2019 to all holders of the Company's common and preferred stock as well as holders of stock options in an aggregate amount of $275.0 million (the "Distribution"), (ii) to fund cash to the balance sheet in an aggregate amount of $68.0 million, equal to the first two years of interest-only payments due in respect of the 2019 Term Loan, (iii) to pay the debt issuance costs incurred for the Senior Secured Credit Facility, and (iv) for general corporate purposes. Upon the completion of the Company's initial public offering on May 26, 2020 (the "IPO"), the Company paid down $100.0 million of the 2019 Term Loan.

On February 24, 2021, the Company entered into the First Amendment to the Senior Secured Credit Facility (the "First Amendment") with certain of its existing lenders (excluding "non-consenting lenders" that decided not to participate in the First Amendment) and Morgan Stanley as administrative agent. The First Amendment amends the existing Senior Secured Credit Facility to, among other things, (i) provide for (x) an additional $231.0 million senior secured term loan (the "2021 Term Loan", together with the 2019 Term Loan, the "Term Loans") and (y) a $145.0 million senior secured delayed draw term loan facility (the "DDTL Facility"), which may be drawn from time to time, subject to certain conditions, during the first twelve months following the date of the First Amendment, (ii) reduce the Company's interest rate on the Term Loans, (iii) make certain changes to the covenants in the Senior Secured Credit Facility governing the Company's operating flexibility and (iv) to eliminate the restricted cash balance reserved for interest noted above. The proceeds of the 2021 Term Loan were used (i) to pay back $84.1 million of the 2019 Term Loan to the non-consenting lenders, (ii) to finance permitted acquisitions and investments, (iii) to pay the debt issuance costs incurred for the First Amendment, and (iv) for general corporate purposes. As of June 30, 2021, after giving effect to the First Amendment, the aggregate principal amount of Term Loans outstanding was $471.9 million, the borrowing capacity under the DDTL Facility was $145.0 million, and the borrowing capacity under the Revolving Credit Facility was $75.0 million.

The Revolving Credit Facility accrues interest on amounts drawn at a rate per annum equal to either (a) LIBOR plus 4.0% or (b) a base rate plus 3.0%, at the Company's option. The Term Loans and any loans under the DDTL Facility bear interest on the outstanding principal amount thereof at a rate per annum equal to either (a) LIBOR (subject to a floor of 0.75%) plus 5.00% or (b) a base rate plus 4.00%, at the Company's option. The Company's risk management strategy includes entering into interest rate swap agreements from time to time to protect against unfavorable interest rate changes relating to forecasted debt transactions. Refer to Note 9 to the consolidated financial statements for further details.

The Term Loans are mandatorily repayable beginning March 31, 2022, in equal quarterly installments in an aggregate annual amount equal to 1% of the original principal amount of the Term Loans, with the balance payable

on the maturity date of November 5, 2024. The Revolving Credit Facility and the DDTL Facility also have a maturity date of November 5, 2024.

The First Amendment contains customary affirmative and negative covenants and events of default. In addition, the First Amendment contains a financial covenant, requiring the Company and certain of its subsidiaries to maintain a minimum asset coverage ratio. As of June 30, 2021, the Company was in compliance with all of the required covenants. The obligations of the Company under the First Amendment are guaranteed by certain of the Company's subsidiaries, and secured by a security interest in all assets of the Company, subject to certain exceptions detailed in the First Amendment and related ancillary documentation.

The Company had incurred $8.0 million in debt issuance costs related to the Senior Secured Credit Facility of which $1.2 million was allocated to the Revolving Credit Facility and was recorded in other assets in the consolidated balance sheet, and $6.8 million was allocated to the 2019 Term Loan and was recorded as a reduction to the carrying amount of the 2019 Term Loan in debt in the consolidated balance sheet. Additionally, the Company paid $8.5 million to the lenders of the 2019 Term Loan as an original issue discount ("OID"), which also was recorded as a reduction to the carrying amount of the 2019 Term Loan in debt in the consolidated balance sheets. The debt issuance costs and OID incurred were being amortized through interest expense on a straight-line basis over the five-year life of the Senior Secured Credit Facility.

The Company incurred $0.7 million in debt issuance costs related to the First Amendment and paid $2.3 million to the remaining lenders of the 2021 Term Loan as an OID, both of which were recorded as a reduction to the carrying amount of the Term Loans.

In accordance with ASC 470-50-40 "*Debt Modification and Extinguishments,*" the First Amendment was accounted for as a modification of debt for the lenders that remained in the syndicate, while the non-consenting lenders were accounted for as an extinguishment of debt. Therefore, the new debt issuance costs were allocated on a pro-rata basis and treated as follows:

- *Revolving Credit Facility*—The remaining unamortized balance of debt issuance costs of $0.9 million and the new debt issuance costs incurred related to the First Amendment of $0.2 million were deferred and are being amortized through interest expense on a straight-line basis over the remaining term of the agreement.

  The Company is required to pay UMB an unused commitment fee of 0.15%, in respect of the unutilized commitments under the Revolving Credit Facility.

- *DDTL Facility*—As there were no upfront commitment fees for the DDTL Facility, the Company did not allocate any debt issuance costs to the DDTL Facility.

  The Company is required to pay a ticking fee on the DDTL Facility commitments based on the average daily balance of the unused amount of the aggregate DDTL Facility commitments during the preceding fiscal quarter, multiplied by 1% per annum.

- *Term Loans*—For the extinguished debt related to the non-consenting lenders, the Company recognized a $3.3 million loss on debt extinguishment in the consolidated statements of comprehensive income for the year ended June 30, 2021, consisting of unamortized debt issuance costs of $1.1 million and unamortized OID of $1.4 million and a 1% breakage fee associated with the payoff of the non-consenting lenders of $0.8 million.

  The remaining unamortized balance of debt issuance costs and OID related to the 2019 Term Loan of $3.8 million and $4.8 million, respectively, and the new debt issuance costs incurred and the OID related to the First Amendment of $0.7 million and $2.3 million, respectively, were deferred and are being amortized through interest expense on a straight-line basis over the remaining term of the agreement.

