

2nd Quarter Fiscal 2022

Earnings Conference
Call Presentation
February 7, 2022



Disclaimer

Forward-Looking Statements

This presentation contains forward-looking statements. 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: the ultimate duration and impact of the ongoing COVID-19 pandemic; 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 IP 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; and failure to market and sell Medicare plans effectively or in compliance with laws. For a further discussion of these and other risk factors that could impact our future results and performance, see the section entitled “Risk Factors” in the most recent Annual Report on Form 10-K (the “Annual Report”) filed by us with the Securities and Exchange Commission. 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.

Certain information contained in this presentation and statements made orally during this presentation relate to or are based on publications and other data obtained from third-party sources. While we believe these third-party sources to be reliable as of the date of this presentation, we have not independently verified, and make no representation as to the adequacy, fairness, accuracy or completeness of, any information obtained from such third-party sources.

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This presentation is for informational purposes only and is not an offer to sell with respect to any securities. This presentation should be read together with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements and the related notes thereto included in the Annual Report and subsequent quarterly reports.

Non-GAAP Financial Measures

This presentation includes certain non-GAAP financial measures intended to supplement, not substitute for, comparable GAAP measures. To supplement our financial statements presented in accordance with GAAP and to provide investors with additional information regarding our GAAP financial results, we have presented in this presentation Adjusted EBITDA and Adjusted EBITDA Margin, which are non-GAAP financial measures. These non-GAAP financial measures are not based on any standardized methodology prescribed by GAAP and are not necessarily comparable to similarly titled measures presented by other companies. We define Adjusted EBITDA as income (loss) before interest expense, income tax expense (benefit), depreciation and amortization, and certain add-backs for non-cash or non-recurring expenses, including restructuring and share-based compensation expenses. The most directly comparable GAAP measure is net income (loss). We monitor and have presented in this presentation Adjusted EBITDA because it is a key measure used by our management and Board of Directors to understand and evaluate our operating performance, to establish budgets and to develop operational goals for managing our business. In particular, we believe that excluding the impact of these expenses in calculating Adjusted EBITDA can provide a useful measure for period-to-period comparisons of our core operating performance. For further discussion regarding this non-GAAP measure, please see today’s press release.

2nd Quarter Earnings Summary

Actual results have significantly underperformed internal expectations year-to-date, primarily driven by:

- Greater parity in plan benefits for the 2022 benefit year suppressing close rates relative to prior year
- Hiring and onboarding delays related to the tight labor market
- CMS marketing review process that created advertising delays early in AEP
- Increased falloff in approved policies post-submission
- Persistency and lapse rate pressure continue to create earnings volatility

During the quarter, these trends manifested as lower than expected approved policies and higher marketing cost per approved policy.

Consolidated revenue totaled \$195 million. Consolidated Adjusted EBITDA* was \$(163) million. Consolidated net loss totaled \$137 million, or \$(0.84) loss per diluted share.

We expect close rate headwinds to persist throughout the remainder of the 2022 fiscal year.

Given the current selling environment, we are focused on expense discipline and efficiency in the near term.

*See reconciliations from GAAP measure, net income (loss), to non-GAAP measure, Adjusted EBITDA on slides 18 and 19



