Risk Factors Comparison 2024-03-29 to 2023-03-31 Form: 10-K

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We have identified the following risks and uncertainties that may have a material adverse effect on our business, financial condition, results of operations or reputation. The risks described below are not the only risks we face. Additional risks not presently known to us or that we currently believe are not material may also significantly affect our business, financial condition, results of operations or reputation. Our business could be harmed by any of these risks. In assessing these risks, you should also refer to the other information contained in this Annual Report on Form 10- K, including the consolidated financial statements and accompanying notes included elsewhere in this Annual Report on Form 10- K. Risk Factors Summary Our business is subject to numerous risks and uncertainties, all of which are more fully described in the risk factors below. These risks include, but are not limited to: • our ability to adapt in a rapidly evolving industry and to promote and improve the benefits of our platform; • our ability to compete against current and future competitors; • our ability to maintain and expand our relationship with our clients and partners, including without limitation due to the saturation or consolidation in the healthcare industry; • risks associated with a decrease in the number of users with access to our offerings; • risks associated with the cyclical fluctuation of our results of operations; • risk of economic uncertainty or downturns, particularly as it impacts the healthcare industry; • the impact of public health emergencies, such as the COVID- 19 pandemic and other catastrophic events; • the failure of our platform and solutions to achieve market acceptance and our ability to develop, or incorporate through acquisition or partnership, new solutions or enhancements, new features and modifications to existing solutions; • risk of the loss of any of our significant partners **or failure of a partner or customer to satisfy their contractual obligations to us** ; • our ability to recruit, retain, and develop our workforce, and in particular our key personnel and senior management team; • our ability to establish and maintain strategic relationships with third parties; • our ability to successfully identify, consummate and integrate acquisitions and investments; • our ability to maintain our historic growth rates and effectively manage our growth in the future; • rapid technological change in the virtual care market or the inability to develop new solutions, features and modifications that are adopted; • security breaches, loss of data and other disruptions; • failures of our cyber- security measures that expose the confidential information of us, our enterprise partners, or members; • any failure or interruption in the services of our internet infrastructure, bandwidth providers, and other third party suppliers; • risk that we may be subject to legal proceedings and the insurance we maintain may not fully cover all potential exposures; • our ability to comply with evolving regulations, including healthcare and privacy and security regulations; • our ability to protect or enforce our intellectual property rights; • our level of indebtedness and our ability to fund debt obligations and meet financial covenants in our debt instruments; • our ability to obtain additional capital in the future; • our ability to operate as a public company, including with respect to increased costs and demands on management as a result of complying with additional laws and regulations; • our ability to establish and maintain an effective system of disclosure controls and internal control over financial reporting, including the ability to remediate an identified material weakness in our internal controls over financial reporting; and • the trading price of our common stock has been, and will likely continue to be, volatile and you could lose all or part of your investment. Risks Related to our Business and Industry Our industry is rapidly evolving and undergoing significant technological change. If we are not successful in adapting to this evolving environment and promoting and improving the benefits of our platform, our growth may be limited, and our business may be adversely affected. The digital healthcare industry is characterized by rapid technological change, new product and service introductions, evolving industry standards, changing customer needs, and intense competition. In addition, there may be a limited- time opportunity to achieve and maintain a significant share of this market due in part to our rapidly evolving industry and the substantial resources available to our existing and potential competitors. It is uncertain whether our marketplace will achieve and sustain high levels of demand and market adoption. In order to remain competitive, we are constantly evaluating the marketplace for ways to broaden and improve our client and member experience through product innovation, partnerships, and acquisitions. Our success depends to a substantial extent on the willingness of individuals to increase their use of digital health platforms to manage their healthcare journey, our ability to demonstrate the value of our solutions to our current and future clients, and our ability to drive engagement and activation within the populations of current and future clients. If our existing or future clients do not recognize the benefits of our platform or we do not achieve sufficient engagement and activation of our clients' populations, then the market for our solutions might develop more slowly than we expect, which could adversely affect our operating results. We may be unable to compete effectively against our current and future competitors, which could have a material adverse effect on our results of operations, financial condition, business, and prospects. The market for our solutions is highly competitive, rapidly evolving, and fragmented. We compete with other digital health technology companies that serve the needs of members across a broad set of health- related needs, typically through platforms focused on wellness / well- being, benefits navigation, and / or health navigation. We also face competition from many other vendors in the digital healthcare industry offering point solutions addressing only one specific aspect of a person' s health. If one or more of our competitors were to merge or partner with another of our competitors, the change in the competitive landscape could materially adversely affect our ability to compete effectively. Our competitors may also establish or strengthen cooperative relationships with our current or future sponsors or partners, thereby limiting our ability to grow our strategic relationship with such parties. Our existing point solution partners may also develop new capabilities over time that address similar needs to, and compete with, other portions of our platform. If we are unable to compete effectively with these or other competitors, our business, financial condition, and results of operations could be materially adversely affected. Many of our competitors may also have longer operating histories and significantly greater financial, technical, marketing, and other resources than we have. As a result, some of these competitors may be in a position to devote greater resources to the development, promotion, sale, and support of their products and services and have offered, or may in the future offer, a wider range of products and services that are increasingly desirable to potential clients, and they may also use advertising and marketing strategies that (including loss- leaders) achieve broader brand recognition or acceptance. We compete on the basis of price and may be subject to pricing pressures as a result of, among other things, competition within the industry, practices of managed care organizations, government action, and financial stress experienced by our customers. If our pricing experiences significant downward pressure, our business will be less profitable, and our results of operations will be adversely affected. We cannot be certain that we will be able to retain our current customers or expand our customer base in this competitive environment. If we do not retain current customers or expand our customer base, or if we have to renegotiate existing contracts to less favorable terms, our business will be harmed. We derive a material portion of our revenue from our largest clients. The loss, termination, or renegotiation of any contract with such clients could negatively impact our results. Historically, we have relied on a limited number of our largest clients for a material portion of our total revenue and accounts receivable. One client accounted for ~~16 %,~~ 11 % ~~,~~ and 9 % of our revenue for the years ended December 31, ~~2020,~~ 2021 ~~,~~ and 2022, respectively **. Two clients accounted for 12 % of our revenue for the year ended December 31, 2023** . For the years ended December 31, ~~2020,~~ 2021, ~~and~~ 2022 **, and 2023** , our top 10 clients accounted for ~~44 %,~~ 40 %, ~~and~~ 40 **%, and 35** % of our revenue, respectively. The sudden loss of any of our largest clients or the renegotiation of any of our largest client contracts could adversely affect our results of operations. In the ordinary course of business, we engage in active discussions and renegotiations with our clients regarding the solutions we provide and the terms of our client agreements, including our fees. As our clients' businesses respond to market dynamics and financial pressures, and as our clients make strategic business decisions with respect to the lines of business they pursue and programs in which they participate, we expect that certain of our clients will, from time to time, seek to restructure their agreements with us. In the ordinary course of our business, we renegotiate the terms of our agreements with our clients in connection with renewals or extensions of these agreements. These discussions and future discussions could result in reductions to the fees and changes to the scope of services contemplated by our original client contracts and consequently could negatively impact our revenue, business, and prospects. Because we rely on a limited number of our largest clients for a material portion of our revenue, we depend on the creditworthiness of these clients. If the financial condition of our clients declines, our credit risk could increase. Should one or more of our significant clients declare bankruptcy, be declared insolvent, or otherwise be restricted by state or federal laws or regulation from continuing in some or all of their operations, this could adversely affect our ongoing revenue, the collectability of our accounts receivable, affect our bad debt reserves and negatively impact our net income ~~. For example, in 2022, we restructured our agreement with respect to our business in Brazil and may engage in further restructurings in the future that could result in reductions of fees or scope of services~~ . Saturation or consolidation in the healthcare industry could result in the loss of existing clients, a reduction in our potential client base and downward pressure on the prices for our products and services. As the healthcare information systems market continues to evolve, saturation of this market with our products or our competitors' products could limit our revenues and opportunities for growth. There has also been increasing consolidation amongst healthcare industry participants in recent years, creating integrated healthcare delivery systems with greater market power. Our inability to make initial sales of our systems to, or maintain relationships with, newly formed groups and / or healthcare providers that are replacing or substantially modifying their healthcare information systems, or, if we were forced to reduce our prices, could adversely affect our business, results of operations and financial condition. Our sales cycles can be long and complicated and require considerable time and expense. As a result, our sales and revenue are difficult to predict and may vary substantially from period to period, which may cause our results of operations to fluctuate significantly. The timing of our sales and related revenue recognition is difficult to predict because of the length of our sales cycle, particularly with respect to our enterprise clients which include a range of clients from large employers and health systems to government agencies and health plans. The sales cycle for our solutions from initial contact with a potential client to enrollment launch varies widely, ranging from less than six months to well over a year. Our sales efforts involve educating our clients about the ease of use, technical capabilities, and potential benefits of our platform. Some of our enterprise clients undertake a significant and lengthy evaluation process, including to determine whether our platform meets their specific healthcare needs, which frequently involves evaluation of not only our platform but also an evaluation of other available services and solutions. Once an enterprise client enters into an agreement with us, we typically explain the benefits of our solutions again to eligible employees to encourage them to sign up as members. During this process, we expend significant resources on sales and marketing activities, which may negatively impact our operating margins, particularly if no sales occur. There are a number of factors that contribute to the timing of client purchases and the variability of our revenue recognition, including budgetary constraints, funding authorization, and changes in client personnel. In addition, the significance and timing of our product enhancements, and the introduction of new products by our competitors, may also affect our clients' purchases. Our sales process may also be extended as a result of travel restrictions and business interruptions caused by public health emergencies, such as the COVID- 19 pandemic. As a result, it is difficult to predict whether a sale will be completed, the particular period in which a sale will be completed or the period in which revenue from a sale will be recognized. It is possible that in the future we may experience even longer sales cycles, more complex client needs, higher upfront sales costs, and less predictability in completing some of our sales as we continue to grow our direct sales force, expand into new territories, and market additional solutions. Moreover, we may in the future enter into agreements under which we will not receive any payments or recognize any revenue until we complete a lengthy implementation cycle. If our sales cycle lengthens or our substantial upfront sales and implementation investments do not result in sufficient sales to justify our investments, our margins could be adversely affected, our revenue could be lower than expected and our business, financial condition and results of operations may be adversely affected. We have also historically experienced some unpredictability and cyclicality in the timing for recognizing revenue, with higher revenue in some quarters compared with others. For example, with respect to our enterprise clients, and in particular our clients with contract years commencing at the beginning of a calendar year, we record a disproportionate amount of revenue from such clients during the fourth quarter of our fiscal year relative to the first three quarters of our fiscal year. In addition, we have also historically recorded disproportionately higher revenue from our life sciences channel in the fourth quarter of our fiscal year as a result of our sponsors committing incremental marketing dollars available for the fiscal year. If these cyclical fluctuations in our business become more pronounced in the future, our business, financial condition and results of operations may be exposed to further volatility. If our existing clients do not continue or renew their contracts with us, renew at lower fee levels or decline to purchase additional solutions from us, it could have a material adverse effect on our business, financial condition, and results of operations. We expect to derive a significant portion of our revenue from renewal of existing client contracts and