Non-Recourse Debt—On December 14, 2018, the Company entered into a senior secured delayed draw credit facility (as amended, the "Receivables Financing Agreement"). Pursuant to the Receivables Financing Agreement, the Company had access to a senior secured delayed draw credit facility consisting of up to $30.0 million aggregate principal amount of commitments (the "Commitment"), with no more than quarterly draws in an aggregate original principal amount not to exceed the Commitment, with the commissions receivable from the Auto & Home insurance policies sold as collateral. As the underlying policyholders renewed their policies, the renewal commissions received from our insurance carrier partners were transferred to the lender as repayment of the draw, with any accrued interest being paid first. Each loan accrued interest at 11.5% that was computed on a daily basis on the unpaid principal and interest amounts. If the amount of renewal commissions received was not enough to pay off the loan balances, there was no recourse to the Company. If we continued to receive renewal commissions on the underlying policies after the time at which the loan balances were paid off, the right to those renewal commissions reverted back to the Company. Over the life of the Receivables Financing Agreement, we received $32.8 million in proceeds from seven draws on the facility and made principal payments of $4.5 million. On June 8, 2020, the Company repaid in full all of its and its subsidiaries' indebtedness and other obligations totaling $29.3 million under the Receivables Financing Agreement. The Company repaid the outstanding debt using proceeds from the IPO. Concurrently with the repayment, all security interests and liens held by the Collateral Agent (as defined in the Receivables Financing Agreement) were terminated and released and the Receivables Financing Agreement was terminated. As a result of the repayment, the Company recorded a $1.2 million loss on debt extinguishment in the consolidated statement of comprehensive income for the year ended June 30, 2020, primarily consisting of a prepayment penalty associated with the debt payoff activity of $0.9 million and the write-off of unamortized debt issuance costs of $0.3 million.

Debt Issuance Costs—Total amortization of debt issuance costs was $3.3 million, $2.3 million, and $0.1 million, for the years ended June 30, 2021, 2020 and 2019, respectively, which was included in interest expense, net in the Company's consolidated statements of comprehensive income.

11. COMMITMENTS AND CONTINGENCIES

Lease Obligations—Refer to Note 5 to the consolidated financial statements for commitments related to our operating leases.

Legal Contingencies and Obligations—From time to time, the Company is subject to legal proceedings and claims in the ordinary course of business. The Company currently is not aware of any legal proceedings or claims that it believes will have, individually or in the aggregate, a material adverse effect on its business, financial condition, operating results, or cash flows.

On August 17, 2021, a putative securities class action lawsuit was filed against the Company and two of its executive officers in the U.S. District Court for the Southern District of New York. The complaint, captioned *Hartel v. SelectQuote, Inc., et al.*, Case No. 1:21-cv-06903, asserts securities fraud claims on behalf of a putative class of plaintiffs who purchased or otherwise acquired shares of the Company's common stock between February 8, 2021 and May 11, 2021 (the "Relevant Period"). Specifically, the complaint alleges the defendants violated Sections 10(b) and 20(a) and Rule 10b-5 of the Exchange Act by making materially false and misleading statements and failing to disclose material adverse facts about the Company's business, operations, and prospects, allegedly causing the Company's common stock to trade at artificially inflated prices during the Relevant Period. The plaintiffs seek unspecified damages and reimbursement of attorneys' fees and certain other costs. The Company believes the allegations in the complaint are without merit and intends to defend the case vigorously. Accordingly, we currently believe that this matter will not have a material adverse effect on any of our results of operations, financial condition or liquidity. However, depending on how this matter progresses, it could be costly to defend and could divert the attention of management and other resources from operations. The Company has not concluded that a loss related to this matter is probable, nor has it accrued a liability related to this matter.

12. SHAREHOLDERS' EQUITY

Common Stock—As of June 30, 2021, the Company has reserved the following authorized, but unissued, shares of common stock:

Employee Stock Purchase Plan ("ESPP")	1,343,560
Stock awards outstanding under 2020 Plan	1,881,742
Stock awards available for grant under 2020 Plan	7,668,259
Options outstanding under 2003 Plan	2,005,977
Options available for grant under 2003 Plan	—
Total	12,899,538

Secondary Offering—On March 8, 2021, the Company completed a secondary public offering ("Secondary Offering") of 10,600,000 shares of the Company’s common stock, par value $0.01 per share, by certain shareholders of the Company. The Company did not sell any shares of common stock and did not receive any proceeds from the Secondary Offering. Therefore, the offering did not increase the number of shares of common stock that are currently outstanding.

Preferred Stock—Upon the closing of the Company's IPO, all outstanding shares of preferred stock converted on an 8:1 basis into common stock. The conversion resulted in an impact to additional paid-in capital in the consolidated balance sheet of $0.2 million as of June 30, 2020.

On April 17, 2020 and May 6, 2020, the Company issued and sold an aggregate of 100,000 shares and 35,000 shares, respectively, of its Series E preferred stock to certain “accredited investors” (as defined in Regulation D promulgated under the Securities Act), at a purchase price of $1,000 per share, for aggregate proceeds of $135.0 million and net proceeds to the Company of $129.4 million after deducting commissions and expenses. In connection with the sale of these shares, the Company entered into Investor Rights Letters with the purchasers of the Series E preferred stock which granted them certain rights, including but not limited to certain preemptive rights and information rights. Upon the closing of the Company's IPO, the foregoing rights terminated, and all outstanding shares of Series E preferred stock automatically converted into 7.5 million shares of common stock at a fixed discount to the initial offering price. The conversion resulted in an impact to additional paid-in capital in the consolidated balance sheet of $0.1 million as of June 30, 2020.

Initial Public Offering—On May 26, 2020, the Company completed its IPO whereby 18,000,000 shares of common stock were sold to the public at $20.00 per share (in addition to shares sold by selling stockholders). Net proceeds to the Company from the offering, after deducting underwriting discounts and commissions and offering expenses, were $333.1 million.

Treasury Share Retirement—On March 30, 2020, the Company retired 4.0 million shares of its common stock and preferred stock held in treasury. The shares were returned to the status of authorized but unissued shares. As a result, the treasury stock balance was reduced to zero, and the common stock, preferred stock, and retained earnings balances in the consolidated balance sheet were reduced by $0.1 million, $0.2 million, and $77.0 million, respectively, as of June 30, 2020.