Deeper Dive Into AEP

HIRING DELAYS

Tight labor market

Increased falloff from offer acceptance to start date

Delayed hiring of some flex agents

Condensed training and ramping time

CMS MARKETING REVIEW

CMS mandated review of marketing material leading into AEP

Process resulted in some advertising delays early in AEP

Advertising headwinds masked close rate pressures

PLAN PARITY

Greater parity in MA plan design than in prior years

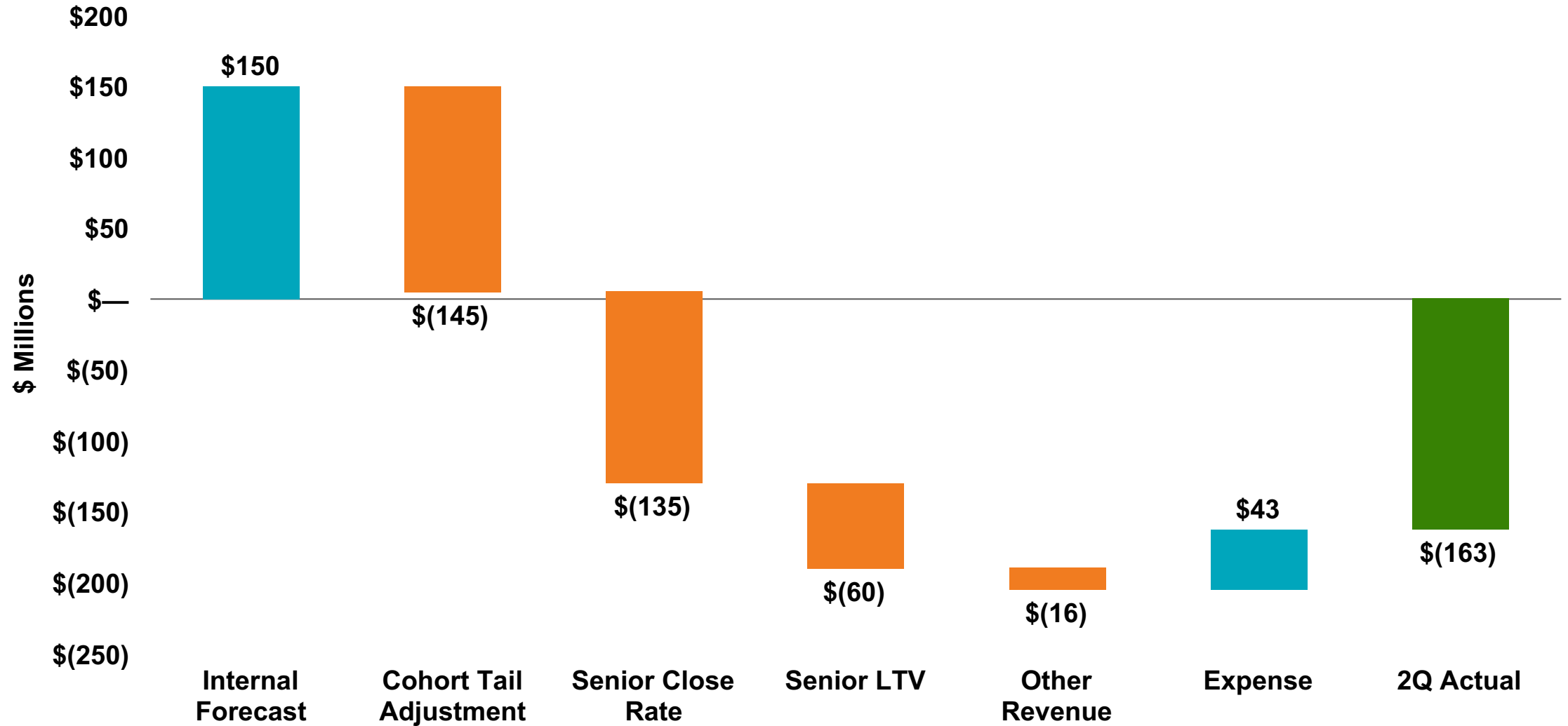
More nuanced sales approach required

Lower-than-forecasted close rates

SUBMITTED-TO-APPROVED FALLOFF

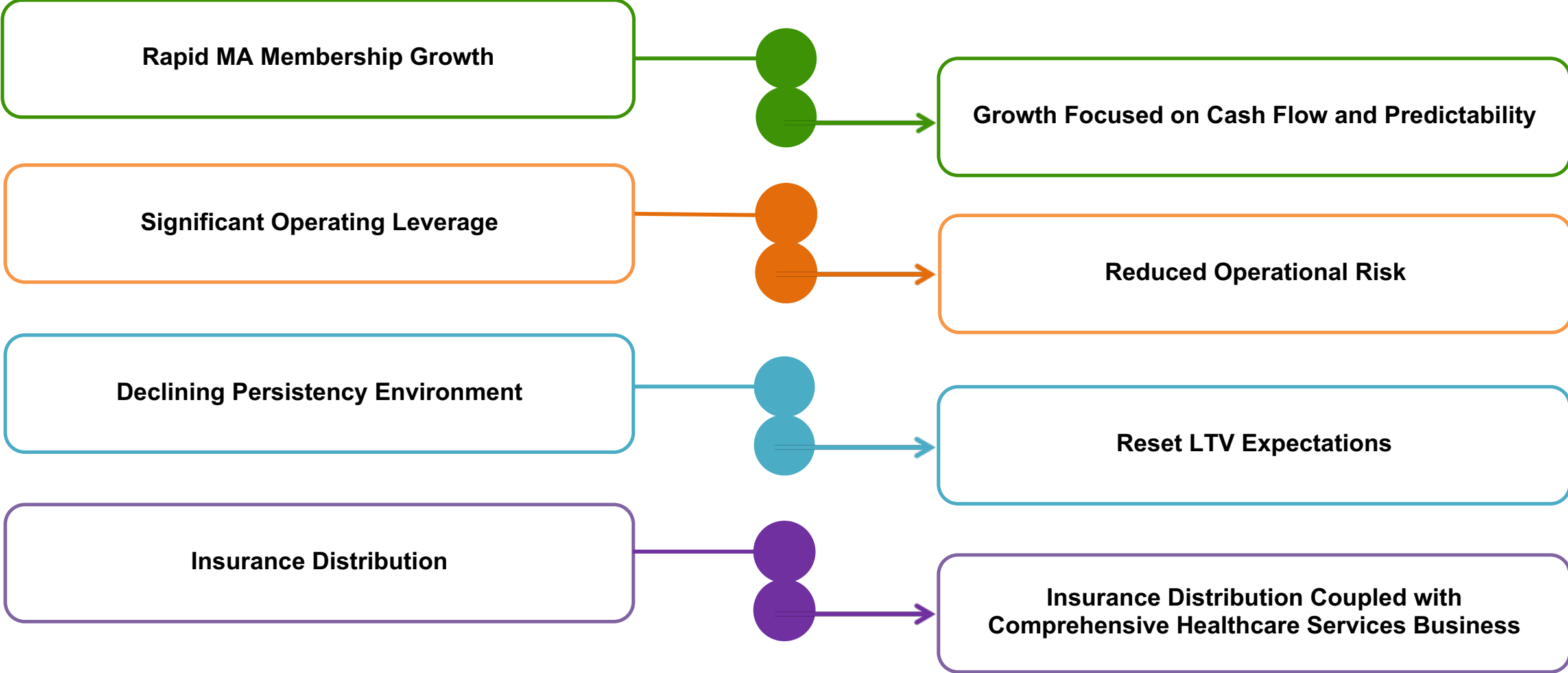
Elevated falloff from policy submission to approval

