
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): May 12, 2021

GoHealth, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation)

001-39390
(Commission File Number)

85-0563805
(I.R.S. Employer Identification No.)

214 West Huron St.
Chicago, Illinois
(Address of principal executive offices)

60654
(Zip Code)

(312) 386-8200
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

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

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

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

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

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

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On May 12, 2021, GoHealth, Inc. issued a press release announcing its financial results for the quarter ended March 31, 2021. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information furnished pursuant to this Item 2.02 and Exhibit 99.1 attached hereto shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

| Exhibit Number | Exhibit Description |
|-----------------------|--|
| 99.1 | Press release, dated May 12, 2021 |
| 104 | Cover Page Interactive Data File (the cover page XBRL tags are embedded within the Inline XBRL document) |

SIGNATURES

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

GoHealth, Inc.
(Registrant)

Date: May 12, 2021

By: /s/ Travis J. Matthiesen







Travis J. Matthiesen
Chief Financial Officer
(Principal Financial and Accounting Officer)

GoHealth Reports First Quarter 2021 Results

Reaffirms Full Year 2021 Growth Outlook



CHICAGO, May 12, 2021 — GoHealth, Inc. (NASDAQ: GOCO), a leading health insurance marketplace and Medicare-focused digital health company, announced financial results for the three months ended March 31, 2021.

-  First quarter 2021 net revenue of \$204.2 million increased 45% compared to the prior year period
-  First quarter 2021 Medicare—Internal revenue of \$157.4 million increased 65% compared to the prior year period
-  First quarter 2021 Medicare Advantage (“MA”) Approved Submissions of 171,127 increased 48% compared to the prior year period
-  First quarter 2021 MA LTV Per Approved Submission of \$995 increased 17% compared to the prior year period
-  First quarter 2021 net loss of \$7.3 million compared to a net loss of \$0.9 million in prior year period; Adjusted EBITDA¹ of \$32.0 million decreased 8% compared to the prior year period due to the 2021 strategic investments in agent capacity, marketplace technology, branding and Encompass Platform
-  The Company reaffirmed its full year 2021 outlook, and expects total net revenue of \$1,150 - \$1,300 million (+31% to +48%) powered by commission net revenue of \$950 - \$1,100 million (+42% to +64%). The Company also expects Adjusted EBITDA of \$345 - \$385 million (+27% to +42%)

Clint Jones, co-founder and CEO said, “GoHealth’s first quarter revenue growth of 45% was driven by a 65% gain in our Medicare-Internal segment as LTVs expanded 17%. TeleCare initiatives continued to drive persistency gains and our ramped up investments in our Encompass Platform led to \$9 million in revenue contribution from the platform’s additional services beyond enrollment for carriers. Given our first quarter results were consistent with our expectations, as well as the excellent progress we achieved toward our 2021 hiring and efficiency goals, we are reaffirming our full year 2021 growth outlook.”

Jones continued, “Seniors continue to demonstrate a high degree of interest in our model, and increasingly want to explore their Medicare plan choices from the safety and comfort of their own home through our Choice platform. GoHealth’s telesales agents are equipped with the decision support tools and experience to help consumers select the best plan for their unique needs, and in the process, achieve a superior health outcome with lower costs. We are in the early days of realizing this enormous market opportunity by building GoHealth’s position as the trusted advisor for consumers, helping these consumers navigate their healthcare journey through our Encompass offerings, and in the process, create value for our partners.”

First Quarter 2021 Highlights²

- Total company revenue grew 45% to \$204.2 million
 - Total Medicare Submitted Policies³ grew 40% to 185,045
- Medicare—Internal net revenue increased 65% to \$157.4 million
 - Medicare—Internal segment profit increased 11% to \$46.4 million, with a 30% margin
- LTV Per carrier Approved MA Submission increased 17% to \$995, powered by the combination of persistency gains and Encompass revenue
- Adjusted EBITDA decreased 8% to \$32.0 million
 - Aggregate investment in customer care and enrollment and technology grew \$28.1 million, an increase of 99%, as the Company prepares for the upcoming Annual Enrollment Period, including enhanced tools and training to continue powering conversion gains and improved effectuation, as well as investments in Encompass
 - Total cost of revenue, marketing and advertising expense grew 51%, roughly in-line with sales growth
- Newly expanded credit facility, combined with prior facilities, provides \$200 million of incremental borrowing capacity, in addition to \$174 million of cash and cash equivalents on hand