Stock Split—On February 28, 2020, the Board of Directors of the Company resolved via unanimous written consent to: i) approve an eight-for-one forward stock split pursuant to which each outstanding share of the Company’s common stock would become eight shares of the Company’s common stock (the “Forward Stock Split”), ii) approve an amendment to the Company’s Fifth Amended and Restated Certificate of Incorporation, increasing the number of authorized shares of the Company’s common stock from 23.0 million shares to 700.0 million shares (the “Amendment”), and iii) submit the Amendment to the Company’s stockholders for approval. On February 28, 2020, the holders of more than 50% of the outstanding shares of voting stock of the Company

approved the Amendment and the Amendment was filed with the Secretary of State of the State of Delaware. The par value of each share of the Company's common stock was not adjusted in connection with the aforementioned Forward Stock Split. As per the series A-D preferred stock agreements, shares of preferred stock were precluded from a stock split and thus, the number of shares of preferred stock before and after the split did not change. However, the conversion ratio was split effected. Therefore, the conversion ratio of series A-D preferred stock converting into common stock went from 1:1 to 8:1.

Distribution—On November 15, 2019, the Company declared a distribution of $188.7 million on all outstanding common stock and stock options (regardless of vesting status) ($1.96 per share) and $86.3 million on all outstanding preferred stock ($15.66 per share) which was paid on November 20, 2019 (the "Distribution"). Of the Distribution, $265.8 million was paid to existing shareholders and $9.2 million was paid to stock option holders. The Distribution to shareholders was characterized as ordinary dividends up to accumulated earnings at the time of Distribution, with the excess over earnings of $58.4 million treated as a return of capital and recorded as a reduction to additional paid-in capital in the consolidated balance sheet as of June 30, 2020. The Distribution to stock option holders was characterized as an equity restructuring where a one-time large cash payment is made in lieu of modifying the option award as the Company's stock options plans do not allow for dividends to be distributed to holders of stock options and do not provide any dividend protections. Although no other terms of the option awards were modified, this Distribution resulted in a modification to the outstanding awards and incremental share-based compensation expense was recorded in the consolidated statement of comprehensive income during the year ended June 30, 2020, for the increase in fair value over the original awards of $9.2 million.

Share-Based Compensation Plans

The Company has awards outstanding from two share-based compensation plans: the 2003 Stock Incentive Plan (the "2003 Stock Plan") and the 2020 Omnibus Incentive Plan (the "2020 Stock Plan" and, collectively with the 2003 Stock Plan, the "Stock Plans"). However, no further awards will be made under the 2003 Stock Plan. The Company's Board of Directors adopted, and shareholders approved, the 2020 Stock Plan in connection with the IPO, which provides for the grant of incentive stock options ("ISO's"), nonstatutory stock options ("NSO's"), stock appreciation rights, restricted stock awards, restricted stock unit awards ("RSU's"), performance-based cash awards ("PSU's"), and other forms of equity compensation (collectively, "stock awards"). All awards may be granted to employees, non-employee directors, and consultants of the Company and its subsidiaries and affiliates except for ISO's, which can only be granted to current employees of the Company.

The number of shares of common stock available for issuance as of June 30, 2021, pursuant to future awards under the Company's 2020 Stock Plan is 7,668,259. The number of shares of the Company's common stock reserved under the 2020 Stock Plan is subject to an annual increase on the first day of each fiscal year beginning on July 1, 2021, equal to 3% of the outstanding shares of common stock as of the last day of the immediately preceding fiscal year. The maximum number of shares of common stock that may be issued upon the exercise of ISO's will be 4,000,000. The shares of common stock covered by any award (including any award granted pursuant to the 2003 Stock Plan) that is forfeited, terminated, expired, or lapsed without being exercised or settled for cash will again become available for issuance under the 2020 Stock Plan. With respect to any award, if the exercise price and/or tax withholding obligations are satisfied by delivering shares to the Company (by actual delivery or attestation), or if the exercise price and/or tax withholding obligations are satisfied by withholding shares otherwise issuable pursuant to the award, the share reserve shall nonetheless be reduced by the gross number of shares subject to the award.

The Company accounts for its share-based compensation awards in accordance with ASC 718, *Compensation—Stock Compensation* ("ASC 718") which requires all share-based compensation to be recognized in the income statement based on fair value and applies to all awards granted, modified, canceled, or repurchased after the effective date.

Total share-based compensation for stock awards included in general and administrative expense in our consolidated statements of comprehensive income for the periods presented was as follows:

(in thousands)	Year Ended June 30, 2021	2020	2019
Share-based compensation related to:			
Equity classified stock options	$ 1,732	$ 9,383	$ 86
Equity classified RSU's	2,274	115	—
Equity classified PSU's	705	—	—
Total	$ 4,711	$ 9,498	$ 86

Stock Options—The stock options outstanding under the 2003 Stock Plan vest as to one-third after the vesting commencement date and as to 1/24 of the remaining shares subject to the stock option monthly thereafter, subject to the award recipient's continued employment through the applicable vesting date. Upon a termination of employment for any reason other than for "Cause" (as defined in the 2003 Stock Plan), any unvested and outstanding stock options would generally be forfeited for no consideration, and any vested and outstanding stock options would remain exercisable for 90 days following the date of termination (and, in the case of a termination of employment due to death or disability, for 12 months following the date of termination). Stock options expire 10 years from the date of grant. The terms for ISO's and NSO's awarded in the 2020 Stock Plan are the same as in the 2003 Stock Plan with the exception that the options generally shall vest and become exercisable in four equal installments on each of the first four anniversaries of the grant date, subject to the award recipient's continued employment through the applicable vesting date. Stock options are granted with an exercise price that is no less than 100% of the fair market value of the underlying shares on the date of the grant.

The fair value of each option (for purposes of calculation of share-based compensation expense) is estimated using the Black-Scholes-Merton option pricing model that uses assumptions determined as of the date of the grant. Use of this option pricing model requires the input of subjective assumptions. These assumptions include estimating the length of time employees will retain their vested stock options before exercising them ("expected term"), the estimated volatility of the Company's common stock price over the expected term ("volatility"), the number of options that will ultimately not complete their vesting requirements ("assumed forfeitures"), the risk-free interest rate that reflects the interest rate at grant date on zero-coupon United States governmental bonds that have a remaining life similar to the expected term ("risk-free interest rate"), and the dividend yield assumption which is based on the Company's dividend payment history and management's expectations of future dividend payments ("dividend yield"). Changes in the subjective assumptions can materially affect the estimate of the fair value of share-based compensation and, consequently, the related amount recognized in the consolidated statements of comprehensive income.