2Q Consolidated EBITDA* Bridge

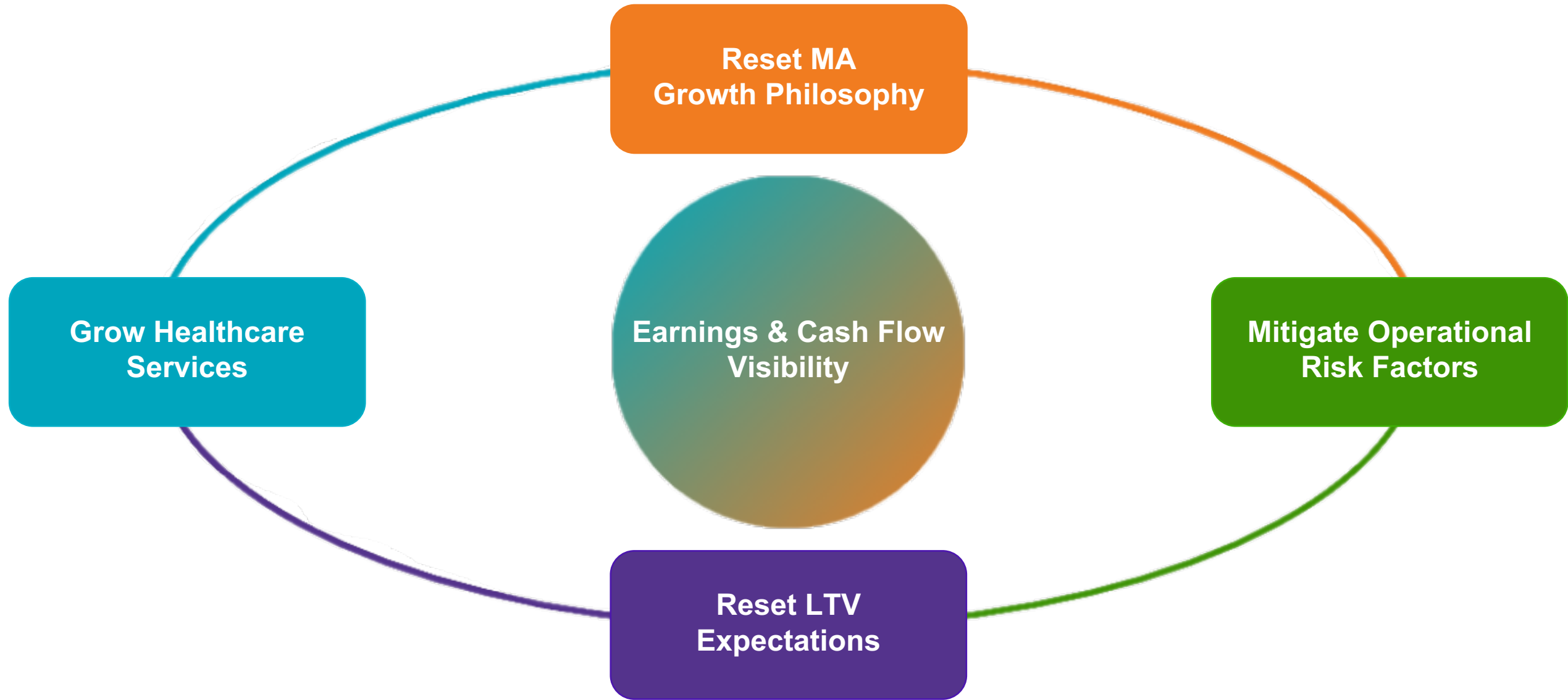


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Evolving Business Model




Go Forward Strategic Approach



SelectQuote as a Comprehensive Healthcare Services Platform



2022 & Beyond

- Pharmacy - SelectRx 
- Home-based Care and Services
- Evidence-based Care Enablement
- Primary Care
- Cognitive Care
- Social Care