sales of additional solutions to existing clients. As part of our growth strategy, for instance, we are focused on offering additional solutions to our existing clients in order to enhance member experience, improve clinical results, and increase our revenue per year. We also believe there is significant opportunity to cross-sell our provider solutions to existing accounts. As a result, expanding the solutions that we provide to our existing client base is critical to our future business, revenue growth, and results of operations. Factors that may affect our ability to sell additional solutions include, but are not limited to: the price, performance, and functionality of our solutions; the availability, price, performance, and functionality of competing solutions; our ability to develop and sell complementary applications and services; the stability, performance, and security of our hosting infrastructure and hosting services; changes in healthcare, data privacy and other laws, regulations, or trends; and the business environment and development of our clients. With respect to our enterprise clients, contracts with health plans and integrated healthcare systems generally range from three to five years, with several comprehensive strategic agreements extending up to ten years in length, while contracts with large employers generally have two to four year terms. Our provider channel' s revenue is based on the volume of health document requests fulfilled and subscription fees for various technology- related services that assist providers with performance and risk- adjustment tools, billing contract compliance and enhanced patient care. Subscription fees are recognized ratably over a one to three year contractual period. Our clients generally have no obligation to renew their contracts for our solutions after the initial terms expire. In addition, our clients may negotiate terms less advantageous to us upon renewal, which may reduce our revenue from these clients. Our future results of operations also depend, in part, on our ability to expand into new clinical specialties and across care settings and use cases. If our clients fail to renew their contracts, renew their contracts upon less favorable terms or at lower fee levels or fail to purchase new solutions from us, our revenue may decline, or our future revenue growth may be constrained. In addition, after the initial contract term, a significant number of our client contracts allow clients to terminate such agreements for convenience at certain times, typically with an advance notice. If a client terminates its contract early and revenue and cash flows expected from a client are not realized in the time period expected or not realized at all, our business, financial condition, and results of operations could be adversely affected. Economic uncertainty or downturns, particularly as it impacts particular industries, could adversely affect our business and operating results. In recent years, global markets have experienced cyclical downturns and worldwide economic conditions remain uncertain. This uncertainty has been exacerbated in particular by public health emergencies such as the COVID- 19 pandemic, inflation, supply chain disruptions, rising interest rates, financial institution disruptions, and geopolitical tensions such as the Russian invasion of Ukraine **and the conflicts in the Gaza Strip and Middle East** . Economic uncertainty and associated macroeconomic conditions make it extremely difficult for our clients and us to accurately forecast and plan future business activities and could cause our clients to slow spending on our platform, which could delay and lengthen sales cycles. Furthermore, during uncertain economic times our clients may face issues gaining timely access to sufficient credit, which could result in an impairment of their ability to make timely payments to us. Our clients' ability to make timely payments to us may also be impacted by their own customers' financial condition or ability to gain timely access to credit causing payments to our clients to be delayed. If our clients are not able to make timely payments to us, we may be required to increase our allowance for doubtful accounts and our business, financial condition, and results of operations could be materially negatively impacted. Additionally, events involving limited liquidity or defaults in the financial services industry, or concerns or rumors about events of this kind, have in the past and may in the future lead to market- wide liquidity problems. For example, on March 10, 2023, Silicon Valley Bank was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation as receiver. While Sharecare was not directly impacted by this event, other banks and financial institutions may enter receivership or become insolvent in the future, which would impair and / or threaten our ability to access our cash and cash equivalents and could have a material adverse effect on our business and financial condition. Furthermore, we have enterprise clients in a variety of different industries. A significant downturn in the economic activity attributable to any particular industry may cause organizations to react by reducing their capital and operating expenditures in general or by specifically reducing their spending on healthcare matters. In addition, our enterprise clients may delay or cancel healthcare projects or seek to lower their costs by renegotiating vendor contracts. Such delays or reductions in general healthcare spending may disproportionately affect our revenue. Also, competitors may respond to challenging market conditions by lowering prices and attempting to lure away our clients. We cannot predict the timing, strength, or duration of any economic slowdown or any subsequent recovery generally, of any industry in particular. If the conditions in the general economy and the markets in which we operate worsen from present levels, our business, financial condition, and results of operations could be materially adversely affected. The growth of our business relies, in part, on the growth and success of our enterprise clients and the number of members with access to our offerings, which are difficult to predict and are affected by factors outside of our control. If the number of members of the populations of our enterprise clients decreases or the number of those members that utilize our solutions decreases, our revenue will likely decrease. Under most of our enterprise client contracts, we base our fees on the number of individuals enrolled in the solutions subscribed to by our enterprise clients. In addition, some fees are subject to credits if certain performance criteria are not met, which in some cases depend on the behavior and health of our members, such as their continued engagement with our solutions, and other factors outside of our control. Many factors may lead to a decrease in the number of individuals covered by our enterprise clients and the number of solutions subscribed to by our clients, including, but not limited to: natural attrition of members of our enterprise clients' populations; decline in prevalence of employer- sponsored healthcare or private health insurance coverage; continued acceptance of our solutions by members and prospective members; the timing of development and release of new solutions; introduction and development of features and functionality that are lower cost alternatives by our competitors; technological changes and developments that we cannot respond to within the markets we serve; and changes in the healthcare industry. The growth forecasts of our enterprise clients are also subject to significant uncertainty and are based on assumptions and estimates that may prove to be inaccurate and their member enrollment in our solutions could fail to grow at anticipated rates, if at all. If the number of individuals covered by our enterprise clients decreases, or the number of solutions to which they subscribe decreases, for any reason, our enrollment rate may decline and our revenue will likely decrease which would harm our business, financial condition, and results of operations. Our sales and the success of our marketing efforts depend in part on our ability to call upon our current clients to provide positive references to new, potential clients. Failure to obtain such references may adversely affect our ability to grow our client base and have a negative and adverse effect on our business, financial condition, and results of operations. Our sales and the success of our marketing efforts depend in part on our ability to call upon our current clients to provide positive references to new, potential clients. The loss or dissatisfaction of our clients, particularly our large, long- term enterprise clients, including as a result of our platform providing a poor member experience, could adversely affect our brand and reputation and our ability to rely on our clients for positive references. If that were to occur, it could substantially harm our ability to maintain existing clients, attract new clients, and sell and achieve widespread adoption of our solutions, and, in turn, our business, financial condition, and results of operations. We face risks, such as unforeseen costs and potential liability in connection with content we produce, license, and distribute through our platform. As a producer and distributor of content, we face potential liability for negligence, copyright, and trademark infringement, or other claims based on the nature and content of materials that we produce and distribute. We also may face potential liability for content used in promoting our service, including marketing materials. We may purchase content that we ultimately decide not to place on our platform, to remove from our platform, or to discontinue or alter if we believe such content might not be well received by our clients or members or could be damaging to our brand and business. To the extent we do not accurately anticipate costs or mitigate risks, including for content that we obtain but ultimately does not appear on or is removed from our platform, or if we incur unforeseen liabilities with respect to the content we produce or distribute, our business may suffer. Litigation to defend related claims could be costly and the expenses and damages arising from any liability could harm our results of operations. We may not be indemnified against claims or costs of these types and we may not have insurance coverage for these types of claims. The growth of our business and future success relies, in part, on our partnerships and other relationships with third parties and our business could be harmed if we fail to maintain or expand these relationships. In the ordinary course of our business, we may enter into partnerships and other collaborations, in- licensing arrangements, joint ventures, and strategic alliances with third parties to develop proposed solutions, or integrate existing solutions into our platform. Proposing, negotiating, and implementing partnerships, collaborations, in- licensing arrangements, joint ventures, or strategic alliances may be a lengthy and complex process. Other companies, including those with substantially greater financial, marketing, sales, technology or other business resources, may compete with us for these opportunities or arrangements. We may not identify, secure, or complete any such transactions or arrangements in a timely manner, on a cost- effective basis, on acceptable terms, or at all. In particular, these collaborations may not result in the development or integration of solutions that achieve commercial success or result in significant revenues and could be terminated prior to developing or integrating any solutions. In addition, the financial condition and viability of our collaborators is beyond our control. Failure to retain and expand any of our partnerships or other third- party relationships, or the failure of our collaborators to remain a viable business, could harm our relationships with our clients and our reputation and brand. Additionally, we may not be in a position to exercise sole decision making authority regarding certain transactions or arrangements, which could create the potential risk of creating impasses on decisions, and our collaborators may have economic or business interests or goals that are, or that may become, inconsistent with our business interests or goals **. Our expectations regarding future performance assume business currently under contract and satisfaction by our customers and partners of their contractual obligations under those agreements, which is not within our control. Therefore, if a customer or partner fails to satisfy its contractual obligations, our actual results could be negatively impacted. For example, we are currently in a contract dispute with a customer over an attempted termination by that party of a contract we believe is non- terminable, with remaining fees owed to the Company totaling $ 50 million over the life of the contract. The counterparty has withheld payment of outstanding invoices and has indicated it does not intend to make any additional payments to the Company under the contract. While we believe the contract unambiguously prohibits termination by the counterparty or the withholding of any fees payable to the Company and counterparty' s failure to remit payments and repudiation of future payment obligations constitutes a clear and material breach of the contract, our counterparty' s compliance is not within our control. Therefore, we have disputed the purported termination and are vigorously pursuing recovery of the amounts owed under the contract plus damages from the counterparty. We also have other commercial contracts with certain subsidiaries of that same party that we believe have been breached by such subsidiaries, and we are in the process of taking action to enforce our rights and remedies under the applicable contracts. That contract dispute relates to pricing, amounts owed under the contracts and related matters and is not related to issues regarding the delivery of services by Sharecare. These disputes have impacted and are expected to continue to impact our financial results, and we are unable to estimate the probability of a favorable or unfavorable outcome with respect to the disputes described above. We also expect to incur additional costs as we pursue our legal rights and remedies** . It is possible that conflicts may arise with our collaborators, such as conflicts concerning the achievement of performance milestones, or the interpretation of significant terms under any agreement, such as those related to financial obligations or the ownership or control of intellectual property developed during the collaboration. If any conflicts arise with our current or future collaborators, they may act in their self- interest, which may be adverse to our best interest, and they may breach their obligations to us. In addition, we have limited control over the amount and timing of resources that our current collaborators or any future collaborators devote to their own or our future solutions. Disputes between us and our collaborators may result in litigation or arbitration which would increase our expenses and divert the attention of our management. Further, these transactions and arrangements are contractual in nature and may be terminated or dissolved under the terms of the applicable agreements and, in such event, we may not continue to have rights to the products relating to such transaction or arrangement or may need to purchase such rights at a premium. We could face reputational damage or loss of trust from our clients and members as a result of transferring inaccurate or incomplete information, as well as potential regulatory risk or other liability for errors in processing information, all of which could harm our business, financial condition and results of operations. We provide healthcare- related information for use by our partners, clients and members. However, data in the healthcare industry is generally fragmented in origin, inconsistent in format, and often incomplete. To the extent the information from third- parties that we transfer is incorrect or incomplete, we may suffer reputational risks and loss of trust from our partners, clients and members. We may also face potential regulatory risk