The Company used the following weighted-average assumptions for the stock options granted during the periods presented below:

	Year Ended June 30, 2021	2020	2019
Volatility	25.0%	25.1%	24.8%
Risk-free interest rate	0.4%	0.7%	2.7%
Dividend yield	—%	—%	1.9% to 2.3%
Assumed forfeitures	—%	—%	—%
Expected term (in years)	6.24	5.94	5.95
Weighted-average fair value (per share)	$4.90	$3.79	$0.15

The following table summarizes stock option activity under the Stock Plans for the year ended June 30, 2021:

	Number of Options	Weighted-Average Exercise Price	Weighted- Average Remaining Contractual Term (in Years)	Aggregate Intrinsic Value (in Thousands)
Outstanding—June 30, 2020	4,067,417	$ 2.69		
Options granted	1,040,960	19.31		
Options exercised	(1,695,152)	0.94		
Options forfeited/expired/cancelled	(14,712)	11.95		
Outstanding—June 30, 2021	3,398,513	$ 8.61	6.17	$ 37,466
Vested and exercisable—June 30, 2021	2,030,083	$ 2.02	4.28	$ 35,071

As of June 30, 2021, there was $5.1 million in unrecognized compensation cost related to unvested stock options granted, which is expected to be recognized over a weighted-average period of 2.87 years.

The Company received cash of $1.9 million, $5.5 million, and $4.3 million in connection with stock options exercised during the years ended June 30, 2021, 2020 and 2019.

Restricted Stock—The following table summarizes restricted stock unit activity under the 2020 Stock Plan for the year ended June 30, 2021:

	Number of Restricted Stock Units	Weighted-Average Grant Date Fair Value
Unvested as of June 30, 2020	150,000	$ 20.00
Granted	261,066	18.77
Vested	(49,999)	20.00
Cancelled	(4,782)	17.89
Unvested as of June 30, 2021	356,285	$ 19.12

As of June 30, 2021, there was $5.4 million of unrecognized compensation cost related to unvested restricted stock units granted, which is expected to be recognized over a weighted-average period of 2.56 years.

Performance Stock—The following table summarizes performance stock unit activity under the 2020 Stock Plan for the year ended June 30, 2021:

	Number of Performance Stock Units	Weighted-Average Grant Date Fair Value
Unvested as of June 30, 2020	—	$ —
Granted	132,921	17.97
Vested	—	—
Cancelled	—	—
Unvested as of June 30, 2021	132,921	$ 17.97

As of June 30, 2021, there was $1.7 million of unrecognized compensation cost related to unvested performance stock units granted, which is expected to be recognized over a weighted-average period of 2.17 years.

ESPP—The purpose of the ESPP is to provide the Company's eligible employees with an opportunity to purchase shares of its common stock through accumulated payroll deductions at 95% of the fair market value on the exercise date, but no less than the lesser of 85% of the fair market value of a share of common stock on the date the offering period commences or 85% of the fair market value of the common stock on the exercise date. For the year ended June 30, 2021, the Company issued 56,440 shares to its employees and as of June 30, 2021, there are 1,343,560 shares reserved for future issuance under the plan. The Company recorded share-based compensation expense of $0.4 million for the year ended June 30, 2021, and recorded no share-based compensation expense with respect to the ESPP for the year ended June 30, 2020.

13. REVENUES FROM CONTRACTS WITH CUSTOMERS

Disaggregation of Revenue from Contracts with Customers—The disaggregation of revenue by segment and product is depicted for the periods presented below, and is consistent with how the Company evaluates its financial performance:

	Year Ended June 30,		
(in thousands)	**2021**	**2020**	**2019**
Senior:			
Commission revenue:			
Medicare advantage	$ 595,132	$ 285,957	$ 138,526
Medicare supplement	23,431	34,301	25,118
Prescription drug plan	1,652	2,867	3,209
Dental, vision, and health	15,969	7,758	4,470
Other commission revenue	2,156	362	2,526
Total commission revenue	638,340	331,245	173,849
Production bonus and other revenue	90,361	30,428	18,408
Total Senior revenue	728,701	361,673	192,257
Life:			
Commission revenue:			
Core	79,666	75,236	76,135
Final expense	78,764	30,592	11,057
Ancillary	4,219	2,036	2,054
Total commission revenue	162,649	107,864	89,246
Production bonus and other revenue	22,854	22,103	21,247
Total Life revenue	185,503	129,967	110,493
Auto & Home:			
Total commission revenue	27,621	38,031	33,240
Production bonus and other revenue	3,292	3,158	1,814
Total Auto & Home revenue	30,913	41,189	35,054
Eliminations:			
Total commission revenue	(2,004)	(534)	(335)
Production bonus and other revenue	(5,298)	(780)	—
Total Elimination revenue	(7,302)	(1,314)	(335)
Total commission revenue	826,606	476,606	296,000
Total production bonus and other revenue	111,209	54,909	41,469
Total revenue	$ 937,815	$ 531,515	$ 337,469

Contract Balances—After a policy is sold, the Company has no material additional or recurring obligations to the policyholder or the insurance carrier. As such, there are no contract liabilities recorded in the consolidated balance sheets. During the year ended June 30, 2020, there was no activity in the contract asset balances other than the movement over time between long-term and short-term commissions receivable and accounts receivable as the policy is renewed, as shown on the balance sheet. A separate roll forward of commissions receivable (current and long term) for the year ended June 30, 2021, is shown below:

(in thousands)		2021
Balance as of June 30, 2020	$	512,961
Commission revenue from revenue recognized		451,086
Net commission revenue adjustment from change in estimate		(6,968)
Amounts recognized as accounts receivable		(111,182)
Balance as of June 30, 2021	$	845,897

Included in the $7.0 million of net commission revenue adjustments in the table above are increases for contract modifications that occurred during fiscal year 2021, decreases for the reassessment of our transaction prices on each of our cohorts, and increases related to the change in estimate, which modified the method in which we calculate persistency to use policy level persistency to calculate renewal commission revenue.