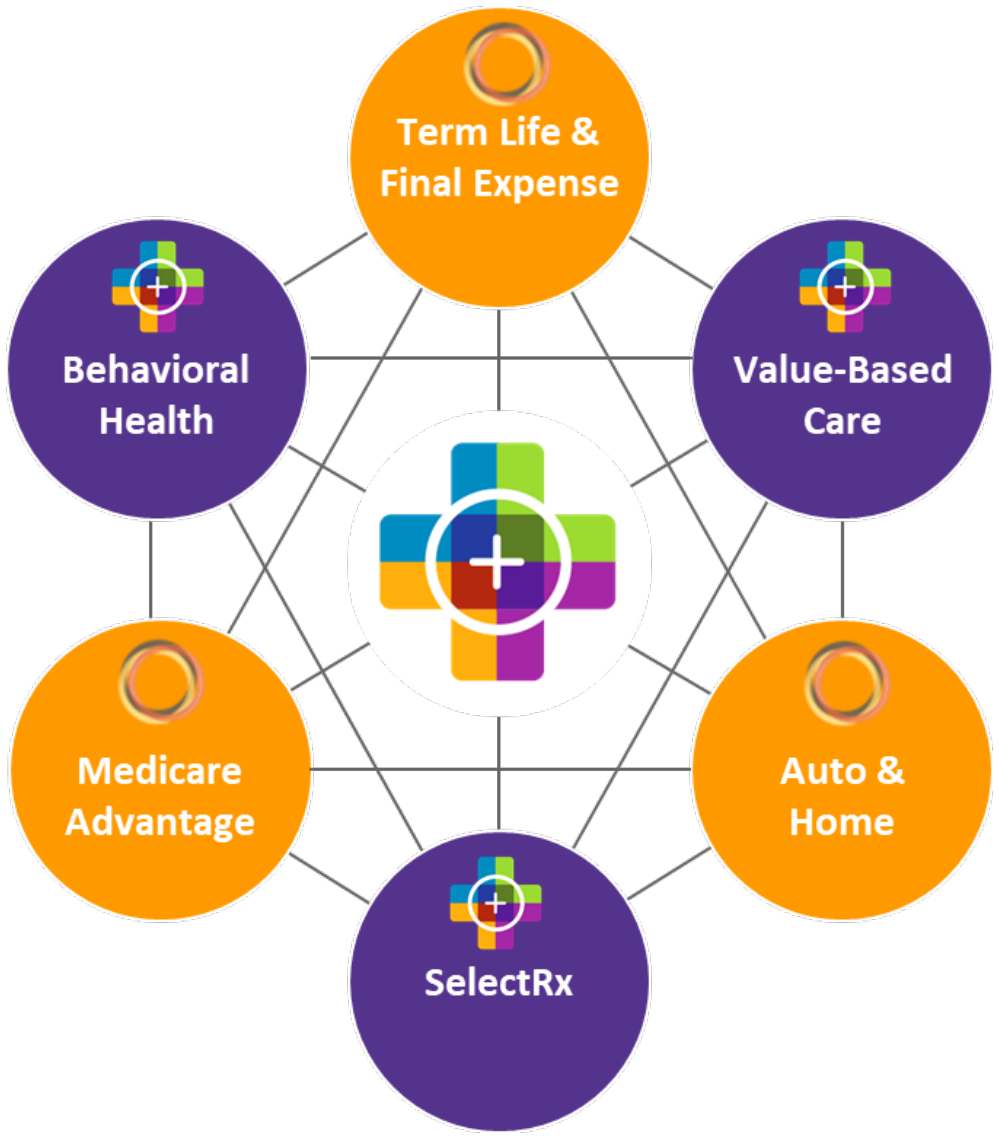

Final Expense


**Medicare and
Auto & Home**


1985

Term Life Distribution

Population Health Evolution



Progress Readouts in Coming Quarters



**Medicare
distribution
hiring plan**



**SelectRx
membership
and revenue
growth**

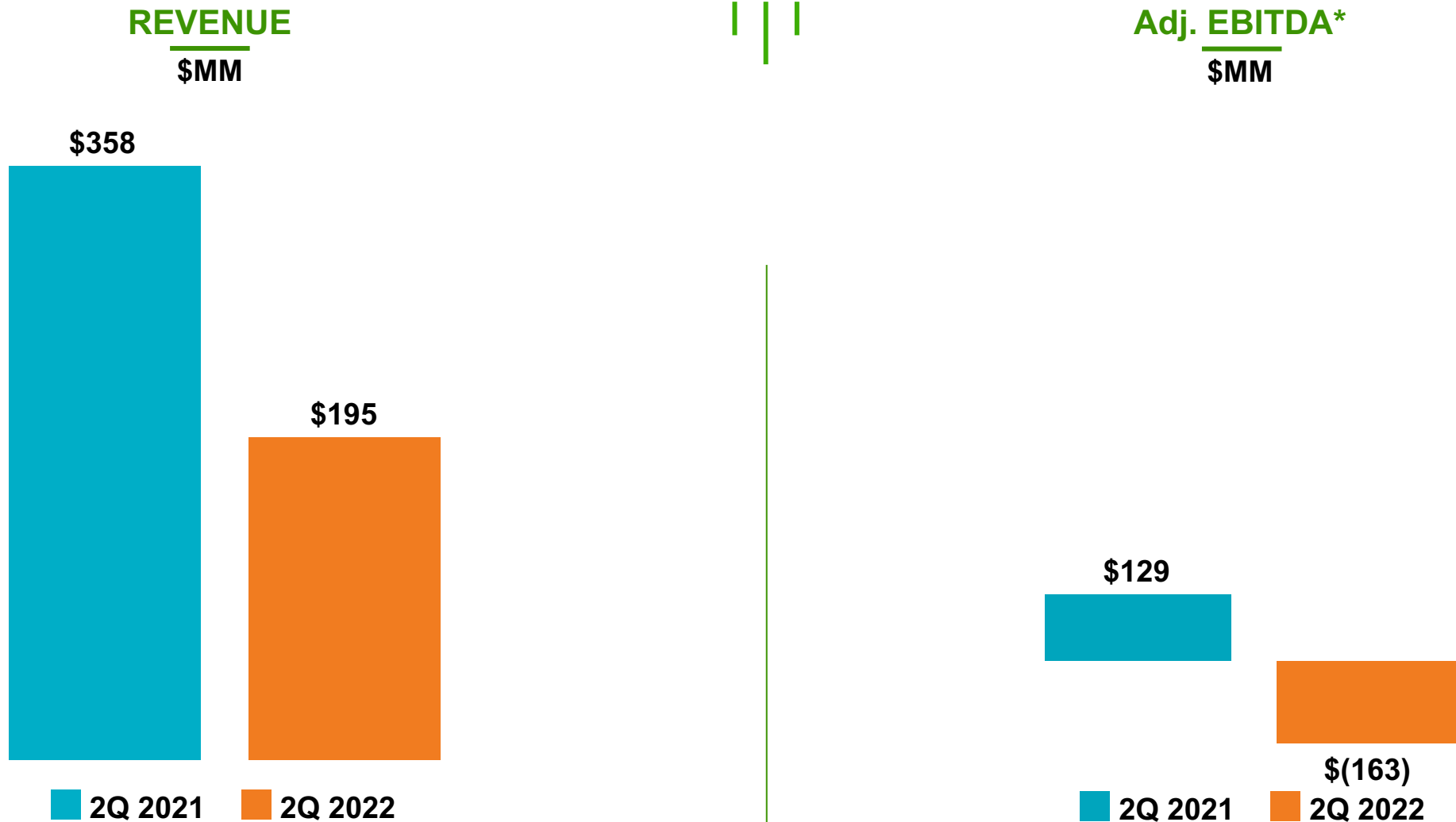