or other liability to our partners, clients and members to the extent that we transfer inaccurate or incomplete data as a result of our own processing errors rather than simply passing on third- party information. For example, if, as a result of such a processing error, we provided sensitive information to the wrong party or such error results in incorrect delivery of services, we could be exposed to risk of regulatory non- compliance under HIPAA or personal liability to our partners, clients and members under state law causes of action such as negligence. We could also be subject to liability for wrongful delivery or handling of healthcare services or erroneous health information. While we maintain insurance coverage for such claims, this coverage may prove to be inadequate or could cease to be available to us on acceptable terms, if at all. Even unsuccessful claims could result in substantial costs and diversion of management resources. A claim brought against us that is uninsured or under- insured could harm our business, financial condition, and results of operations. Our business, financial condition, and results of operations may be adversely affected by pandemics or epidemics such as COVID- 19 or other adverse public health developments. The COVID- 19 pandemic caused many governments to implement quarantines and significant restrictions on travel, or to advise that people remain at home where possible and avoid crowds. Healthcare providers around the world, including certain of our partners and clients, faced substantial challenges in treating patients with COVID- 19, such as the diversion of hospital staff and resources from ordinary functions to the treatment of COVID- 19, supply, resource and capital shortages, and overburdening of staff and resource capacity. In the United States, governmental authorities also recommended, and in certain cases required, that elective, specialty, and other procedures and appointments, including certain primary care services, be suspended or canceled to avoid non- essential patient exposure to medical environments and potential infection with COVID- 19 and to focus limited resources and personnel capacity toward the treatment of COVID- 19. The resurgence of COVID- 19 or other public health emergencies along with the related measures to contain the spread of such viruses, could cause disruptions and severely impact our business, including, but not limited to: increasing the likelihood of clients not renewing their contracts with us or being unable to pay us in accordance with the terms of their agreements; reducing the demand of the solutions offered on our platform due to restrictions on elective procedures and access to hospitals and other healthcare facilities; causing one or more of our clients or partners to file for bankruptcy protection or shut down; negatively impacting our ability to provide our solutions to clients and members; and harming our business, financial condition, and results of operations. Conversely, certain of our platforms, for example our health security solutions, may experience an uptick in demand as a result of an outbreak or pandemic that causes increases in revenue that are not sustained as government restrictions and mandates designed to contain the spread of such viruses subside. Furthermore, we cannot predict with any certainty whether and to what degree the disruption caused by any pandemic and reactions thereto will impact us, our customers and our industry, and in turn, we may face difficulty accurately predicting our internal financial forecasts. Our business could be disrupted by catastrophic events and man- made problems, such as power disruptions, data security breaches, terrorism, and public health emergencies. Our systems are vulnerable to damage or interruption from the occurrence of any catastrophic event, including earthquake, fire, flood, tsunami, or other weather event **, including as a result of climate change** , power loss, telecommunications failure, software or hardware malfunction, cyber- attack, war, a public health emergency, terrorist attack, or incident of mass violence, which could result in lengthy interruptions in access to our platform. In addition, acts of terrorism, including malicious internet- based activity, could cause disruptions to the internet or the economy as a whole. Even with our disaster recovery arrangements, access to our platform could be interrupted. If our systems were to fail, or be negatively impacted as a result of a disaster or catastrophic event, our ability to deliver our platform and solutions to our clients and members would be impaired or we could lose critical data. If we are unable to develop and execute adequate plans to ensure that our business functions continue to operate during and after a disaster or catastrophic event, our business, financial condition, and results of operations would be harmed. We have implemented a disaster recovery program that allows us to move platform traffic to a backup data center in the event of a catastrophe. However, to the extent our disaster recovery program does not effectively support the movement of traffic in a timely or complete manner in the event of a catastrophe, our business, financial condition, and results of operations may be harmed. We depend on our talent and corporate culture to grow and operate our business, and if we are unable to hire, integrate, develop, motivate and retain our personnel, including our senior management, Sharecare advocates, clinical and various product and technology roles, our business could be adversely affected, and we may not be able to grow effectively. Our success depends in large part on our ability to attract and retain high- quality employees in sales, services, advocacy, caregiving, engineering, marketing, operations, finance, and support functions. Competition for qualified employees is intense in our industry and has increased across most industries over the last year, and the loss of even a few qualified employees, or an inability to attract, retain, and motivate additional highly skilled employees required for the planned expansion of our business could harm our operating results and impair our ability to grow. If we face labor shortages or increased labor costs because of increased competition for employees or independent contractors, as well as other employee benefits costs, our operating expenses could increase, and our profitability and growth could be negatively impacted. To attract and retain key personnel, we use various measures, including an equity incentive program for key employees. However, these measures may not be enough to attract and retain the personnel we require to operate our business effectively. In addition, employees may be more likely to leave us if the shares of our capital stock they own or the shares of our capital stock underlying their equity incentive awards have significantly reduced in value. Conversely, to the extent employees receive significant proceeds from sales of vested equity awards in the public markets, their motivation to continue to work for us may be reduced. Our future success depends in part on our ability to identify, attract, integrate, and retain empathetic and knowledgeable advocates and caregivers, as well as highly qualified and motivated product developers and engineers, who embody our mission- driven culture. We seek to employ advocates and caregivers who demonstrate empathy and problem- solving skills and hire from diverse professional backgrounds, including social work, teaching, customer care, and benefits. We have from time to time in the past experienced, and may in the future experience, difficulty in hiring and retaining employees with appropriate qualifications. Qualified individuals in the regions where we have offices are in high demand, and we may incur significant costs to attract them. In addition, with a current shortage of certain qualified caregivers in many areas of the United States, competition for sourcing of these professionals remains intense. We compete for qualified individuals with numerous other companies, many of whom have greater financial and other resources than we do. In addition, in the future, we may experiment with different staffing and scheduling models to help attract and retain qualified personnel, including hiring individuals that work remotely, incorporating more flexible work schedules, or deploying a temporary workforce. If we fail to effectively manage our hiring needs or successfully integrate new hires, our employee morale and retention could suffer. Any of these events could also adversely affect our customer and member satisfaction and harm our business. Our future also depends on the continued contributions of our senior management team, each of whom would be difficult to replace. We rely on our leadership team in the areas of operations, technology, marketing, sales, and general and administrative functions. From time to time, there may be changes in our senior management team that may be disruptive to our business, particularly if we have failed to have in place and execute an effective succession plan. If our senior management team, including any new hires that we may make, fails to work together effectively and to execute our plans and strategies on a timely basis, our business, financial condition, and results of operations could be harmed. In addition, we believe that our culture has been and will continue to be a critical contributor to our success and our ability to attract and retain highly skilled personnel. If we do not continue to develop our corporate culture or maintain and preserve our core values as we grow and evolve both in the United States and internationally, we may be unable to foster the innovation, curiosity, creativity, focus on execution, teamwork, and the facilitation of critical knowledge transfer and knowledge sharing we believe we need to support our growth and recruit additional talent. If we are not able to maintain and enhance our reputation and brand recognition, our business, financial condition, and results of operations could be adversely affected. We believe that maintaining and enhancing our reputation and brand recognition is critical to our relationships with existing clients, partners, and sponsors, and to our ability to attract new clients, partners, and sponsors. The promotion of our brand may require us to make substantial investments and we anticipate that, as our market becomes increasingly competitive, these marketing initiatives may become increasingly difficult and expensive. Brand promotion and marketing activities may not be successful or yield increased revenue, and to the extent that these activities yield increased revenue, the increased revenue may not offset the expenses we incur and our business, financial condition, and results of operations could be harmed. In addition, any factor that diminishes our reputation or that of our management, including failing to meet the expectations of our clients, partners, or sponsors, could harm our reputation and brand and make it substantially more difficult for us to attract new client, partners, and sponsors. If we do not successfully maintain and enhance our reputation and brand recognition, our business may not grow or our current revenue may decline and we could lose our relationships with our existing clients, partners, and sponsors, including, in particular, our enterprise clients, which would harm our business, financial condition, and results of operations. We use offshore third- party partners located in India, the Philippines and other countries, that subject us to regulatory, economic, social and political uncertainties and to laws applicable to U. S. companies operating overseas and other risks of global operations. We are subject to several risks associated with using third- party service providers in India, the Philippines and other countries. Our technological, financial and customer service performance may be adversely affected by general economic conditions and economic and fiscal policy in the countries where our workforce may operate, including changes in exchange rates and controls, interest rates and taxation policies, as well as social stability and political, economic or diplomatic developments affecting such countries in the future. In particular, India has experienced significant economic growth over the last several years, but faces major challenges in sustaining that growth in the years ahead. These challenges include the need for substantial infrastructure development and improving access to healthcare and education. In addition, we may encounter negative publicity or other response to the use of offshore resources in lieu of performing work domestically. Risks Related to Future Growth Acquisitions and investments could result in operating difficulties, dilution, and other harmful consequences that may adversely affect our business, financial condition, and results of operations. Additionally, if we are not able to identify and successfully acquire suitable businesses, our operating results and prospects could be harmed. We have made a number of acquisitions, and expect to continue making acquisitions to add employees, complementary companies, solutions, technologies, or revenue. These transactions could be material to our business, financial condition, and results of operations. We also expect to continue to evaluate and enter into discussions regarding a number of potential partnerships and other transactions with third parties. The identification of suitable acquisition candidates can be difficult, time- consuming, and costly, and we may not be able to complete acquisitions on favorable terms, if at all. The process of integrating an acquired company, business or technology has created, and will continue to create unforeseen operating difficulties and expenditures. The areas where we face risks include: • diversion of management time and focus from operating our business to addressing acquisition integration challenges; • loss of key employees of the acquired company and other challenges associated with integrating new employees into our culture, as well as reputational harm if integration is not successful; • implementation or remediation of controls, procedures, and policies at the acquired company; • difficulties in integrating and managing the combined operations, technologies, technology platforms, and solutions of the acquired companies and realizing the anticipated economic, operational, and other benefits in a timely manner, which could result in substantial costs and delays or other operational, technical, or financial problems; • integration of the acquired company' s accounting, human resource, and other administrative systems, and coordination of product, engineering, and sales and marketing functions; • failure to successfully further develop the acquired technology or realize our intended business strategy; • our dependence on unfamiliar affiliates and partners of acquired businesses; • uncertainty of entry into markets in which we have limited or no prior experience or in which competitors have stronger market positions; • unanticipated costs associated with pursuing acquisitions; • failure to successfully onboard clients or maintain brand quality of acquired companies; • responsibility for the liabilities of acquired businesses, including those that were not disclosed to us or exceed our estimates, as well as, without limitation, liabilities arising out of their failure to maintain effective data protection and privacy controls and comply with applicable regulations; • inability to maintain our internal standards, controls, procedures, and policies; • difficulties in complying with antitrust and other government regulations; • challenges in integrating and auditing the financial statements of acquired companies that have not historically prepared financial statements in accordance with accounting principles generally accepted in the United States of America (" GAAP "); • potential accounting charges to the extent intangibles recorded in connection with an acquisition, such as goodwill, trademarks, client relationships, or intellectual property, are later determined to be impaired and written down in value; and • failure to accurately forecast the impact of an acquisition transaction. Moreover, we