2021 Financial Outlook

The trajectory of the U.S. economy remains challenging to predict, particularly given the continued uncertainty associated with the pace of recovery from the COVID-19 pandemic. During this time, demand for healthcare has demonstrated great resilience, and we believe that the COVID-19 pandemic has created favorable, long-term industry dynamics for technology-driven, direct-to-consumer models such as GoHealth's insurance marketplace.

The Company is reaffirming its financial outlook for the fiscal year ending December 31, 2021 based on current market conditions and expectations:

- **Full-year 2021 net revenue of \$1,150 - \$1,300 million, representing year-over-year growth of 31% - 48%**
 - **Full-year 2021 commission revenue of \$950 - \$1,100 million, representing year-over-year growth of 42% - 64%, fueled by the Company's continued investment in its Medicare business, including GoHealth's Encompass Platform**
- **Full-year 2021 adjusted EBITDA of \$345 - \$385 million, representing year-over-year growth of 27% - 42%**

Conference Call Details

The Company will host a conference call today, Wednesday, May 12, 2021 at 5:00 p.m. (ET) to discuss its financial results. A live audio webcast and a supplemental presentation will be available online at <https://investors.gohealth.com>. The conference call can also be accessed by dialing 1-833-519-1310 for U.S. participants, or 1-914-800-3876 for international participants, and referencing participant code 9944456. A replay of the call will be available for 30 days via webcast for on-demand listening shortly after the completion of the call, at the same web link.

About GoHealth, Inc.:

As a leading health insurance marketplace and Medicare-focused digital health company, GoHealth's mission is to improve access to healthcare in America. Enrolling in a health insurance plan can be confusing for customers, and the seemingly small differences between plans can lead to significant out-of-pocket costs or lack of access to critical medicines and even providers. GoHealth combines cutting-edge technology, data science and deep industry expertise to match customers with the healthcare policy and carrier that is right for them. Since its inception, GoHealth has enrolled millions of people in Medicare and individual and family plans. For more information, visit <https://www.gohealth.com>.

Investor Relations:

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Media Relations:

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- (1) Adjusted EBITDA is a non-GAAP measure. For a definition of Adjusted EBITDA and a reconciliation to the most comparable GAAP measure, please refer to the appendix.
(2) First quarter 2021 results compared to the comparable prior year period.
(3) Total Medicare Submitted Policies includes commissionable and non-commissionable policies.

Forward-Looking Statements

This release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts contained in this press release may be forward-looking statements. Statements regarding the Company's future results of operations and financial position, business strategy and plans and objectives of management for future operations, including, among others, statements regarding expected financial performance and operational performance for the fiscal year 2021, including with respect to revenue and Adjusted EBITDA are forward-looking statements. In some cases, you can identify forward-looking statements by terms, such as "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "targets," "projects," "contemplates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these terms or other similar expressions. 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 the Company believes 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 the Company's actual results to differ materially from those indicated in these forward-looking statements, including, but are not limited to, the following: the Company's ability to comply with the numerous, complex and frequently changing laws regulating the marketing and sale of Medicare plans; the potential for an adverse change in the Company's relationships with carriers, including a loss of a carrier relationship; failure to grow the Company's customer base or retain its existing customers; carriers' ability to reduce commissions paid to the Company and adversely change their underwriting practices; significant consolidation in the healthcare industry which could adversely alter the Company's relationships with carriers; information technology systems failures or capacity constraints interrupting the Company's operations; factors that adversely impact the Company's estimate of LTV; the Company's dependence on agents to sell insurance plans; changes in the health insurance system and laws and regulation governing health insurance markets; the inability to effectively advertise the Company's products; and our ability to successfully implement our business plan during a global economic downturn caused by the COVID-19 pandemic.