**Growth
philosophy
guided by cash
flow and lower
volatility**



**Population
Health platform
evolution**

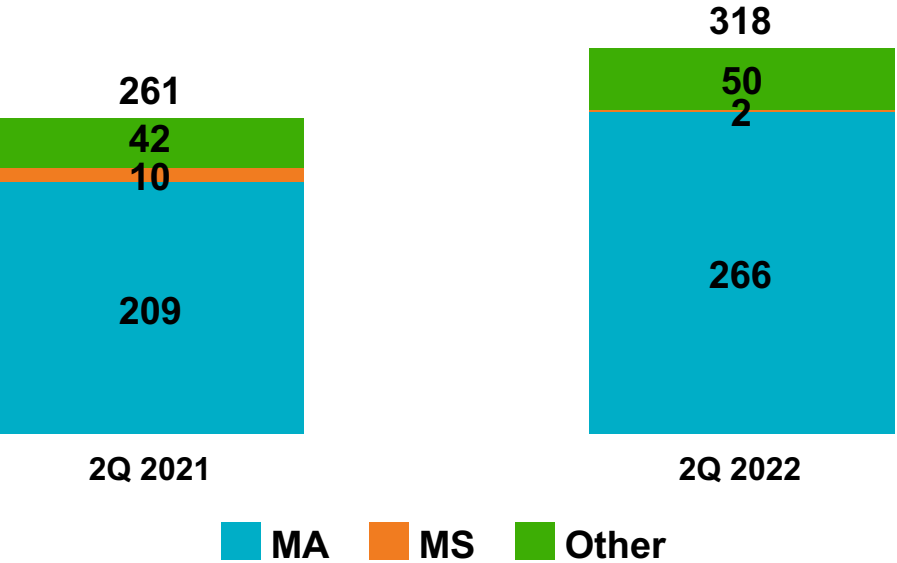
Consolidated Financial Summary



*See reconciliations from GAAP measure, net income (loss), to non-GAAP measure, Adjusted EBITDA on slides 18 and 19