rely heavily on the representations and warranties provided to us by the sellers of acquired companies, including as they relate to the creation of, and ownership and rights in, intellectual property, existence of open source, and compliance with laws and contractual requirements. If any of these representations and warranties are inaccurate or breached, such inaccuracy or breach could result in costly litigation and assessment of liability for which there may not be adequate recourse against such sellers, in part due to contractual time limitations and limitations of liability. Future acquisitions could also result in expenditures of significant cash, dilutive issuances of our equity securities, the incurrence of debt, restrictions on our business, contingent liabilities, amortization expenses or write- offs of goodwill, any of which could harm our financial condition. In addition, any acquisitions we announce could be viewed negatively by partners, clients, members, investors or our other stakeholders. Additionally, competition within our industry for acquisitions of business, technologies, and assets is intense. Even if we are able to identify an acquisition that we would like to consummate, we may not be able to complete the acquisition on commercially reasonable terms or the target may be acquired by another company. We may enter into negotiations for acquisitions that are not ultimately consummated. Those negotiations could result in diversion of management time and significant out- of- pocket costs. If we fail to evaluate and execute acquisitions successfully, we may not be able to realize the benefits of these acquisitions, and our operating results could be harmed. If we are unable to successfully address any of these risks, our business, financial condition, and results of operations could be harmed. We may not grow at the rates we historically have achieved or at all, even if our key metrics may indicate growth. We have experienced significant growth in the last 10 years. Future revenues may not grow at these same rates or may decline. Our future growth will depend, in part, on our ability to expand our footprint and establish new client relationships, expand our existing client relationships, including offering additional solutions to our existing clients, and grow and evolve our platform capabilities with the changing needs of our industry. We can provide no assurances that we will be successful in executing on these growth strategies or that, even if our key metrics would indicate future growth, we will continue to grow our revenue or to generate net income. Our ability to execute on our existing sales pipeline, create additional sales pipelines, and expand our client base depends on, among other things, the attractiveness of our solutions relative to those offered by our competitors, our ability to demonstrate the value of our existing and future solutions, our ability to foster and develop our existing and new partner relationships, and our ability to attract and retain a sufficient number of qualified sales and marketing leadership and support personnel. In addition, our existing clients may be slower to adopt our solutions than we currently anticipate, which could adversely affect our results of operations and growth prospects. If we fail to effectively manage our growth, we may be unable to execute our business plan, adequately address competitive challenges or maintain our corporate culture, and our business, financial condition, and results of operations could be adversely affected. Our historical rapid growth and expansion increases the complexity of our business and places significant strain on our management, personnel, operations, systems, technical performance, financial resources, and internal financial control and reporting functions. We may not be able to manage growth effectively, which could damage our reputation, limit our growth, and negatively affect our operating results. In the event of continued growth of our operations or in the number of our third- party relationships, our information technology systems and our internal controls and procedures may not be adequate to support our operations. To effectively manage our growth, we must continue to improve our operational, financial, and management processes and systems and to effectively expand, train, and manage our employee base. As our organization continues to grow and we are required to implement more complex organizational management structures, we may find it increasingly difficult to maintain the benefits of our corporate culture, including our ability to quickly develop and launch new and innovative solutions or execute on our expansion strategy through acquisition or new partnership relationships. This could negatively affect our business performance. The estimates of market opportunity and forecasts of market growth included herein may prove to be inaccurate, and even if the markets in which we compete achieve the forecasted growth, our business may not grow at similar rates, or at all. Market opportunity estimates and growth forecasts are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. The estimates in this Annual Report on Form 10- K relating to the expected growth of the digital healthcare market may prove to be inaccurate. Even if the market in which we compete meets our size estimates and forecasted growth, our business could fail to grow at similar rates, if at all. ~~As we expand~~ **We face political, legal and compliance, operational, regulatory, economic and other risks related to** our international operations ~~, we will increasingly face political, legal and compliance, operational, regulatory, economic and other risks~~ that we do not face or are more significant than in our domestic operations. Our exposure to these risks is expected to increase. ~~As we expand~~ **We face political, legal and compliance, operational, regulatory, economic, and other risks related to** our international operations ~~, we will increasingly face political, legal and compliance, operational, regulatory, economic, and other risks~~ that we do not face or that are more significant than in our domestic operations. These risks vary widely by country and include varying regional and geopolitical business conditions and demands, government intervention and censorship, discriminatory regulation, nationalization or expropriation of assets and pricing constraints. Our international solutions need to meet country- specific client and member preferences as well as country- specific legal requirements, including those related to licensing, digital healthcare, privacy, data storage, location, protection and security. Our ability to provide solutions internationally is subject to the applicable laws governing remote healthcare and the practice of medicine in such location, and the interpretation of these laws is evolving and vary significantly from country to county and are enforced by governmental, judicial and regulatory authorities with broad discretion. We cannot, however, be certain that our interpretation of such laws and regulations is correct in how we structure our operations, our arrangements with physicians, services agreements and customer arrangements. Our international operations increase our exposure to, and require us to devote management resources to implement controls and systems to comply with, the privacy and data protection laws of non- U. S. jurisdictions and the anti- bribery, anti- corruption and anti- money laundering laws of the United States (including the FCPA) and similar laws in other jurisdictions. Implementing **and maintaining** our compliance policies, internal controls, and other systems upon our expansion into new countries and geographies may require the investment of considerable management time and financial and other resources over a number of years before any significant revenues or profits are generated. Violations of these laws and regulations could result in fines, criminal sanctions against us, our officers or employees, restrictions or outright prohibitions on the conduct of our business, and significant brand and reputational harm. We must regularly reassess the size, capability, and location of our global infrastructure and make appropriate changes, and must have effective change management processes and internal controls in place to address changes in our business and operations. Our success depends, in part, on our ability to anticipate these risks and manage these difficulties, and the failure to do so could have a material adverse effect on our business, operating results, financial position, brand, reputation and / or long- term growth. Our international operations require us to overcome logistical and other challenges based on differing languages, cultures, legal and regulatory schemes, and time zones. Our international operations encounter labor laws, customs, and employee relationships that can be difficult, less flexible than in our domestic operations and expensive to modify or terminate. In some countries we are required to, or choose to, operate with local business partners, which requires us to manage our partner relationships and may reduce our operational flexibility and ability to quickly respond to business challenges. Our international operations may also expose us to foreign currency exchange risks. Risks Related to Technology and Data Privacy The failure of our platform to achieve and maintain market acceptance could result in us achieving sales below our expectations, which would cause our business, financial condition, and results of operation to be materially and adversely affected. Our current business strategy is highly dependent on our platform achieving and maintaining market acceptance. Market acceptance and adoption of our platform depends on educating our clients and members as to the distinct features, ease- of- use, positive lifestyle impact, cost savings, and other perceived benefits of the solutions offered on our platform as compared to competitive solutions. If we are not successful in demonstrating to existing and potential clients and members the benefits of our solutions, our sales may decline or we may fail to increase our sales in line with our forecasts. Achieving and maintaining market acceptance of our solutions could be negatively impacted by many factors, including the perceived risks and rate of acceptance associated with the use of digital healthcare technologies generally as compared to traditional healthcare solutions. In addition, our platform may be perceived by our partners, clients, and members to be more complicated or less effective than traditional approaches, and people may be unwilling to adopt our platform solutions. If we are not able to develop new solutions, or successful enhancements, new features and modifications to our existing solutions, or otherwise incorporate such new solutions or enhancements, new features or modifications to existing solutions through acquisition or partnership, our business, financial condition, and results of operations could be adversely affected. The markets in which we operate are characterized by rapid technological change, frequent new product and service introductions and enhancements, changing customer demands, and evolving industry standards. The introduction of products and services embodying new technologies can quickly make existing products and services obsolete and unmarketable. Additionally, changes in laws and regulations could impact the usefulness of our solutions and could necessitate changes or modifications to our solutions to accommodate such changes. For example, consumers of our home ~~health solutions~~ **caresolutions** implemented as a result of the CareLinx acquisition often depend on reimbursement from third- party payors, including insurance companies and Medicare. If applicable laws and regulations were to change, or if insurance companies were to reduce or eliminate reimbursement for certain home ~~health solutions~~ **caresolutions** , demand for these solutions could be adversely impacted. We invest substantial resources in researching and developing, or otherwise incorporating into our platform through acquisition or partnership, new solutions or enhancements to our existing solutions by incorporating additional features, improving functionality, and adding other improvements to meet our clients' and members' evolving needs. The success of any enhancements or improvements to our solutions or any new solutions depends on several factors, including timely completion, competitive pricing, adequate quality testing, integration with new and existing technologies on our platform and third- party partners' technologies, and overall market acceptance. We may not succeed in developing or incorporating, marketing, and delivering on a timely and cost- effective basis enhancements or improvements to our solutions or any new solutions that respond to continued changes in market demands or new client requirements, and any enhancements or improvements to our solutions or any new solutions may not achieve market acceptance. Since developing, or incorporating through acquisition or partnership, our solutions is complex, the timetable for the release of new solutions and enhancements to existing solutions is difficult to predict, and we may not offer new solutions and updates as rapidly as our clients require or expect. Any new solutions that we develop or incorporate into our platform, or through acquisition or partnership, may not be introduced in a timely or cost- effective manner, may contain errors or defects, or may not achieve the broad market acceptance necessary to generate sufficient revenue. Moreover, even if we introduce new solutions, we may experience a decline in revenue of our existing solutions that is not offset by revenue from the new solutions. For example, clients may delay adoption of new solutions to permit them to make a more thorough evaluation of these solutions or until industry and marketplace reviews become widely available. Some clients may hesitate to migrate to a new solution due to concerns regarding the performance of the new solution. In addition, we may lose existing clients who choose a competitor' s products and services. This could result in a temporary or permanent revenue shortfall and adversely affect our business, financial condition, and results of operations. We may experience difficulties with software development, industry standards, design, or marketing that could delay or prevent our development or incorporation in our platform, introduction or implementation of new solutions, enhancements, additional features, or capabilities. If clients do not widely purchase and adopt our solutions, we may not be able to realize a return on our investment. If we do not accurately anticipate customer demand or we are unable to develop, license, or acquire new features and capabilities on a timely and cost- effective basis, or if such enhancements do not achieve market acceptance, it could result in adverse publicity, loss of revenue or market acceptance or claims by clients or members brought against us, each of which could have a material and adverse effect on our reputation, business, financial condition, and results of operations. We rely on internet infrastructure, bandwidth providers, third- party computer hardware and software, and other third parties for providing services to our clients and members, and any failure or interruption in the services provided by these third parties or the inability to access our platform on third- party operating systems could negatively impact our relationships with clients and members, adversely affecting our business, financial condition, and results of operations. Our ability to deliver our internet- based services depends on the development and maintenance of the infrastructure of the internet by third parties. This includes maintenance of a reliable network backbone with the necessary speed, data capacity, bandwidth capacity, and security. Our services are designed to operate without interruption. However, we may experience future interruptions and delays in services and availability from time to time. In the event of a catastrophic event with respect to one or more of our systems, we may experience an extended period of system unavailability, which