The foregoing factors should not be construed as exhaustive and should be read together with the other cautionary statements included in this press release, as well as the cautionary statements and other risk factors set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 2020 and other SEC filings. If one or more events related to these or other risks or uncertainties materialize, or if the Company's underlying assumptions prove to be incorrect, actual results may differ materially from what the Company anticipates. Many of the important factors that will determine these results are beyond the Company's 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, the Company does 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, the Company cannot assess the impact of each factor on its 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.

Use of Non-GAAP Financial Measures and Key Performance Indicators

In this press release, we use supplemental measures of our performance that are derived from our consolidated financial information, but which are not presented in our Consolidated Financial Statements prepared in accordance with Generally Accepted Accounting Principles ("GAAP"). These non-GAAP financial measures include net income (loss) before interest expense, income tax expense (benefit) and depreciation and amortization expense ("EBITDA"); Adjusted EBITDA and Adjusted EBITDA margin. Adjusted EBITDA is the primary financial performance measure used by management to evaluate its business and monitor its results of operations.

Adjusted EBITDA represents EBITDA as further adjusted for share-based compensation, non-recurring legal fees, change in fair value of contingent consideration liability, and severance costs. Adjusted EBITDA margin represents Adjusted EBITDA divided by net revenues.

We use non-GAAP financial measures to supplement financial information presented on a GAAP basis. We believe that excluding certain items from our GAAP results allows management to better understand our consolidated financial performance from period to period and better project our future consolidated financial performance as forecasts are developed at a level of detail different from that used to prepare GAAP-based financial measures. Moreover, we believe these non-GAAP financial measures provide our stakeholders with useful information to help them evaluate our operating results by facilitating an enhanced understanding of our operating performance and enabling them to make more meaningful period to period comparisons. There are limitations to the use of the non-GAAP financial measures presented in this press release. For example, our non-GAAP financial measures may not be comparable to similarly titled measures of other companies. Other companies, including companies in our industry, may calculate non-GAAP financial measures differently than we do, limiting the usefulness of those measures for comparative purposes.

The non-GAAP financial measures are not meant to be considered as indicators of performance in isolation from or as a substitute for net income (loss) prepared in accordance with GAAP, and should be read only in conjunction with financial information presented on a GAAP basis. Reconciliations of each of EBITDA and Adjusted EBITDA to its most directly comparable GAAP financial measure, net income (loss), are presented in the tables below in this press release. We encourage you to review the reconciliations in conjunction with the presentation of the non-GAAP financial measures for each of the periods presented. In future periods, we may exclude similar items, may incur income and expenses similar to these excluded items and include other expenses, costs and non-recurring items.

Management has provided its outlook regarding Adjusted EBITDA, which is a non-GAAP financial measure and excludes certain charges. Reconciliations of Adjusted EBITDA to its most directly comparable GAAP financial measure, net income (loss), is presented in the table below in this press release.

Glossary

“Approved Submissions” refer to Submitted Policies approved by carriers for the identified product during the indicated period.

“Adjusted EBITDA” represents, as applicable for the period, EBITDA as further adjusted for share-based compensation expense, non-recurring legal fees, change in fair value of contingent consideration liability, and severance costs.

“Adjusted EBITDA margin” refers to Adjusted EBITDA divided by net revenues.

“LTV Per Approved Submission” refers to the Lifetime Value of Commissions per Approved Submission, which we define as (i) aggregate commissions estimated to be collected over the estimated life of all commissionable Approved Submissions for the relevant period based on multiple factors, including but not limited to, contracted commission rates, carrier mix and expected policy persistency with applied constraints, excluding revenue adjustments recorded in the period, but relating to performance obligations satisfied in prior periods, divided by (ii) the number of commissionable Approved Submissions for such period.

“Revenue Per Submission” refers to the total net revenues per Submitted Policy, which we define as (i) total net revenue, excluding revenue adjustments recorded in the period, but relating to performance obligations satisfied in prior periods, divided by (ii) the number of Submitted Policies for such period.

“Submitted Policies” refer to completed applications that, with respect to each such application, the consumer has authorized us to submit to the carrier.