SelectQuote Senior KPI's

TOTAL POLICIES APPROVED
000s

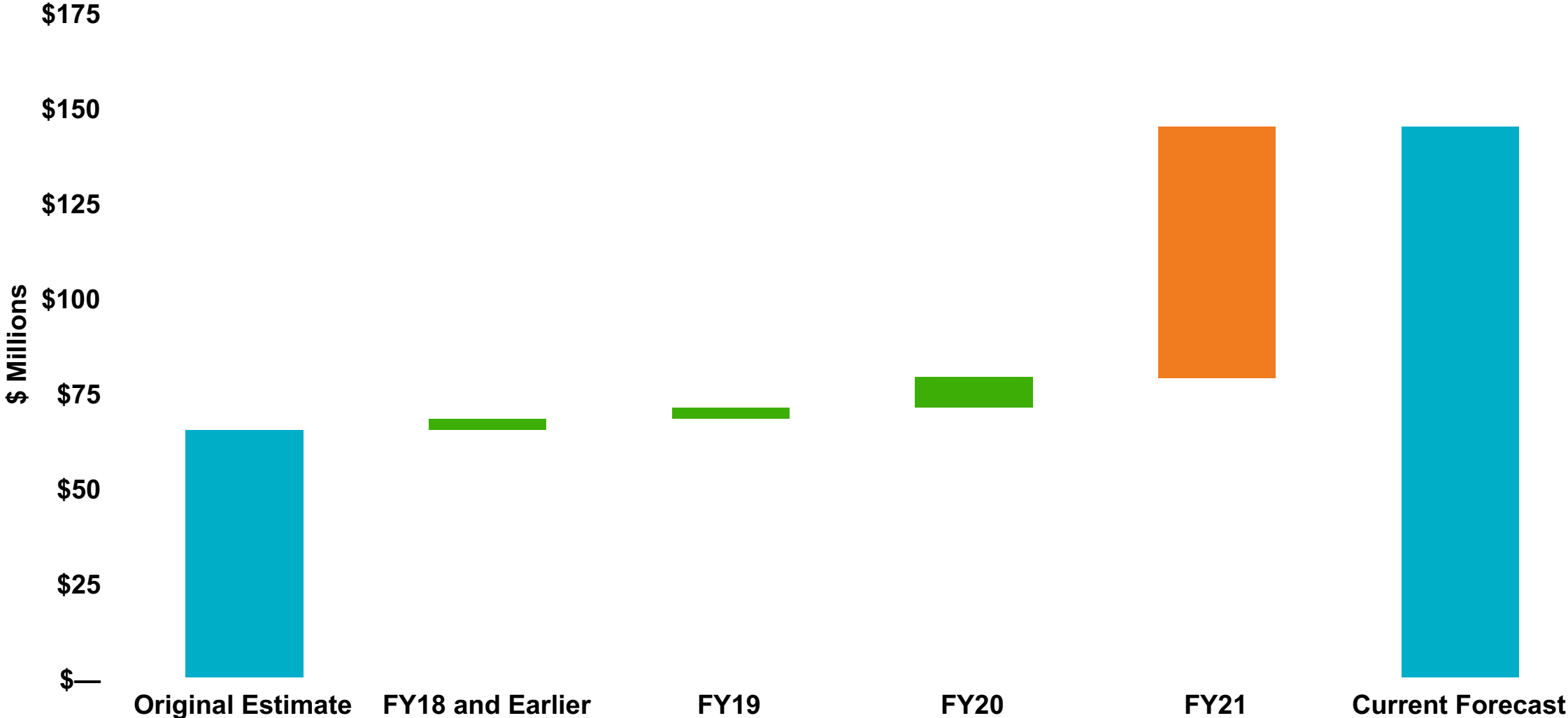


MA LTV



Incremental Cohort/Tail Adjustment Driven by FY21 Cohorts

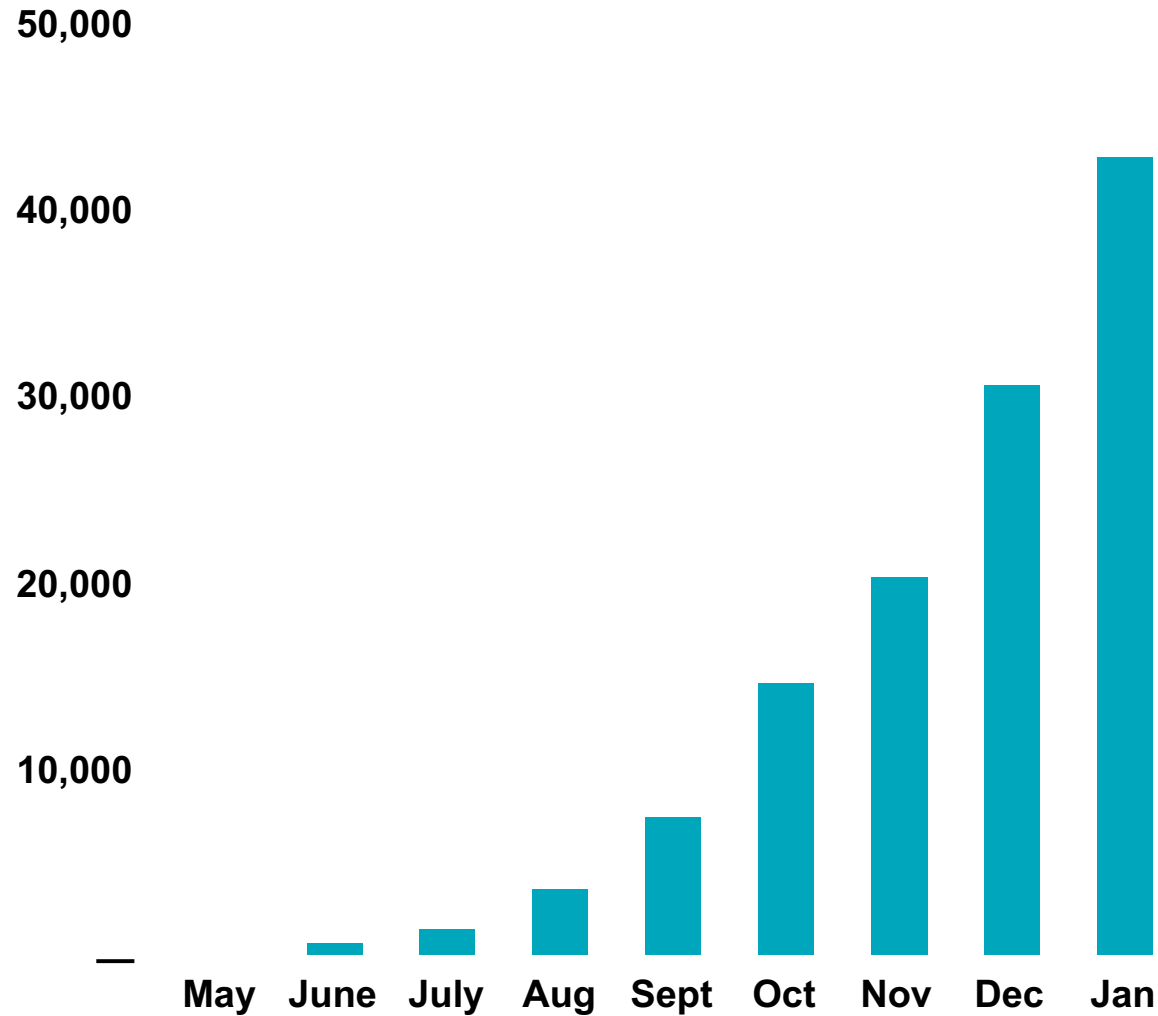