Production Bonuses and Other—During the year ended June 30, 2021, the Company received advance payments of marketing development funds, which will be amortized over the course of the appropriate fiscal year based on policies sold. As of June 30, 2021, there was an unamortized balance remaining of $3.8 million of fiscal year 2022 marketing development funds recorded in other current liabilities in the consolidated balance sheet.

14. INCOME TAXES

Income tax expense consists of the following for the periods presented:

		Year Ended June 30,				
(in thousands)		2021		2020		2019
Current income taxes:						
Federal	$	—	$	—	$	(64)
State		149		63		107
Total		149		63		43
Deferred income taxes:						
Federal		29,317		21,021		19,748
State		5,337		3,932		2,243
Total		34,654		24,953		21,991
Income tax expense	$	34,803	$	25,016	$	22,034

The Jobs Act, signed into law on December 22, 2017, reduced the tax rate for corporations effective for tax years beginning after January 1, 2018. In addition to the reduction in the corporate tax rate, it also (1) changed the rules related to utilization of net operating loss ("NOL") carryforwards generated in tax years beginning after December 31, 2017; (2) eliminated the corporate alternative minimum tax ("AMT") and changed how existing AMT credits can be realized; (3) expanded bonus depreciation that will allow for full expensing of qualifying property; and (4) created a new limitation on deductible interest expense.

The Company's statutory federal tax rate is 21% and its current state tax rate (net of federal benefit) is 3.22% for the year ended June 30, 2021. The Company's statutory federal tax rate was 21% and its state tax rate (net of federal benefit) was 3.85% for the year ended June 30, 2020. The Company's statutory federal tax rate was 21% and its state tax rate (net of federal benefit) was 3.83% for the year ended June 30, 2019.

The differences from the Company's statutory tax rate to the effective tax rate shown below for the years ended June 30, 2021, 2020, and 2019, were primarily due to the net effects of state income taxes partially offset by HPIP tax credits and the exercise of non-qualified stock options.

The following reconciles the statutory federal income tax rate to the effective income tax rate for the periods presented:

	Year Ended June 30,		
	2021	2020	2019
Federal statutory rate	21.0%	21.0%	21.0%
Differences in income tax expense resulting from:			
State income taxes	3.2	4.0	3.8
Kansas HPIP credit	(0.5)	(0.9)	(1.5)
Non-qualified stock option exercises	(3.6)	(0.5)	—
Other	0.9	—	—
Effective income tax rate	21.0%	23.6%	23.3%

Significant components of the deferred tax assets and liabilities were as follows as of June 30:

(in thousands)	2021	2020
Deferred tax assets:		
Accruals and other	$ 15,179	$ 10,663
Lease liability	11,300	—
Deferred rent	—	3,349
Interest expense limitation	14,517	7,269
Net operating losses	76,281	27,557
Credit carryforward	6,486	5,413
Total deferred tax assets	123,763	54,251
Deferred tax liabilities:		
Commissions receivable	(251,768)	(155,297)
Lease right-of-use asset	(8,133)	—
Basis difference in fixed and amortizable assets	(4,850)	(4,798)
Total deferred tax liabilities	(264,751)	(160,095)
Net long-term deferred tax liabilities	$ (140,988)	$ (105,844)

For tax purposes, pursuant to Treasury Regulation §1.451-3(b)(4)(viii), the Company defers revenue relating to certain commissions receivables into subsequent years until it is collected, which gives rise to a significant deferred tax liability. Assessing the realizability of the Company's deferred tax assets is dependent upon several factors, including the likelihood and amount, if any, of future taxable income in relevant jurisdictions during the periods in which those temporary differences become deductible. The Company forecasts taxable income by considering all available positive and negative evidence, including historical data and future plans and estimates. These assumptions require significant judgment about future taxable income. As a result, the amount of deferred tax assets considered realizable is subject to adjustment in future periods if estimates of future taxable income change.

Since the Company has shown positive cumulative pre-tax income for the past three fiscal years and expects the reversal of the deferred tax liabilities as a result of cash commissions received, the Company continues to recognize its deferred tax assets as of June 30, 2021, as it believes it is more likely than not that the net deferred tax assets will be realized. As such, the Company does not believe a valuation allowance is necessary as of June 30, 2021, and will continue to evaluate in the future as circumstances may change.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was signed into law. The CARES Act provided numerous tax provisions and other stimulus measures to aid companies as they adjust to the impacts from COVID-19. The Company availed itself of the technical correction for qualified leasehold improvements eligible for 100% tax bonus depreciation and elected to defer the employer-paid portion of social security taxes, which did not have a material impact on the financial statements.

As of June 30, 2021, the Company has NOL carryforwards for federal and state income tax purposes of $296.1 million and $277.2 million, respectively. Other than the federal NOLs generated for the tax years ended June 30, 2021 and 2020, which have an indefinite carryforward period, the federal carryforwards will expire in 2035 through 2039. The state carryforwards will expire in 2025 through 2040.

The Company is subject to income taxes in the US federal and various state jurisdictions. Tax regulations within each jurisdiction are subject to interpretation of the related tax laws and regulations and require the application of significant judgment. The federal tax returns from tax years 2017 through 2019 and state tax returns from tax years 2016 through 2019 remain open to examination by significant domestic taxing jurisdictions to which the Company is subject. NOLs generated by the Company for tax years 2016 to 2019 will remain open to examination by the significant domestic taxing jurisdictions until the statute of limitations expires for the year in which the loss carry overs are utilized. NOLs generated by the Company for tax years prior to 2016 also remain open to examination during the year in which the loss carry overs are utilized.

15. NET INCOME (LOSS) PER SHARE

The Company calculates net income per share as defined by ASC Topic 260, "*Earnings per Share*". Basic net income per share ("Basic EPS") is computed by dividing net income attributable to common shareholders by the weighted-average common stock outstanding during the respective period. Net income attributable to common shareholders is computed by deducting both the dividends declared in the period on preferred stock and the dividends accumulated for the period on cumulative preferred stock from net income. Diluted net income per share ("Diluted EPS") is computed by dividing net income attributable to common and common equivalent shareholders by the total of the weighted-average common stock outstanding and common equivalent shares outstanding during the respective period. For the purpose of calculating the Company's Diluted EPS, common equivalent shares outstanding include the conversion of the preferred stock on an 8:1 ratio, as the rights and privileges dictate as such, common shares issuable upon the exercise of outstanding employee stock options, unvested RSU's, and common shares issuable upon the conclusion of each ESPP offering period. The number of common equivalent shares outstanding has been determined in accordance with the if-converted method for the preferred stock and the treasury stock method for employee stock options, RSU's, and common stock issuable pursuant to the ESPP to the extent they are dilutive. Under the treasury stock method, the exercise price paid by the option holder and future share-based compensation expense that the Company has not yet recognized are assumed to be used to repurchase shares.