could negatively impact our relationship with clients and members. Our platform relies, in part, on broad interoperability with a range of operating systems and third- party applications. We are dependent on the accessibility of our platform across these third- party operating systems and applications that we do not control. Third- party services and products are constantly evolving, and we may not be able to modify our platform to assure its compatibility with that of other third parties following development changes. Should the interoperability of our platform across devices, operating systems and third- party applications decrease, or if members are unable to easily and seamlessly access our application or information stored in our platform, our business, financial condition, and results of operations could be harmed. We also rely on software licensed from third parties in order to offer our services. These licenses are generally commercially available on varying terms. However, it is possible that this software may not continue to be available on commercially reasonable terms, or at all. Any loss of the right to use any of this software could result in delays in the provisioning of our services until equivalent technology is either developed by us, or, if available, is identified, obtained, and integrated. Furthermore, our use of additional or alternative third- party software would require us to enter into license agreements with third parties, and integration of our software with new third- party software may require significant work and require substantial investment of our time and resources. Also, any undetected errors or defects in third- party software could prevent the deployment or impair the functionality of our software, delay new updates or enhancements to our solutions, result in a failure of our solutions, and injure our reputation. Our solutions may not operate properly, which could damage our reputation, give rise to claims against us or our partners, or divert application of our resources from other purposes, any of which could harm our business, financial condition, and results of operations. Software development is time- consuming, expensive, and complex, and may involve unforeseen difficulties. We may encounter technical obstacles, and it is possible that we discover problems or design defects that prevent our solutions and platform, including third- party solutions integrated into our platform, from operating properly. Moreover, we may encounter incompatibilities or other technical issues resulting from the interaction of proprietary and / or third- party solutions included in our platform. If our proprietary or third- party solutions do not function reliably, malfunction, or fail to achieve client expectations in terms of performance, clients could assert liability claims against us or our partners or attempt to cancel their contracts with us. This could damage our reputation, or the reputation of our partners, and impair our ability to attract or maintain clients. The software underlying our platform is highly complex and may contain undetected errors or vulnerabilities, some of which may only be discovered after the code has been used by our clients and members. Any real or perceived errors, failures, bugs, or other vulnerabilities discovered in our code could result in negative publicity and damage to our reputation, or the reputation of our partners, loss of clients, loss of members, loss of or delay in market acceptance of our platform, loss of competitive position, loss of revenue, or liability for damages, overpayments and / or underpayments, any of which could harm our enrollment rates. In such an event, we may be required or may choose to expend additional resources to remediate the problem. These efforts could be costly, or ultimately unsuccessful. Even if we are successful at remediating issues, we may experience damage to our reputation and brand. There can be no assurance that provisions typically included in our agreements with partners that attempt to limit our exposure to claims would be enforceable or adequate or would otherwise protect us from liabilities or damages with respect to a particular claim. Even if unsuccessful, a claim brought against us by any client or partners would likely be time- consuming and costly to defend and could seriously damage our reputation and brand. If our enterprise resource planning system or other licensed software systems prove ineffective, we may be unable to timely or accurately prepare financial reports, make payments to our suppliers and employees, or invoice and collect from our members and clients. Data integrity problems in our enterprise resource planning system or other licensed software systems or other issues may be discovered which, if not corrected, could impact our business, financial condition, and results of operations. In addition, we may experience periodic or prolonged disruption of our financial functions arising out of our use of such system, migrations, or improvements to our systems, integration of newly acquired businesses into our system, other periodic upgrades or updates, or other external factors that are outside of our control. From time to time we implement additional software systems, and we may also transition to new systems, which may be disruptive to our business if they do not work as planned or if we experience issues relating to their implementation. Such disruptions could impact our ability to timely or accurately make payments to our suppliers and employees, and could also inhibit our ability to invoice and collect from our users. If we encounter unforeseen problems with our enterprise resource planning system or other related systems and infrastructure, our business, financial condition, and results of operations could be adversely affected. Security breaches, loss of data, and other disruptions could compromise sensitive information related to our business, partners, clients, or members, or prevent us from accessing critical information and expose us to liability, which could adversely affect our business and our reputation. In the ordinary course of our business, we collect, store, use, and disclose sensitive data, including protected health information (" PHI ") and other types of personal data or personally identifiable information (" PII "). We also process and store, and use additional third parties to process and store, sensitive information including intellectual property and other proprietary business information, including that of our partners, clients, and members. Our user information is encrypted but not always de- identified. We manage and maintain our platform and data utilizing a combination of on- site systems, managed data center systems, and cloud- based computing center systems. We are highly dependent on information technology networks and systems, including the internet, to securely process, transmit, and store this critical information. Security breaches of this infrastructure, including physical or electronic break- ins, computer viruses, attacks by hackers and similar breaches, **including advance hacking tools and techniques such as artificial intelligence,** and employee or contractor error, negligence, or malfeasance, have created, and can in the future create system disruptions, shutdowns, or unauthorized disclosure or modifications of confidential information, causing member health information to be accessed or acquired without authorization or to become publicly available. We utilize third- party service providers for important aspects of the collection, storage, and transmission of client, user, and patient information, and other confidential and sensitive information, and therefore rely on third parties to manage functions that have material cybersecurity risks. Because of the sensitivity of the PHI, other PII, and other confidential information, we and our service providers collect, store, transmit, and otherwise process, the security of our technology platform and other aspects of our services, including those provided or facilitated by our third- party service providers, are important to our operations and business strategy. We take certain administrative, physical, and technological safeguards to address these risks, such as by requiring outsourcing subcontractors who handle client, and member information for us to enter into agreements that contractually obligate those subcontractors to use reasonable efforts to safeguard PHI, other PII, and other sensitive information. Measures taken to protect our systems, those of our subcontractors, or the PHI, other PII, or other sensitive data we or our subcontractors process or maintain, may not adequately protect us from the risks associated with the collection, storage, and transmission of such information. Although we take steps to help protect confidential and other sensitive information from unauthorized access or disclosure, our information technology and infrastructure may be vulnerable to attacks by hackers or viruses, failures, or breaches due to third- party action, employee negligence or error, malfeasance, **user negligence,** or other disruptions. A security breach or privacy violation that leads to disclosure or unauthorized use or modification of, or that prevents access to or otherwise impacts the confidentiality, security, or integrity of, member information, including PHI or other PII, or other sensitive information we or our subcontractors maintain or otherwise process, could harm our reputation, compel us to comply with breach notification laws, cause us to incur significant costs for remediation, fines, penalties, notification to individuals and for measures intended to repair or replace systems or technology and to prevent future occurrences, potential increases in insurance premiums, and require us to verify the accuracy of database contents, resulting in increased costs or loss of revenue. If we are unable to prevent such security breaches or privacy violations or implement satisfactory remedial measures, or if it is perceived that we have been unable to do so, our operations could be disrupted, we may be unable to provide access to our platform, and could suffer a loss of clients or members or a decrease in the use of our platform, and we may suffer loss of reputation, adverse impacts on client, member, and investor confidence, financial loss, governmental investigations or other actions, regulatory or contractual penalties, and other claims and liability. In addition, security breaches and other inappropriate access to, or acquisition or processing of, information can be difficult to detect, and any delay in identifying such incidents or in providing any notification of such incidents may lead to increased harm. Any such breach or interruption of our systems or any of our third- party information technology partners has, and in the future could, compromise our networks or data security processes and sensitive information could be inaccessible or could be accessed by unauthorized parties, publicly disclosed, lost, or stolen. Any such interruption in access, improper access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws and regulations that protect the privacy of member information or other personal information, and regulatory penalties. Unauthorized access, loss, or dissemination could also disrupt our operations, including our ability to perform our services, provide member assistance services, conduct development activities, collect, process, and prepare company financial information, provide information about our current and future solutions, and engage in other education and outreach efforts. Any such breach could also result in the compromise of our trade secrets and other proprietary information, which could adversely affect our business and competitive position. While we maintain insurance covering certain security and privacy damages and claim expenses, we may not carry insurance or maintain coverage sufficient to compensate for all liability and in any event, insurance coverage would not address the reputational damage that could result from a security incident. In addition, we are currently making, and expect to continue to make, substantial investments in our information technology systems, infrastructure and personnel, in certain cases with the assistance of strategic partners and other third- party service providers (both domestic and abroad). These investments involve replacing existing systems, some of which are older, legacy systems that are less flexible and efficient, with successor systems; outsourcing certain technology and business processes to third- party service providers, including in India; making changes to existing systems, including the migration of applications to the cloud; maintaining or enhancing legacy systems that are not currently being replaced; or designing or cost- effectively acquiring new systems with new functionality. These efforts can result in significant potential risks, including failure of the systems to operate as designed, potential loss or corruption of data, changes in security processes and internal controls, cost overruns, implementation delays or errors, disruption of operations, and the potential inability to meet business and reporting requirements. Any system implementation and transition may result in operational challenges, security failures, reputational harm, and increased costs that could adversely affect our business operations and results of operations. **Please refer to Item 1C of this 10- K for additional information.** Risks Related to Legal and Regulatory Matters We may be subject to legal proceedings, litigation, regulatory and other disputes, and governmental inquiries which are costly to defend and could adversely affect our business, financial condition, and results of operations. We may be party to lawsuits, legal proceedings and other disputes in the normal course of business. These matters are often expensive and disruptive to normal business operations. We have faced, and may in the future face allegations, lawsuits, and regulatory inquiries, audits and investigations regarding data privacy, medical liability, security, labor and employment, consumer protection and intellectual property infringement, misappropriation, or other violation, including claims related to privacy, patents, publicity, trademarks, copyrights, contractual obligations and other rights **. In addition, we may bring legal proceedings against counterparties that have breached their obligations to the Company, which will cause us to incur costs that could be significant** . A portion of the technologies we use incorporates open source software, and we may face claims claiming ownership of open source software or patents related to that software, rights to our intellectual property or breach of open source license terms, including a demand to release material portions of our source code, or otherwise seeking to enforce the terms of the applicable open source license. We may also face allegations or litigation related to our acquisitions, securities issuances, business practices or other contractual obligations, including public disclosures about our business. Litigation and regulatory proceedings, and particularly the patent infringement and class action matters we could face, may be protracted and expensive, and the results are difficult to predict. Certain of these matters may include speculative claims for substantial or indeterminate amounts of damages and include claims for injunctive relief. Additionally, our litigation costs could be significant and not covered by applicable indemnification arrangements or otherwise exceed the limits of our insurance. Adverse outcomes with respect to litigation or any of these legal proceedings or other disputes may result in significant settlement costs or judgments, penalties and fines, or require us to modify our solutions or require us to stop offering certain features, all of which could negatively impact our enrollment rate and revenue growth. We may also become subject to periodic audits, which would likely increase our regulatory compliance costs and may require us to change our business practices, which could negatively impact our revenue growth. Managing legal proceedings, litigation and audits, even if we achieve favorable