Estimated FY22 Tail Adjustment Impact*



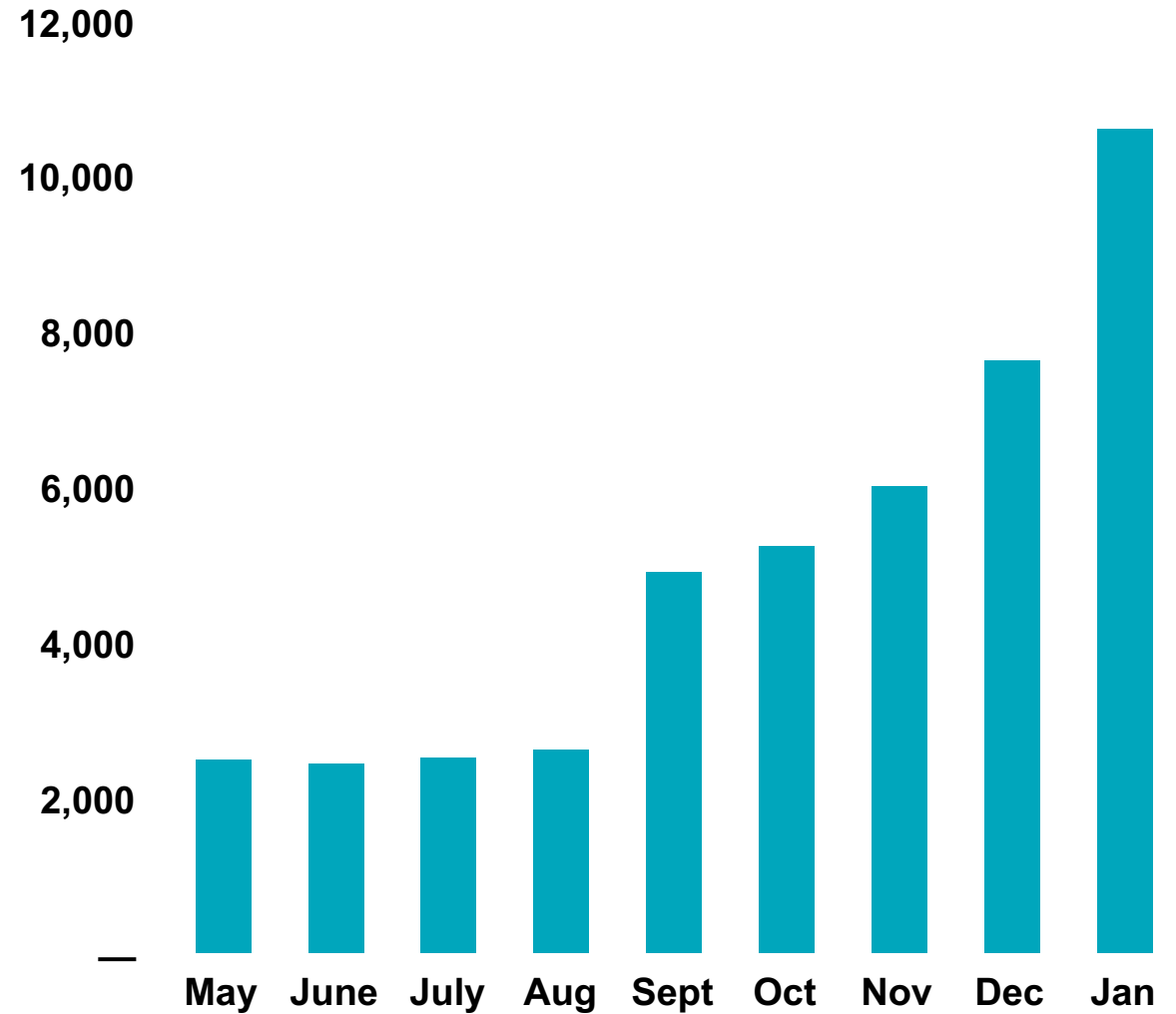
*The figures in this chart are estimates derived from currently available data and are subject to change