The following table sets forth the computation of net income (loss) per share for the periods presented:

	Year Ended June 30,		
(in thousands, except per share amounts)	**2021**	**2020**	**2019**
Basic:			
Numerator:			
Net income	$ 131,046	$ 81,147	$ 72,579
Less: dividends declared on Series A, B, C & D preferred stock	—	(86,302)	(661)
Less: cumulative dividends on Series D preferred stock	—	(10,849)	(12,000)
Net income (loss) attributable to common shareholders	131,046	(16,004)	59,918
Denominator:			
Weighted-average common stock outstanding	162,889	97,496	85,378
Net income (loss) per share—basic:	$ 0.80	$ (0.16)	$ 0.70
Diluted:			
Numerator:			
Net income (loss) attributable to common shareholders	$ 131,046	$ (16,004)	$ 59,918
Add: dividends declared on Series A, B & C preferred stock(1)	—	—	181
Add: dividends declared on Series D preferred stock(1)	—	—	480
Add: cumulative dividends on Series D preferred stock(1)	—	—	12,000
Net income (loss) attributable to common and common equivalent shareholders	131,046	(16,004)	72,579
Denominator:			
Weighted-average common stock outstanding	162,889	97,496	85,378
Series A, B & C preferred stock outstanding(1)	—	—	12,071
Series D preferred stock outstanding(1)	—	—	32,000
Stock options outstanding to purchase shares of common stock including unvested RSU's and from the ESPP(1)	2,655	—	3,042
Total common and common equivalent shares outstanding	165,544	97,496	132,491
Net income (loss) per share—diluted:	$ 0.79	$ (0.16)	$ 0.55

(1) Excluded from the computation of net loss per share-diluted for the year ended June 30, 2020, because the effect would have been anti-dilutive.

The weighted average potential shares of common stock that were excluded from the calculation of net income (loss) per share-diluted for the periods presented because including them would have been anti-dilutive consisted of the following as of June 30:

(in thousands)	**2021**	**2020**	**2019**
Series A, B & C preferred stock outstanding	—	10,871	—
Series D preferred stock outstanding	—	28,817	—
Series E preferred stock outstanding	—	694	—
Stock options outstanding to purchase shares of common stock including unvested RSU's and from the ESPP	784	4,161	—
Shares subject to outstanding PSU's(1)	121	—	—
Total	905	44,543	—

(1) The weighted-average number of shares excluded from the computation of net income (loss) per share-diluted because the performance conditions associated with these awards were not met.

16. SEGMENT INFORMATION

The Company's reportable segments have been determined in accordance with ASC 280, *Segment Reporting* ("ASC 280"). The Company currently has three reportable segments: i) Senior, ii) Life, and iii) Auto & Home, which represent the three main types of insurance products sold by the Company. The Senior segment primarily sells senior Medicare-related health insurance and also includes InsideResponse and Population Health. The Life segment primarily sells term life insurance and final expense policies, and the Auto & Home segment primarily sells individual automobile and homeowners' insurance. In addition, the Company accounts for non-operating activity, share-based compensation expense, certain intersegment eliminations, and the costs of providing corporate and other administrative services in its administrative division, Corporate & Eliminations. These services are not directly identifiable with the Company's reportable segments and are shown in the tables below to reconcile the reportable segments to the consolidated financial statements. The Company has not aggregated any operating segments together to represent a reportable segment.

The Company reports segment information based on how its chief operating decision maker ("CODM") regularly reviews its operating results, allocates resources, and makes decisions regarding business operations. The performance measures of the segments include total revenue and Adjusted EBITDA because management believes that such information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

Costs of revenue, marketing and advertising, and technical development operating expenses that are directly attributable to a segment are reported within the applicable segment. Indirect costs of revenue, marketing and advertising, and technical development operating expenses are allocated to each segment based on varying metrics such as headcount. Adjusted EBITDA is calculated as total revenue for the applicable segment less direct and allocated costs of revenue, marketing and advertising, technical development, and general and administrative operating costs and expenses, excluding depreciation and amortization expense; gain or loss on disposal of property, equipment, and software; share-based compensation expense; restructuring expenses; and non-recurring expenses such as severance payments and transaction costs. Our CODM does not separately evaluate assets by segment; therefore, assets by segment are not presented.

The following tables present information about the reportable segments for the periods presented:

Year Ended June 30, 2021

(in thousands)	Senior	Life	Auto & Home	Corp & Elims	Consolidated
Revenue	$ 728,701	$ 185,503	$ 30,913	$ (7,302)	$ 937,815
Operating expenses	(484,924)	(155,127)	(22,735)	(46,899) (1)	(709,685)
Other expenses, net	—	—	—	(100)	(100)
Adjusted EBITDA	$ 243,777	$ 30,376	$ 8,178	$ (54,301)	228,030
Share-based compensation expense					(5,165)
Non-recurring expenses (2)					(6,065)
Fair value adjustments to contingent earnout obligations					(1,488)
Depreciation and amortization					(16,142)
Loss on disposal of property, equipment, and software					(686)
Interest expense, net					(29,320)
Loss on extinguishment of debt					(3,315)
Income tax expense					(34,803)
Net income					$ 131,046

(1) Operating expenses in the Corp & Elims division primarily include $34.0 million in salaries and benefits for certain general, administrative, and IT related departments, and $13.4 million in professional services fees.

(2) These expenses primarily consist of costs incurred for the First Amendment, recent acquisitions, re-designation of the hedge, and the Secondary Offering.