The following tables set forth the components of our results of operations for the periods indicated (unaudited):

| (in thousands, except percentages and per share amounts) | Three months ended Mar. 31, 2021 | | Three months ended Mar. 31, 2020 | | \$ Change | % Change |
|---|----------------------------------|-------------------|----------------------------------|-------------------|------------|----------|
| | Dollars | % of Net Revenues | Dollars | % of Net Revenues | | |
| Net revenues: | | | | | | |
| Commission | \$ 173,981 | 85.2 % | \$ 112,510 | 79.8 % | \$ 61,471 | 54.6 % |
| Enterprise | 30,198 | 14.8 % | 28,500 | 20.2 % | 1,698 | 6.0 % |
| Net revenues | 204,179 | 100.0 % | 141,010 | 100.0 % | 63,169 | 44.8 % |
| Operating expenses: | | | | | | |
| Cost of revenue | 48,375 | 23.7 % | 42,134 | 29.9 % | 6,241 | 14.8 % |
| Marketing and advertising | 54,484 | 26.7 % | 26,073 | 18.5 % | 28,411 | 109.0 % |
| Customer care and enrollment | 47,094 | 23.1 % | 23,978 | 17.0 % | 23,116 | 96.4 % |
| Technology | 9,617 | 4.7 % | 4,593 | 3.3 % | 5,024 | 109.4 % |
| General and administrative | 19,693 | 9.6 % | 10,491 | 7.4 % | 9,202 | 87.7 % |
| Change in fair value of contingent consideration liability | — | — % | 4,400 | 3.1 % | (4,400) | N/M |
| Amortization of intangible assets | 23,514 | 11.5 % | 23,514 | 16.7 % | — | — % |
| Total operating expenses | 202,777 | 99.3 % | 135,183 | 95.9 % | 67,594 | 50.0 % |
| Income from operations | 1,402 | 0.7 % | 5,827 | 4.1 % | (4,425) | (75.9)% |
| Interest expense | 8,688 | 4.3 % | 6,756 | 4.8 % | 1,932 | 28.6 % |
| Other (income) expense | 13 | — % | 10 | — % | 3 | 30.0 % |
| Income (loss) before income taxes | (7,299) | (3.6)% | (939) | (0.7)% | (6,360) | N/M |
| Income tax expense (benefit) | (31) | — % | (2) | — % | (29) | N/M |
| Net income (loss) | \$ (7,268) | (3.6)% | \$ (937) | (0.7)% | \$ (6,331) | N/M |
| Net income (loss) attributable to noncontrolling interests | (5,178) | (2.5)% | | | | |
| Net income (loss) attributable to GoHealth, Inc. | \$ (2,090) | (1.0)% | | | | |
| Net income (loss) per share: | | | | | | |
| Net income (loss) per share of common stock — basic and diluted | \$ (0.02) | | | | | |
| Weighted-average shares of common stock outstanding — basic and diluted | 92,343 | | | | | |
| Non-GAAP financial measures: | | | | | | |
| EBITDA | \$ 26,756 | | \$ 29,964 | | | |
| Adjusted EBITDA | \$ 32,048 | | \$ 34,920 | | | |
| Adjusted EBITDA margin | 15.7 % | | 24.8 % | | | |

NM = Not meaningful

The following tables set forth the reconciliations of GAAP net income (loss) to EBITDA and Adjusted EBITDA for the periods indicated (unaudited):

| (in thousands) | Three months ended Mar. 31, 2021 | Three months ended Mar. 31, 2020 |
|--|--|--|
| Net revenues | \$ 204,179 | \$ 141,010 |
| Net income (loss) | (7,268) | (937) |
| Interest expense | 8,688 | 6,756 |
| Income tax expense (benefit) | (31) | (2) |
| Depreciation and amortization expense | 25,367 | 24,147 |
| EBITDA | 26,756 | 29,964 |
| Share-based compensation expense (1) | 5,112 | 479 |
| Legal fees (2) | 180 | — |
| Change in fair value of contingent consideration liability (3) | — | 4,400 |
| Severance costs (4) | — | 77 |
| Adjusted EBITDA | \$ 32,048 | \$ 34,920 |
| Adjusted EBITDA margin | 15.7 % | 24.8 % |

(1) Represents non-cash share-based compensation expense relating to equity awards.