SelectRx Progress

Cumulative Enrollments*



Paying Members



*Represents gross initial customer enrollments. The total number of paying members will be lower than initial customer enrollments.

Capitalization Summary

- **As of December 31, 2021:**
 - **Net debt position of \$524 million**
 - \$193 million of cash and cash equivalents
 - \$717 million of term debt
 - **Accounts receivable, short and long term commissions receivable balances of \$1 billion**
- **Access to additional capital:**
 - **Increased revolver commitment to \$135 million, currently zero drawn on revolver**
 - **\$100 million undrawn on delayed draw term facility**



SelectQuote – FY2022 Consolidated Guidance

(\$'s in millions)

	<u>Range</u>
Revenue	\$810 - \$850
Net Loss	\$(255) - \$(236)
Adjusted EBITDA*	\$(260) - \$(235)

*See reconciliations from GAAP measure, net income (loss), to non-GAAP measure, Adjusted EBITDA on slides 18 and 19

Supplemental Information

Net Income (Loss) to Adjusted EBITDA Reconciliation

<i>(in thousands)</i>	2Q FY 2022				
	Senior	Life	Auto & Home	Corp & Elims	Consolidated
Revenue	\$ 157,967	\$ 32,780	\$ 6,135	\$ (1,901)	\$ 194,981
Operating expenses	(306,602)	(30,930)	(4,700)	(15,979)	(358,211)
Other expenses, net	—	—	—	(51)	(51)
Adjusted EBITDA	(148,635)	1,850	1,435	(17,931)	(163,281)
Share-based compensation expense					(1,894)
Non-recurring expenses					(1,602)
Depreciation and amortization					(6,175)
Loss on disposal of property, equipment, and software					(5)
Interest expense, net					(10,587)
Income tax benefit					46,536
Net loss					\$ (137,008)

<i>(in thousands)</i>	2Q FY 2021				
	Senior	Life	Auto & Home	Corp & Elims	Consolidated
Revenue	\$ 315,510	\$ 35,666	\$ 7,241	\$ (852)	\$ 357,565
Operating expenses	(180,955)	(29,961)	(5,091)	(12,746)	(228,753)
Other expenses, net	—	—	—	(21)	(21)
Adjusted EBITDA	134,555	5,705	2,150	(13,619)	128,791
Share-based compensation expense					(1,336)
Non-recurring expenses					(362)
Fair value adjustments to contingent earnout obligations					(395)
Depreciation and amortization					(3,590)
Loss on disposal of property, equipment, and software					(79)
Interest expense, net					(6,782)
Income tax expense					(26,391)
Net income					\$ 89,856

FY22 Guidance Net Loss to Adjusted EBITDA Reconciliation

<i>(in thousands)</i>	Range	
Net Loss	\$ (255,000)	\$ (236,000)
Income tax benefit	(86,000)	(80,000)
Interest expense, net	43,000	43,000
Depreciation and amortization	22,000	22,000
Share-based compensation expense	11,000	11,000
Non-recurring expenses	5,000	5,000
Adjusted EBITDA	<u>\$ (260,000)</u>	<u>\$ (235,000)</u>



SelectQuote Inc.
6800 West 115th Street
Suite 2511
Overland Park, Kansas 66211
Phone: (913) 599-9225

Investor Relations
investorrelations@selectquote.com