Year Ended June 30, 2020

	Senior	Life	Auto & Home	Corp & Elims	Consolidated
Revenue	$ 361,673	$ 129,967	$ 41,189	$ (1,314)	$ 531,515
Operating expenses	(215,935)	(102,155)	(32,490)	(26,881) (1)	(377,461)
Other expenses, net	—	—	—	(30)	(30)
Adjusted EBITDA	$ 145,738	$ 27,812	$ 8,699	$ (28,225)	154,024
Share-based compensation expense					(9,498)
Non-recurring expenses (2)					(3,721)
Depreciation and amortization					(7,993)
Loss on disposal of property, equipment, and software					(360)
Fair value adjustments to contingent earnout obligations					(375)
Restructuring expenses					(153)
Interest expense, net					(24,595)
Loss on extinguishment of debt					(1,166)
Income tax expense					(25,016)
Net income					$ 81,147

(1) Operating expenses in the Corp & Elims division primarily include $17.2 million in salaries and benefits for certain general, administrative, and IT related departments, and $8.7 million in professional services fees.

(2) These expenses consist of one-time consulting expenses associated with adopting ASC 606, non-recurring compensation to certain former board members, non-restructuring severance expenses, employer payroll taxes on the one-time Distribution to stock option holders, costs related to our IPO, cost related to the acquisition of InsideResponse, and expenses related to business continuity in response to the COVID-19 pandemic.

Year Ended June 30, 2019

	Senior	Life	Auto & Home	Corp & Elims	Consolidated
Revenue	$ 192,257	$ 110,493	$ 35,054	$ (335)	$ 337,469
Operating expenses	(102,083)	(84,672)	(27,237)	(18,184) (1)	(232,176)
Other expenses, net	—	—	—	(15)	(15)
Adjusted EBITDA	$ 90,174	$ 25,821	$ 7,817	$ (18,534)	105,278
Share-based compensation expense					(86)
Non-recurring expenses (2)					(1,691)
Depreciation and amortization					(4,702)
Loss on disposal of property, equipment and software					(221)
Restructuring expenses					(2,305)
Interest expense, net					(1,660)
Income tax expense					(22,034)
Net income					$ 72,579

(1) Operating expenses in the Corp & Elims division primarily include $12.2 million in salaries and benefits for certain general, administrative, and IT related departments and $4.2 million in professional services fees.

(2) These expenses consist primarily of one-time consulting expenses associated with adopting ASC 606, nonrecurring compensation to certain board members and non-restructuring severance expenses.

Revenues from each of the reportable segments are earned from transactions in the United States and follow the same accounting policies used for the Company's consolidated financial statements. All of the Company's long-lived assets are located in the United States. For the year ended June 30, 2021, three insurance carrier customers, all from the Senior Segment, accounted for 24%, 19%, and 15% of total revenue. For the year ended June 30, 2020, three insurance carrier customers, all from the Senior Segment, accounted for 26%, 18%, and 11% of total revenue. For the year ended June 30, 2019, three insurance carrier customers, all from the Senior Segment, accounted for 23%, 14%, and 12% of total revenue.

17. RELATED-PARTY TRANSACTIONS

The Company purchases leads from InsideResponse, which was previously owned in part by individuals who are related to one of the Company's shareholders or are members of the Company's management. On May 1, 2020, the Company acquired 100% of the outstanding membership units of InsideResponse for an aggregate purchase price of up to $65.0 million (subject to customary adjustments) as set forth in the Merger Agreement. Refer to Note 2 to the consolidated financial statements for further details. Prior to the acquisition, the Company incurred $16.1 million and $10.1 million in lead costs with InsideResponse for the years ended June 30, 2020 and 2019, respectively, which were recorded in marketing and advertising expense in the consolidated statements of comprehensive income.

InsideResponse sells leads to a senior healthcare distribution platform that is owned in part by individuals related to one of the Company's shareholders or who are members of the Company's management. The Company earned $1.9 million in lead sales revenue, which is recorded in production bonus and other in the consolidated statement of comprehensive income, as a result of this relationship for the year ended June 30, 2021, and had $0.1 million of outstanding accounts receivable as of June 30, 2021.

The Company has also purchased leads from this senior healthcare distribution platform. The Company incurred less than $0.1 million, $0.5 million, and $1.6 million in lead costs with this firm for the years ended June 30, 2021, 2020, and 2019, respectively, which were recorded in marketing and advertising expense in the consolidated statements of comprehensive income. The Company did not have any outstanding payables with this firm as of June 30, 2021, and owed less than $0.1 million as of June 30, 2020, that was recorded in accounts payable

in the consolidated balance sheets. In addition, the Company has acted as the Field Marketing Organization on behalf of this firm. The net financial impact of this relationship to the Company was not material for each of the years ended June 30, 2021, 2020, and 2019.

The Company leases operating facilities for SelectRx from a related party as this individual has entered into an employment contract with the Company as part of the acquisition. Refer to Note 5 for a discussion of our related party lease.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Our Disclosure Controls and Procedures

As of June 30, 2021, an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) was carried out by our management, with the participation of our chief executive officer (principal executive officer) and our chief financial officer (principal financial and accounting officer). Based upon our management's evaluation, our chief executive officer and our chief financial officer concluded that as of the end of the period covered by this report, our disclosure controls and procedures were effective. As a result of the material weakness in our internal control over financial reporting described below, our chief executive officer and chief financial officer, have updated their evaluation and now conclude the Company’s disclosure controls and procedures were not effective as of June 30, 2021.

Notwithstanding the ineffective disclosure controls and procedures as a result of the identified material weakness, our chief executive officer and chief financial officer concluded that the consolidated financial statements as originally filed for the fiscal year ended June 30, 2021, present fairly, in all material respects, the Company’s financial position, results of operations and cash flows in accordance with generally accepted accounting principles in the United States of America.