(2) Represents non-recurring legal fees unrelated to our core operations.

(3) Represents the change in fair value of the contingent consideration liability due to the predecessor owners of the Company arising from the Centerbridge Acquisition.

(4) Represents costs associated with the termination of employment.

The following table summarizes share-based compensation expense by operating function for the periods indicated (unaudited):

| (in thousands) | Three months ended Mar. 31, 2021 | Three months ended Mar. 31, 2020 |
|---|--|--|
| Marketing and advertising | \$ 337 | \$ 57 |
| Customer care and enrollment | 796 | 24 |
| Technology | 747 | 73 |
| General and administrative | 3,232 | 325 |
| Total share-based compensation expense | \$ 5,112 | \$ 479 |

The following table sets forth our balance sheets for the periods indicated (unaudited):

| (in thousands, except per share amounts) | Mar. 31, 2021 | Dec. 31, 2020 |
|--|---------------------|---------------------|
| Assets | | |
| <i>Current assets:</i> | | |
| Cash and cash equivalents | \$ 173,979 | \$ 144,234 |
| Accounts receivable, net of allowance for doubtful accounts of \$730 in 2021 and \$787 in 2020 | 22,092 | 14,211 |
| Receivable from NVX Holdings, Inc. | — | 3,395 |
| Commissions receivable - current | 98,222 | 188,128 |
| Prepaid expense and other current assets | 26,496 | 41,854 |
| Total current assets | 320,789 | 391,822 |
| Commissions receivable - non-current | 702,668 | 622,270 |
| Other long-term assets | 2,170 | 2,072 |
| Property, equipment, and capitalized software, net | 20,984 | 17,353 |
| Intangible assets, net | 665,211 | 688,726 |
| Goodwill | 386,553 | 386,553 |
| Total assets | \$ 2,098,375 | \$ 2,108,796 |
| Liabilities and Stockholders' / Members' Equity | | |
| <i>Current liabilities:</i> | | |
| Accounts payable | \$ 11,993 | \$ 8,733 |
| Accrued liabilities | 26,143 | 26,926 |
| Commissions payable - current | 47,554 | 78,478 |
| Deferred revenue | 750 | 736 |
| Current portion of long-term debt | 4,170 | 4,170 |
| Other current liabilities | 9,037 | 8,328 |
| Total current liabilities | 99,647 | 127,371 |
| <i>Non-current liabilities:</i> | | |
| Commissions payable - non-current | 202,703 | 182,596 |
| Long-term debt, net of current portion | 395,982 | 396,400 |
| Other non-current liabilities | 3,037 | 3,274 |
| Total non-current liabilities | 601,722 | 582,270 |
| <i>Stockholders' equity:</i> | | |
| Class A common stock – \$0.0001 par value; 1,100,000 shares authorized; 98,518 and 84,196 shares issued and outstanding at March 31, 2021 and December 31, 2020, respectively. | 10 | 8 |
| Class B common stock – \$0.0001 par value; 604,613 and 619,004 shares authorized; 222,606 and 236,997 shares issued and outstanding at March 31, 2021 and December 31, 2020, respectively. | 22 | 24 |
| Preferred stock – \$0.0001 par value; 20,000 shares authorized; no shares issued and outstanding at March 31, 2021 and December 31, 2020. | — | — |
| Additional paid-in capital | 465,936 | 399,169 |
| Accumulated other comprehensive income (loss) | 19 | 17 |
| Accumulated deficit | (20,892) | (18,802) |
| Total stockholders' equity attributable to GoHealth, Inc. | 445,095 | 380,416 |
| Non-controlling interests | 951,911 | 1,018,739 |
| Total stockholders' / members' equity | 1,397,006 | 1,399,155 |
| Total liabilities and stockholders' / members' equity | \$ 2,098,375 | \$ 2,108,796 |