outcomes, is time- consuming and diverts management' s attention from our business. Changes in the health insurance market, ERISA laws, state insurance laws, or other laws could harm our business. The market for private health insurance in the United States is evolving and, as our customers include health plans / employers that deploy our offerings to members / employees and their families, our future financial performance will depend in part on the growth in this market. Changes and developments in the health insurance system in the United States could reduce demand for our existing and future offerings and harm our business. In addition, changes in laws or regulations regarding the Employee Retirement Income Security Act of 1974 (ERISA), changes in state insurance laws, or other changes in laws could materially impact the self- insured employer healthcare and benefits markets, or the markets in which our other existing or potential customers procure and provide benefits. Evolving government regulations may require increased costs or adversely affect our business, financial condition, and results of operations. In a regulatory climate that is uncertain, our operations may be subject to direct and indirect adoption, expansion, or reinterpretation of various laws and regulations. Compliance with these future laws and regulations may require us to change our practices at an undeterminable and possibly significant initial monetary and annual expense. These additional monetary expenditures may increase future overhead, which could have a material adverse effect on our business, financial condition, and results of operations. There is also uncertainty regarding whether, when, and what other health or data privacy reform initiatives will be adopted and the impact of such efforts on our business, as well as on the businesses of our partners and clients. The implications of such proposals may be unexpected, and such measures, if implemented, could alter the landscape of our industry in ways that adversely affect our business. In particular, our medical records release of information business is subject to changes in federal and state law regarding patients' and their representatives' access to medical records. There could be laws and regulations applicable to our business that we have not identified or that, if changed, may be costly to us, and we cannot predict all the ways in which implementation of such laws and regulations may affect us. In the states in which we operate, we believe we are in compliance with all applicable material regulations, but, due to the uncertain regulatory environment, certain states may determine that we are in violation of their laws and regulations. Similarly, we believe we are in compliance with all applicable material regulations in each international jurisdiction that we operate. In the event that we must remedy such violations, we may be required to modify our solutions in such states or other jurisdictions in a manner that undermines our solution' s attractiveness to partners, clients, or members, we may become subject to fines or other penalties or, if we determine that the requirements to operate in compliance in such states or other jurisdictions are overly burdensome, we may elect to terminate our operations in such states or other jurisdictions. In each case, our revenue may decline and our business, financial condition, and results of operations could be adversely affected. Additionally, the introduction of new solutions may require us to comply with additional, yet undetermined, laws and regulations. Compliance may require obtaining appropriate state or jurisdictional medical board licenses or certificates **, home care or home health licenses, staffing licenses** , increasing our security measures, and expending additional resources to monitor developments in applicable rules and ensure compliance. The failure to adequately comply with these future laws and regulations may delay or possibly prevent our solutions from being offered to clients and members, which could have a material adverse effect on our business, financial condition, and results of operations. If we fail to comply with healthcare and other governmental regulations, we could face substantial penalties, liabilities, or reputational harm and our business, financial condition, and results of operations could be adversely affected. Our solutions, as well as our business activities, are or may in the future be subject to a complex set of regulations and rigorous enforcement, including by the U. S. Food and Drug Administration (the " FDA "), Federal Trade Commission (the " FTC "), U. S. Department of Justice, U. S. Department of Health and Human Services (" HHS "), Office of the Inspector General and Office for Civil Rights, and numerous other federal and state governmental authorities. Our employees, consultants, and commercial partners may engage in misconduct or other improper activities, including non- compliance with regulatory standards and requirements. Federal, state and foreign healthcare laws and regulations that may affect our ability to conduct business include, without limitation: • HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act, and its implementing regulations, which impose certain requirements relating to the privacy, security, and transmission of PHI on certain healthcare providers, health plans, and healthcare clearinghouses, and their business associates that access or otherwise process individually identifiable health information on their behalf; HIPAA also created criminal liability for knowingly and willfully falsifying or concealing a material fact or making a materially false statement in connection with the delivery of or payment for healthcare benefits, items, or services; • state laws governing the privacy and security of personal information beyond health information, including state breach notification requirements, which differ from each other in significant ways with respect to scope, application, and requirements and which often exceed the standards under HIPAA, thus complicating compliance efforts; • foreign laws governing the privacy and security of personal information, such as the GDPR; • laws that regulate how businesses operate online, including measures relating to privacy and data security and how such information is communicated to customers (i) under the FTC' s unfair and deceptive trade practice authority from the FTC Act and (ii) from state attorneys general under state consumer protection laws and data privacy laws; • state laws governing the corporate practice of medicine and other healthcare professions and related fee- splitting laws; • **state laws governing home care, home health, healthcare staffing, and employee leasing to the extent of our CareLinx business may implicate such laws; •** potential regulation of certain of our solutions and research by the FDA; the federal Anti- Kickback Statute, which prohibits, among other things, any person from knowingly and willfully offering, soliciting, receiving, or providing remuneration, directly or indirectly, in exchange for or to induce either the referral of an individual for, or the purchase, order or recommendation of, any good or service for which payment may be made under federal healthcare programs, such as the Centers for Medicare & Medicaid Services programs; • the federal civil false claims and civil monetary penalties laws, including, without limitation, the federal False Claims Act, which prohibits, among other things, individuals or entities from knowingly presenting, or causing to be presented, false claims, or knowingly using false statements, to obtain payment from the federal government; • federal criminal laws that prohibit executing a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters; and • state law equivalents of each of the above federal laws, such as anti-kickback and false claims laws which may apply to items or services reimbursed by any third- party payor, including commercial insurers. The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act (the " Affordable Care Act ") among other things, amends the intent requirement of the federal Anti-Kickback Statute and criminal healthcare fraud statutes. A person or entity no longer needs to have actual knowledge of this statute or specific intent to violate it. In addition, the Affordable Care Act provides that the government may assert that a claim including items or services resulting from a violation of the federal Anti- Kickback Statute constitutes a false or fraudulent claim for purposes of the federal False Claims Act. Because of the breadth of these laws and the narrowness of available statutory and regulatory exemptions, it is possible that some of our activities could be subject to challenge under one or more of such laws. Any action brought against us for violations of these laws or regulations, even if successfully defended, could cause us to incur significant legal expenses and divert management' s attention from the operation of our business. We may be subject to private " qui tam " actions brought by individual whistleblowers on behalf of the federal or state governments, with potential liability under the federal False Claims Act including mandatory treble damages and significant per- claim penalties. Although we have adopted policies and procedures designed to comply with these laws and regulations and conduct internal reviews of our compliance with these laws, our compliance is also subject to governmental review. The growth of our business and sales organization and any future expansion outside of the United States may increase the potential of violating these laws or our internal policies and procedures. The risk of our being found in violation of these or other laws and regulations is further increased by the fact that many have not been fully interpreted by the regulatory authorities or the courts, and their provisions are open to a variety of interpretations. Any action brought against us for violation of these or other laws or regulations, even if we successfully defend against it, could cause us to incur significant legal expenses and divert management' s attention from the operation of our business. If our operations are found to be in violation of any of the federal, state, and foreign laws described above or any other current or future fraud and abuse or other healthcare laws and regulations that apply to us, we may be subject to penalties, including significant criminal, civil, and administrative penalties, damages and fines, disgorgement, additional reporting requirements and oversight if we become subject to a corporate integrity agreement or similar agreement to resolve allegations of noncompliance with these laws, imprisonment for individuals and exclusion from participation in government programs, such as Medicare and Medicaid, as well as contractual damages and reputational harm. Any of the foregoing consequences could seriously harm our business, financial condition, and results of operations. Individuals may claim our outbound engagement techniques, including digital outreach, are not compliant with HIPAA or federal marketing laws. Several federal laws are designed to protect consumers from various types and modes of marketing. HIPAA prohibits certain types of marketing to individuals using PHI, except for certain treatment and healthcare operations, including communications made to describe a health- related product or service (or payment for such product or service) that is provided by, or included in, a plan of benefits. ~~Our~~ **While we do not sell or share for marketing purposes any PHI, our** solutions **, including but not limited to marketing our own products or services,** may **nonetheless** be subject to regulatory review and deemed in violation of HIPAA, which could subject us to fines or other penalties. In addition, the Telephone Consumer Protection Act (the " TCPA ") is a federal statute that protects consumers from unwanted telephone calls and faxes. Since its inception, the TCPA' s purview has extended to text messages sent to consumers. We may communicate with and perform outreach to members through multiple modes of communication, including email and secure messaging. We must ensure that our solutions that leverage secure messaging comply with TCPA regulations and agency guidance. While we strive to adhere to strict policies and procedures, the Federal Communications Commission, as the agency that implements and enforces the TCPA, may disagree with our interpretation of the TCPA and subject us to penalties and other consequences for noncompliance. Determination by a court or regulatory agency that our solutions violate the TCPA could subject us to civil penalties, could invalidate all or portions of some of our client contracts, could require us to change or terminate some portions of our offerings, could require us to refund portions of our fees, and could have an adverse effect on our business. Even an unsuccessful challenge by consumers or regulatory authorities of our activities could result in adverse publicity and could require a costly response from us. Other laws focus on unsolicited email, such as the Controlling the Assault of Non- Solicited Pornography and Marketing Act of 2003 (the " CAN-SPAM Act ") which establishes requirements for the transmission of commercial email messages and specifies penalties for unsolicited commercial email messages that follow a recipient' s opt- out request or deceive the receiving consumer. In addition, some of our marketing activities require that we obtain permissions consistent with HIPAA and applicable state health information privacy laws. If we are unable to secure such permissions, or if there is a future change in law, we may face limitations on the use of such information, which may harm our business. If our arrangements with our clients are found to violate state laws prohibiting the corporate practice of medicine or fee splitting, our business, financial condition, results of operations, and our ability to operate in those states could be adversely affected. The laws of most states, including states in which our clients are located, prohibit us from practicing medicine, providing any treatment or diagnosis, or otherwise exercising any control over the medical judgments or decisions of licensed physicians and from engaging in certain financial arrangements, such as splitting professional fees with physicians. These laws and their interpretations vary from state to state and are enforced by state courts and regulatory authorities, each with broad discretion. We enter into contracts with our clients to deliver certain solutions in exchange for fees. Although we comply, to the extent applicable, with state prohibitions on the corporate practice of medicine and fee splitting, state officials who administer these laws or other third parties may successfully challenge our existing organization and contractual arrangements. If such a claim were successful, we could be subject to civil and criminal penalties and could be required to restructure or terminate the applicable contractual arrangements. A determination that these arrangements violate state statutes, or our inability to successfully restructure our relationships with our clients to comply with these statutes, could eliminate clients or members located in certain states from the market for our solutions, which would have a material adverse effect on our business, financial condition, and results of operations. Our business could be adversely affected if certain independent contractors were to be classified as employees. Portions of our business are reliant on attracting independent contractors to provide their services, particularly for our home care and nurse on demand platforms. In August 2021, we **acquired** ~~consummated the acquisition of~~ CareLinx, a nationwide home care platform able to deliver intermittent, on- demand personal care services. Our CareLinx network engages care providers as independent contractors in the United States to offer their home care services through our platform. We also provide a nurse on demand offering that allows nurses on our platform with the ability to source opportunities for shifts and provide their services as independent contractors to health care providers. ~~We~~ **In 2022 