Management’s Report on Internal Control over Financial Reporting (as revised)

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Our management conducted an evaluation of the effectiveness of our internal control over financial reporting as of June 30, 2021, utilizing the framework in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. Our internal control over financial reporting includes policies and procedures that provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with U.S. GAAP. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Previously based upon that evaluation by our chief executive officer and chief financial officer, we determined that our internal control over financial reporting was effective as of June 30, 2021. However, as discussed above based upon the evaluation of these criteria and upon the existence of the material weakness described below, management, with the participation of our chief executive officer and chief financial officer, concluded that the Company’s internal control over financial reporting was not effective as of June 30, 2021. Accordingly, the Company is filing this Amendment to amend management’s assessment of the Company’s internal control over financial reporting and its disclosure controls and procedures to indicate that they were not effective as of June 30, 2021.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

Management identified a design deficiency in internal control over financial reporting that resulted in a material weakness. The Company obtains and uses relevant information from third party carriers related to final expense policyholder lapses and did not evaluate it on a timely basis to ensure the carrier and policy information utilized to determine the first year commission revenue provision was complete and accurate, which could have resulted in a material misstatement of the Company's consolidated financial statements. The material weakness did contribute to an actual error related to Life first year commission revenue provision for certain final expense policies that is not material in the consolidated financial statements for the year ended June 30, 2021.

The Company's independent registered public accounting firm, Deloitte & Touche LLP, has audited the effectiveness of the Company's internal control over financial reporting as of June 30, 2021. Its report appears in Part II, Item 9A of this Amendment.

Remediation Plan and Status

As a result of this material weakness, we have initiated and will continue to implement remediation measures including, but not limited to, obtaining complete and accurate carrier information feeds to support first year provision for final expense policies, reviewing policies as applicable to ensure additional risk mitigation, and enhancing procedures to assess the ongoing completeness and accuracy of carrier information utilized in supporting provisioning control activities. We are still in the process of assessing our remediation plan, and the initiatives we are implementing to remediate the material weakness are subject to continued management review supported by confirmation and testing, as well as audit committee oversight. However, we cannot be certain that the measures we have taken or may take in the future will ensure that we will establish and maintain adequate controls over our financial processes and reporting in the future. The weakness will not be considered remediated, however, until the applicable controls operate for a sufficient period of time and management has concluded, through testing, that the Company's controls are operating effectively.

Changes in Internal Control over Financial Reporting

Except for the material weakness described above, there was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the fourth quarter of fiscal 2021 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of SelectQuote, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of SelectQuote, Inc. and subsidiaries (the "Company") as of June 30, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, because of the material weakness identified below on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of June 30, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

In our report dated August 26, 2021, we expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting. As described below, the Company subsequently identified a material weakness in its internal control over financial reporting. Accordingly, management has revised its assessment about the effectiveness of the Company's internal control over financial reporting and our present opinion on the effectiveness of the Company's internal control over financial reporting as of June 30, 2021, as expressed herein, is different from that expressed in our previous report.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended June 30, 2021, of the Company and our report dated August 26, 2021, expressed an unqualified opinion on those financial statements and included an explanatory paragraph regarding the Company's adoption of a new accounting standard.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting (as revised). Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Material Weakness

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management's assessment: The Company obtains and uses relevant information from third party carriers related to final expense policyholder lapses and did not evaluate it on a timely basis to ensure the carrier and policy information utilized to determine the first year commission revenue provision was complete and accurate. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements as of and for the year ended June 30, 2021, of the Company, and this report does not affect our report on such financial statements.

/s/ Deloitte & Touche LLP

Kansas City, MO
August 26, 2021 (February 14, 2022 as to the material weakness described in Management's Report on Internal Control over Financial Reporting (as revised))

PART IV

ITEM 15. EXHIBIT AND FINANCIAL STATEMENT SCHEDULES

(a) We have filed the following documents as part of this report:

1. Consolidated Financial Statements

Information in response to this Item is included in Item 8 of Part II of this report.

2. Financial Statement Schedules

All financial statement schedules have been omitted because they are not applicable, not material or because the required information is included in Item 8 of Part II of this report.

3. Exhibits

The following documents listed below in the Exhibit Index of this report are incorporated by reference or are furnished or filed (as applicable) with this report, in each case as indicated therein.

(b) None.

(c) None.

Exhibit Number	Exhibit Description
23.1	Consent of Deloitte & Touche LLP
31.1	Certification of Chief Executive Officer of SelectQuote, Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer of SelectQuote, Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1†	Certification of Chief Executive Officer of SelectQuote, Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2†	Certification of Chief Financial Officer of SelectQuote, Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
104.1	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

† The certifications attached as Exhibits 32.1 and 32.2 to this Amendment are not deemed filed with the SEC and are not to be incorporated by reference into any filing of SelectQuote, Inc. under the Securities Act or the Exchange Act whether made before or after the date of this Amendment, irrespective of any general incorporation language contained in such filing.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, thereunto duly authorized.

SELECTQUOTE, INC.

By:	/s/ Tim Danker
Name:	Tim Danker
Title:	Chief Executive Officer
Date:	February 14, 2022
By:	/s/ Raffaele Sadun
Name:	Raffaele Sadun
Title:	Chief Financial Officer
Date:	February 14, 2022

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-238692 on Form S-8 of our report dated August 26, 2021, relating to the financial statements of SelectQuote, Inc., and our report dated August 26, 2021 (February 14, 2022 as to the material weakness described in Management's Report on Internal Control over Financial Reporting (as revised)) on the effectiveness of SelectQuote, Inc.'s internal control over financial reporting appearing in this Annual Report on Form 10-K/A for the year ended June 30, 2021.

/s/ Deloitte & Touche LLP

Kansas City, Missouri
August 26, 2021

Exhibit 31.1

Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Tim Danker, certify that:

1. I have reviewed this annual report on Form 10-K/A of SelectQuote, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 14, 2022

/s/ Tim Danker

Name: Tim Danker

Title: Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Raffaele Sadun, certify that:

1. I have reviewed this annual report on Form 10-K/A of SelectQuote, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 14, 2022

/s/ Raffaele Sadun

Name: Raffaele Sadun

Title: Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

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

I, Tim Danker, the chief executive officer of SelectQuote, Inc. (the "Company"), certify for the purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

a. the Annual Report of the Company on Form 10-K/A for the fiscal year ended June 30, 2021 (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. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 14, 2022

/s/ Tim Danker

Name: Tim Danker
Title: Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

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

I, Raffaele Sadun, the chief financial officer of SelectQuote, Inc. (the "Company"), certify for the purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

a. the Annual Report of the Company on Form 10-K/A for the fiscal year ended June 30, 2021 (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. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 14, 2022

/s/ Raffaele Sadun

Name: Raffaele Sadun
Title: Chief Financial Officer
(Principal Financial and Accounting Officer)