The following table sets forth our statements of cash flows for the periods indicated (unaudited):

| (in thousands) | Three months ended Mar. 31, 2021 | Three months ended Mar. 31, 2020 |
|---|--|--|
| Operating Activities | | |
| Net income (loss) | \$ (7,268) | \$ (937) |
| <i>Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:</i> | | |
| Share-based compensation | 5,112 | 479 |
| Depreciation and amortization | 1,853 | 633 |
| Amortization of intangible assets | 23,514 | 23,514 |
| Amortization of debt discount and issuance costs | 684 | 394 |
| Change in fair value of contingent consideration | — | 4,400 |
| Other non-cash items | (472) | (341) |
| <i>Changes in assets and liabilities, net of acquisition:</i> | | |
| Accounts receivable | (1,661) | 9,302 |
| Commissions receivable | 9,508 | (5,859) |
| Prepaid expenses and other assets | 9,227 | 9,007 |
| Accounts payable | 1,570 | (864) |
| Accrued liabilities | (783) | (10,828) |
| Deferred revenue | 13 | (351) |
| Commissions payable | (10,818) | (5,441) |
| Other liabilities | 723 | 479 |
| Net cash provided by (used in) operating activities | <u>31,202</u> | <u>23,587</u> |
| Investing Activities | | |
| Purchases of property, equipment and software | (3,740) | (3,522) |
| Net cash provided by (used in) investing activities | <u>(3,740)</u> | <u>(3,522)</u> |
| Financing Activities | | |
| Proceeds received upon issuance of common units | — | 10,000 |
| Borrowings under term loans | — | 117,000 |
| Principal payments under term loans | (1,043) | (750) |
| Debt issuance cost payments | — | (6,011) |
| Principal payments under capital lease obligations | (76) | (72) |
| Cash received on advancement to NVX Holdings, Inc. | 3,395 | — |
| Net cash provided by (used in) financing activities | <u>2,276</u> | <u>120,167</u> |
| Effect of exchange rate changes on cash and cash equivalents | 7 | (85) |
| Increase in cash and cash equivalents | 29,745 | 140,147 |
| Cash and cash equivalents at beginning of period | 144,234 | 12,276 |
| Cash and cash equivalents at end of period | <u>\$ 173,979</u> | <u>\$ 152,423</u> |

The following tables set forth operating segment results for the periods indicated (unaudited):

| (in thousands, except percentages) | Three months ended Mar. 31, 2021 | | Three months ended Mar. 31, 2020 | | \$ Change | % Change |
|--|----------------------------------|-------------------|----------------------------------|-------------------|-------------------|----------------|
| | Dollars | % of Net Revenues | Dollars | % of Net Revenues | | |
| Net revenues: | | | | | | |
| Medicare - Internal | \$ 157,353 | 77.2 % | \$ 95,287 | 67.6 % | \$ 62,066 | 65.1 % |
| Medicare - External | 39,500 | 19.3 % | 28,945 | 20.5 % | 10,555 | 36.5 % |
| IFP and Other - Internal | 3,975 | 1.9 % | 8,632 | 6.1 % | (4,657) | (54.0)% |
| IFP and Other - External | 3,351 | 1.6 % | 8,146 | 5.8 % | (4,795) | (58.9)% |
| Net revenues | 204,179 | 100.0 % | 141,010 | 100.0 % | 63,169 | 44.8 % |
| Segment profit (loss): | | | | | | |
| Medicare - Internal | 46,443 | 22.8 % | 41,735 | 29.6 % | 4,708 | 11.3 % |
| Medicare - External | (631) | (0.3)% | (322) | (0.2)% | (309) | 96.0 % |
| IFP and Other - Internal | (729) | (0.4)% | 481 | 0.3 % | (1,210) | N/M |
| IFP and Other - External | 160 | 0.1 % | 512 | 0.4 % | (352) | (68.8)% |
| Segment profit | 45,243 | 22.2 % | 42,406 | 30.1 % | 2,837 | 6.7 % |
| Corporate expense | 20,327 | 10.0 % | 8,665 | 6.1 % | 11,662 | 134.6 % |
| Change in fair value of contingent consideration liability | — | — % | 4,400 | 3.1 % | (4,400) | (100.0)% |
| Amortization of intangible assets | 23,514 | 11.5 % | 23,514 | 16.7 % | — | — % |
| Interest expense | 8,688 | 4.3 % | 6,756 | 4.8 % | 1,932 | 28.6 % |
| Other (income) expense | 13 | — % | 10 | — % | 3 | 30.0 % |
| Income (loss) before income taxes | \$ (7,299) | (3.6)% | \$ (939) | (0.7)% | \$ (6,360) | 677.3 % |