we** recently settled class action litigation in California regarding the classification of certain nurses on our platform as independent contractors. While we believe our independent contractors are correctly classified because, among other things, they can choose whether, when, and where to provide services on our platform, and are free to provide services on our competitors' platforms, we may not be successful in defending, settling or resolving pending and future lawsuits relating to the classification of independent contractors. If we are unsuccessful in defending these claims, or if we elect to change our approach to caregiver and / or nurse classification for any reason **including staving off future litigation** , we could incur additional expenses for compensating these workers, including expenses associated with the application of wage and hour laws (including minimum wage, overtime, and meal and rest period requirements), employee benefits, social security contributions, taxes (direct and indirect), and potential penalties. As part of the CareLinx acquisition, the sellers provided us with an indemnity with respect to any losses resulting from a misclassification of these workers **for claims reported through February 2023** . If the CareLinx sellers were to fail to indemnify us for all or part of any losses we were to incur, we would be responsible for the monetary damages, which could adversely affect our business and financial condition. We do not believe that a probable loss will be incurred, nor do we anticipate a material adverse effect on our business, financial condition or results of operations, stemming from the classification of CareLinx workers as independent contractors. In addition, the success of our home care and nurse on demand platforms depends on our ability to maintain or increase our scale by attracting participants to offer their services on our platform. If our platform were to become less appealing to users, including due to being required to become an employee or otherwise, our growth prospects may suffer. If the independent contractors we utilize to provide home care services engage in, or are subject to, criminal, violent, or inappropriate conduct, our reputation, business, financial condition, and results of operations could be adversely affected. We are not able to control or predict the actions of the independent contractors we utilize to provide home care services, such as those offered as a part of our CareLinx offering. If these independent contractors, engage in criminal, violent or inappropriate conduct our reputation, business, financial condition, and results of operations could be adversely affected. Although we administer certain qualification processes prior to utilizing these independent contractors, including background checks, these qualification processes and background checks may not expose all potentially relevant information and are limited in certain jurisdictions according to national and local laws, and individuals may fail to disclose information that could be relevant to a determination of eligibility. In addition, if these independent contractors are subject to criminal, violent or inappropriate conduct while performing services on our platforms, we may be subject to liability, and our ability to recruit and maintain independent contractors to perform in-home services on our platform may be adversely impacted. Failure to comply with anti- bribery, anti- corruption, and anti-money laundering laws could subject us to penalties and other adverse consequences. We are subject to the U. S. Foreign

Corrupt Practices (the " FCPA ") and other anti- corruption, anti- bribery, and anti- money laundering laws in the jurisdictions in which we do business, both domestic and abroad. These laws generally prohibit us and our employees from improperly influencing government officials or commercial parties in order to obtain or retain business, direct business to any person, or gain any improper advantage. The FCPA and similar applicable anti- bribery and anti- corruption laws also prohibit our third-party business partners, representatives, and agents from engaging in corruption and bribery. We and our third- party business partners, representatives, and agents may have direct or indirect interactions with officials and employees of government agencies or state- owned or affiliated entities. We may be held liable for the corrupt or other illegal activities of these third-party business partners and intermediaries, our employees, representatives, contractors, partners, and agents, even if we do not explicitly authorize such activities. These laws also require that we keep accurate books and records and maintain internal controls and compliance procedures designed to prevent any such actions. While we have policies and procedures to address compliance with such laws, we cannot assure you that our employees and agents will not take actions in violation of our policies or applicable law, for which we may be ultimately held responsible. Our exposure for violating these laws may increase as we expand internationally and as we commence sales and operations in additional foreign jurisdictions. Any violation of the FCPA or other applicable anti- bribery, anti- corruption laws, and anti- money laundering laws could result in whistleblower complaints, adverse media coverage, investigations, imposition of significant legal fees, severe criminal or civil sanctions or suspension or debarment from U. S. government contracts, substantial diversion of management' s attention, a drop in stock price or overall adverse consequences to our business, all of which may have an adverse effect on our reputation, business, financial condition, and results of operations. Our use, disclosure, and other processing of PII and PHI is subject to HIPAA and other federal, state, and foreign privacy and security regulations, and our failure to comply with those regulations or to adequately secure the information we hold could result in significant liability or reputational harm and, in turn, have a material adverse effect on our client base, member base and revenue. Numerous state and federal laws and regulations govern the collection, dissemination, use, privacy, confidentiality, security, availability, integrity, and other processing of PHI and PII. These laws and regulations include HIPAA, which establishes a set of national privacy and security standards for the protection of PHI by health plans, healthcare clearinghouses and certain healthcare providers, referred to as covered entities, and the business associates with whom such covered entities contract for services. We are generally considered a business associate under HIPAA but in limited circumstances will also act as a covered entity. HIPAA requires covered entities and business associates, such as us, to develop and maintain policies and procedures with respect to PHI that is used or disclosed, including the adoption of administrative, physical, and technical safeguards to protect such information. As an example of the evolving HIPAA landscape, in December 2022 the U. S. Department of Health and Human Services issued guidance indicating certain data collected on authenticated websites and apps — and even some public- facing, unauthenticated websites — offered by HIPAA- regulated entities may be deemed PHI, and warning against the use of common third- party tracking technologies such as pixels and cookies on such sites; as noted, Sharecare ~~often~~ **sometimes** operates as a HIPAA- regulated entity that offers various websites and apps ~~that may use tracking technologies such as pixels and cookies~~ . Some of our business activities require that we or our partners obtain permissions consistent with HIPAA to provide certain marketing and data aggregation services as well as those activities that require the creation and use of de- identified information. If we or our partners are unable to secure these rights, or if there is a future change in law, we may face limitations on the use of PHI and our ability to provide marketing services and use de- identified information, which could harm our business or subject us to potential government actions or penalties. Also, there are ongoing public policy discussions regarding whether the standards for de- identified, anonymous or pseudonymized health information are sufficient, and the risk of re- identification sufficiently small, to adequately protect patient privacy. These discussions may lead to further restrictions on the use of such information or create additional regulatory burdens. There can be no assurance that these initiatives or future initiatives will not adversely affect our ability to access and use data or to develop or market current or future services. In addition, we could be subject to periodic audits for compliance with the HIPAA Privacy and Security Standards by HHS and our clients. Currently, penalties for violations of HIPAA and its implementing regulations start at $ ~~127~~ **137** per violation and are not to exceed $ ~~1~~ **2** . ~~91~~ **07** million in a calendar year. However, a single breach incident can result in violations of multiple standards. HIPAA also authorizes state attorneys general to file suit on behalf of their residents. Courts may award damages, costs and attorneys' fees related to violations of HIPAA in such cases. While HIPAA does not create a private right of action allowing individuals to sue us in civil court for violations of HIPAA, its standards have been used as the basis for duty of care in state civil suits such as those for negligence or recklessness in the misuse or breach of PHI. In addition to HIPAA, numerous other federal, state, and foreign laws and regulations protect the confidentiality, privacy, availability, integrity, and security of PHI and other types of PII. For example, for the limited products of ours which are offered in Europe, we have obligations under GDPR and related European Union (the " EU ") privacy laws and regulations related to the use, transfer, and protection of employee- related data. These laws and regulations in many cases may be more restrictive than, and may not be preempted by, HIPAA and its implementing rules. These laws and regulations may also require additional compliance obligations relating to the transfer of data between Sharecare and its subsidiaries. There is a risk that regulatory authorities may determine that we have not implemented our compliance obligations in a timely or appropriate manner. Penalties for noncompliance under GDPR and related EU privacy laws may include significant monetary fines, up to a maximum of € 20 million, or four percent of worldwide turnover. In addition, as we pursue business opportunities internationally, newly adopted and emerging regulations in foreign jurisdictions may require different infrastructure development and security measures that are not accounted for today. These laws and regulations are often uncertain, unclear, and subject to changed or differing interpretations, and we expect new laws, rules and regulations regarding privacy, data protection, and information security to be proposed and enacted in the future. Such new regulations and legislative actions (or changes in interpretation of existing laws or regulations regarding data privacy and security together with applicable industry standards) may increase our costs of doing business. In this regard, we expect that there will continue to be new laws, regulations, and industry standards relating to privacy and data protection in the United States, the EU and other jurisdictions, such as the California Consumer Privacy Act of 2018 (the " CCPA ") which has been characterized as the first " GDPR- like " privacy statute to be enacted in the United States, and we cannot determine how broadly or narrowly regulators will interpret and enforce such new laws, regulations, and standards and the corresponding impact it may have on our business. Although we are modifying our data collection, use and processing practices and policies in an effort to comply with the law, there is a risk that the California Attorney General does not find our practices or policies to be compliant with the CCPA, which would potentially subject us to civil penalties or an inability to use information collected from California consumers. In addition, such laws and regulations could restrict our ability to store and process personal data (in particular, our ability to use certain data for purposes such as risk or fraud avoidance, marketing, or advertising due to the expansive definition of personal information under CCPA), our ability to control our costs by using certain vendors or service providers, or impact our ability to offer certain services in certain jurisdictions. Further, the CCPA requires covered companies to provide new disclosures to California consumers, provide such consumers new ways to opt- out of certain sales of personal information (which may not fall under the CCPA HIPAA exemption), and allow for a new cause of action for data breaches. Additionally, such laws and regulations are often inconsistent and may be subject to amendment or re- interpretation, which may cause us to incur significant costs and expend significant effort to ensure compliance. For example, the CCPA has already been substantially amended by the California Privacy Rights Act of 2020, which came into effect in January 1, 2023. Given that requirements may be inconsistent and evolving, our response to these requirements may not meet the expectations of our customers and / or users, which could thereby reduce the demand for our services. Of note, the decision of the U. S. Supreme Court in Dobbs v. Jackson Women' s Health Organization has caused increased public scrutiny of data privacy practices with respect to women' s health information, with what some believe is an increased threat of law enforcement requests for such information. While we have not received any law enforcement requests for such information and believe our privacy, security, and compliance practices adequately protect such information, there is inherent legal and reputational risk in the fact that we collect and maintain certain women' s health information. Additionally, some clients may respond to these evolving laws and regulations by asking us to make certain privacy or data- related contractual commitments that we are unable or unwilling to make. This could lead to the loss of current or prospective clients or other business relationships. Finally, as a result of the Dobbs v. Jackson Women' s Health Organization decision, states or the federal government may pass additional privacy laws that regulate the collection, use and disclosure of women' s health information, and we may incur additional costs to ensure that our privacy, security, and compliance practices comply with applicable and evolving legal requirements **.