NM = Not meaningful

The following table presents the number of Submitted Policies by product for the Medicare segments for the three months ended March 31, 2021 and 2020, for those submissions that are commissionable (compensated through commissions received from carriers):

| | Three months ended Mar. 31, 2021 | Three months ended Mar. 31, 2020 |
|---|--|--|
| Medicare - Total Commissionable Submitted Policies | | |
| Medicare Advantage | 172,874 | 117,312 |
| Medicare Supplement | 1,104 | 2,671 |
| Prescription Drug Plans | 2,593 | 2,494 |
| Total Medicare | 176,571 | 122,477 |

The following tables present the number of Approved Submissions by product relating to commissionable policies for the Medicare segments for three months ended March 31, 2021 and 2020. Only commissionable policies are used to calculate LTV.

| | Three months ended Mar. 31, 2021 | Three months ended Mar. 31, 2020 |
|--|--|--|
| Medicare - Internal Commissionable Approved Submissions | | |
| Medicare Advantage | 128,886 | 83,608 |
| Medicare Supplement | 251 | 822 |
| Prescription Drug Plans | 2,284 | 2,174 |
| Total Medicare | 131,421 | 86,604 |

| | Three months ended Mar. 31, 2021 | Three months ended Mar. 31, 2020 |
|--|--|--|
| Medicare - External Commissionable Approved Submissions | | |
| Medicare Advantage | 42,241 | 32,287 |
| Medicare Supplement | 731 | 1,558 |
| Prescription Drug Plans | 289 | 481 |
| Total Medicare | 43,261 | 34,326 |

The following table presents the LTV per Approved Submission by product for the Medicare segments for the three months ended March 31, 2021 and 2020:

| | Three months ended Mar. 31, 2021 | Three months ended Mar. 31, 2020 |
|------------------------------------|--|--|
| LTV per Approved Submission | | |
| Medicare Advantage | \$ 995 | \$ 854 |
| Medicare Supplement | \$ 798 | \$ 920 |
| Prescription Drug Plans | \$ 215 | \$ 215 |

The following table presents the number of Submitted Policies by product for the Medicare segments for the three months ended March 31, 2021 and 2020, for those submissions that are non-commissionable (compensated via hourly fees and enrollment fees) and do not result in commission revenue:

| | Three months ended Mar. 31, 2021 | Three months ended Mar. 31, 2020 |
|---|--|--|
| Medicare - Total Non-Commissionable Submitted Policies | | |
| Medicare Advantage | 5,939 | 6,927 |
| Medicare Supplement | 1,650 | 1,812 |
| Prescription Drug Plans | 885 | 798 |
| Total Medicare | 8,474 | 9,537 |

The following table presents a reconciliation from net income to non-GAAP Adjusted EBITDA guidance for the twelve months ended December 31, 2021:

| (in thousands) | Twelve months ended Dec. 31, 2021 | |
|---------------------------------------|--------------------------------------|-------------------|
| | Guidance Range | |
| | Low | High |
| Net revenues | \$ 1,150,000 | \$ 1,300,000 |
| Net income | 179,600 | 219,600 |
| Interest expense | 35,000 | 35,000 |
| Income tax expense | 220 | 220 |
| Depreciation and amortization expense | 102,000 | 102,000 |
| EBITDA | 316,820 | 356,820 |
| Share-based compensation expense (1) | 28,000 | 28,000 |
| Legal fees (2) | 180 | 180 |
| Adjusted EBITDA | \$ 345,000 | \$ 385,000 |
| Adjusted EBITDA margin | 30 % | 30 % |

(1) Represents non-cash share-based compensation expense relating to equity awards.

(2) Represents non-recurring legal fees unrelated to our core operations.