** This complex, dynamic legal landscape regarding privacy, data protection, and information security creates significant compliance issues for us and our clients and potentially exposes us to additional expense, adverse publicity and liability. Although we take steps to help protect confidential and other sensitive information from unauthorized access or disclosure, our information technology and infrastructure has been subject to, and may be vulnerable in the future to, attacks by hackers or viruses, failures, or breaches due to third- party action **, including advance hacking tools and techniques such as artificial intelligence** , employee negligence or error, malfeasance, or other incidents or disruptions. Furthermore, while we have implemented data privacy and security measures in an effort to comply with applicable laws and regulations relating to privacy and data protection, some PHI and other PII or confidential information is transmitted to us by third parties or by us to third parties, who may not implement adequate security and privacy measures, and it is possible that laws, rules and regulations relating to privacy, data protection, or information security may be interpreted and applied in a manner that is inconsistent with our practices or those of third parties who transmit PHI and other PII or confidential information to us. If we or these third parties are found to have violated such laws, rules or regulations, it could result in government- imposed fines, orders requiring that we or these third parties change our or their practices, or criminal charges, which could adversely affect our business. We outsource important aspects of the storage and transmission of customer and member information, and thus, rely on third parties to manage functions that have material cyber- security risks. A breach of privacy or security of such information by a subcontractor may result in an enforcement action against us. We attempt to address these risks by requiring outsourcing subcontractors who handle such information to sign business associate agreements **, data use agreements, and information security addenda,** contractually requiring those subcontractors to adequately safeguard such information. However, we cannot be assured that these contractual measures and other safeguards will adequately protect us from the risks associated with the storage and transmission of such information on our behalf by our subcontractors. Complying with these various laws and regulations could cause us to incur substantial costs or require us to change our business practices, systems and compliance procedures in a manner adverse to our business. We also publish statements to our clients and members that describe how we handle and protect PHI (for example, through our privacy policies connected with our website, mobile applications and other digital tools). If federal or state regulatory authorities, such as the FTC or state attorneys general, or private litigants consider any portion of these statements to be untrue, we may be subject to claims of deceptive practices, which could lead to significant liabilities and consequences, including costs of responding to investigations, defending against litigation, settling claims, and complying with regulatory or court orders. Any of the foregoing consequences could seriously harm our business and our financial results. Furthermore, the costs of compliance with, and other burdens imposed by, the laws, regulations and policies that are applicable to the businesses of our clients may limit the use and adoption of, and reduce the overall demand for, our existing and future solutions. Any of the foregoing consequences could harm our business, financial condition, and results of operations. Any restrictions on our ability to obtain or use data could harm our business. Our business depends, in part, on data provided to us by, among other sources, health plans, benefits administrators, data warehouses, electronic data interchange transaction data providers, and our trusted suppliers. Any errors or defects in any third- party data or other technology could result in errors in our existing and future solutions that could harm our business and damage our reputation and cause losses in revenue, and we could be required to spend significant amounts of additional resources to fix any problems. In addition, certain of our solutions depend on maintaining our data and analytics technology platform, which is populated with data provided by third parties. While our existing agreements with these data providers have multiple- year terms, these agreements could be terminated and / or these providers could become our competitors in the future. Any loss of the right to use of data provided by any health plan providers, benefits administrators, or other entities that provide us data, could result in delays in producing or delivering our solutions until equivalent data, other technology, or intellectual property is identified and integrated, which delays could harm our business. In this situation we would be required to either redesign our solutions to function with technology, data, or intellectual property available from other parties or to develop these components ourselves, which would result in increased costs. Furthermore, we might be forced to limit the features available in our existing or future solutions. If we fail to maintain or renegotiate any of these technology or intellectual property licenses, we could face significant delays and diversion of resources in attempting to develop similar or replacement solutions or to license and integrate a functional equivalent of the technology or intellectual property. The occurrence of any of these events may harm our business. Failure to protect or enforce our intellectual property rights could harm our business, financial condition, and results of operations. Our success depends in part on our ability to obtain, maintain, protect, and enforce our intellectual property and other proprietary rights (including intellectual property and other proprietary rights acquired through acquisitions). We rely upon a combination of trademark, patents, copyrights, and trade secret laws, as well as license agreements, intellectual property assignment agreements, confidentiality agreements and other similar agreements, to protect our intellectual property and other proprietary rights. These laws, procedures and restrictions provide only limited protection and any of our intellectual property rights may be challenged, invalidated, circumvented, infringed, misappropriated or otherwise violated. There can also be no assurances that third parties will not also independently develop or offer products, services and / or technology that is similar to, or competitive with, our technology, products and services. Despite our efforts to protect our intellectual property, unauthorized parties may also attempt to disclose, copy, use, duplicate or obtain and use our technology including to develop applications with the same functionality as our solutions, and policing unauthorized use of our technology and intellectual property rights is difficult, costly and may not be effective. In order to adequately protect our intellectual property and other proprietary rights, we may be required to devote significant time and resources to defending against claims or protecting and enforcing our own rights. Furthermore, attempts to enforce our intellectual property rights against third parties could also provoke these third parties to assert their own intellectual property or other rights against us, or result in a holding that invalidates or narrows the scope of our rights, in whole or in part. These actions as well as any failure to protect our intellectual property and other proprietary rights could have a material adverse effect on our business, financial condition, and results of operations. Risks Related to Financing and Tax We have a history of net losses, we anticipate increasing expenses in the future, and we may not be able to achieve or maintain profitability. We are in a cumulative loss position, and we have incurred net losses attributable to Sharecare of $ ~~60~~ **85** . 0 million, $ ~~85~~ **118** . ~~0~~ **7** million, and $ ~~118~~ **128** . ~~7~~ **5** million, for the years ended December 31, ~~2020,~~ 2021, ~~and~~ 2022 **, and 2023** , respectively. We expect our costs will increase substantially in the foreseeable future and our losses will continue as we expect to invest significant additional funds towards growing our business and operating as a public company and as we continue to invest in increasing our client base, expanding our marketing channels and operations, hiring additional employees, developing new solutions, and otherwise incorporating new solutions into our platform through acquisition or partnership. These efforts may prove more expensive than we currently anticipate, and we may not succeed in increasing our revenue sufficiently to offset these higher expenses. Historically, we have financed our operations principally from the sale of our equity, revenue from sales of our solutions, and the incurrence of indebtedness. Despite having achieved Adjusted EBITDA profitability in 2017, we may be unable to achieve positive cash flow from operations or profitability in any given period. Our failure to achieve or maintain profitability could negatively impact the value of our common stock. Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited. As of December 31, ~~2022~~ **2023** , we had net operating loss (“ NOL ”) carryforwards for federal and state income tax purposes of approximately $ ~~371~~ **439** . ~~8~~ **0** million and $ ~~325~~ **418** . ~~4~~ **2** million, respectively, which may be available to offset future taxable income. The state and pre- 2018 federal net operating loss carryforwards ~~will start~~ **started** to expire in 2023 (through 2037), while the foreign and post- 2017 federal net operating loss carryforwards are indefinite. Under Section 382 of the Internal Revenue Code of 1986, as amendment (the “ Code ”), a corporation that undergoes an “ ownership change ” (as defined under Section 382 of the Code and applicable Treasury Regulations) may be subject to limitations on its ability to utilize its pre- change NOLs to offset its future taxable income. In general, an ownership change occurs if there is a cumulative change in the corporation’ s equity ownership by certain stockholders that exceeds fifty percentage points over a rolling three- year period. A corporation that experiences an ownership change generally will be subject to an annual limitation on its utilization of pre- ownership change NOLs. The realization of the Company’ s existing net operating losses, under Section 382, was analyzed to determine if any of the losses would be limited under Section 382. The Company has evaluated the positive and negative evidence bearing upon its ability to realize the deferred tax assets. Management has considered the Company’ s history of cumulative net losses incurred since inception and has concluded that it is more likely that not that the Company will not realize the benefits of the deferred tax assets. Accordingly, a valuation allowance has been established against the net deferred tax assets. Therefore, no federal tax benefit has been recorded for the net operating losses and the researched tax credits during the years ended December 31, **2023,** 2022, **and** 2021 ~~, and 2020~~ . Furthermore, our ability to utilize NOLs of companies that we have acquired or may acquire in the future may be subject to limitations. There is also a risk that due to changes in law, such as suspensions on the use of NOLs or other unforeseen reasons, our existing NOLs could expire or otherwise be unavailable to reduce future income tax liabilities, including for state income tax purposes. For these reasons, we may not be able to utilize a material portion of our NOLs, even if we attain profitability, which could potentially result in increased future tax liability to us and could adversely affect our business, financial condition, and results of operations. We may require additional capital to support business growth, and this capital might not be available on acceptable terms, if at all. We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges, including the need to develop new solutions, or enhance our existing solutions, enhance our operating infrastructure, and acquire complementary businesses and technologies. In order to achieve these objectives, we may need to engage in equity or debt financings to secure additional funds. If we raise additional funds through further issuances of equity or convertible debt securities, our existing stockholders could suffer dilution, and any new equity securities we issue could have rights, preferences, and privileges superior to those of holders of our common stock. Any debt financing secured by us in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters ~~. Future indebtedness may also utilize the London Interbank Offered Rate (" LIBOR ") and may be adversely affected by changes in the method of determining or the replacement of LIBOR with an alternative reference rate for variable rate loans, derivative contracts and other financial assets and liabilities. Various financial instruments indexed to LIBOR could experience different outcomes based on their contractual terms, ability to amend those terms, market or product type, legal or regulatory jurisdiction, and other factors. In addition, we may not be able to obtain additional financing on terms favorable to us, if at all~~ . If we are unable to obtain adequate financing or financing on terms satisfactory to us, when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly limited. Our debt agreements contain certain restrictions that may limit our ability to operate our business. The terms of our existing debt agreements and related collateral documents contain, and any future indebtedness would likely contain, a number of restrictive covenants that impose significant operating and financial restrictions on us, including restrictions on our ability, and the ability of our subsidiaries, to take actions that may be in our best interests, including, among others, disposing of assets, entering into change of control transactions, mergers or acquisitions, incurring additional indebtedness, granting liens on our assets, declaring and paying dividends, and agreeing to do any of the foregoing. Our ability to meet financial covenants can be affected by events beyond our control, and we may not be able to continue to meet this covenant. A breach of any of these covenants or the occurrence of other events (including a material adverse effect or the inability to generate cash to service our obligations under our debt agreements) specified in the debt agreements and / or the related collateral documents could result in an event of default under the same. Upon the occurrence of an event of default, our lenders could elect to declare all amounts outstanding, if any, to be immediately due and payable and terminate all commitments to extend further credit. If we were unable to repay those amounts, lenders could proceed against the collateral, if any, granted to them to secure such indebtedness. We have pledged substantially all of our respective assets (other than intellectual property) as collateral under the loan documents. If lenders accelerate the repayment of borrowings, if any, we may not have sufficient funds to repay our existing debt. The applicability of sales, use, and other tax laws or regulations on our business is uncertain. Adverse tax laws or regulations could be enacted or existing laws could be applied to us or our clients or members, which could subject us to additional tax liability and related interest and penalties, increase the costs of our solutions, and adversely affect our business, financial condition, and results of operations. The application of federal, state, local, and international tax laws to services provided electronically is evolving. New income, sales, use, value- added or other tax laws, statutes, rules, regulations, or ordinances could be enacted at any time (possibly with retroactive effect), and could be applied solely or disproportionately to services provided over the internet or could otherwise materially affect our business, financial position, and results of operations. In addition, state, local and foreign tax jurisdictions have differing rules and regulations governing sales, use, value-added and other taxes, and these rules and regulations can be complex and are subject to varying interpretations that may change over time. Existing tax laws, statutes, rules, regulations, or ordinances could be interpreted, changed, modified, or applied adversely to us (possibly with retroactive effect). We have not collected sales taxes in all jurisdictions in which we have made sales to our clients, and we believe we may have exposure for potential sales tax liability, including interest and penalties, for which we have established a reserve in our financial statements, and any sales tax exposure may be material to our operating results. Although our contracts typically provide that our clients must pay all applicable sales and similar taxes, our clients may be reluctant to pay back taxes and associated interest or penalties, or we may determine that it would not be commercially feasible to seek reimbursement. In addition, we or our clients could be required to pay additional tax amounts on both future as well as prior sales, and possibly fines or penalties and interest for past due taxes. If we are required to collect and pay back taxes and associated interest and penalties, and if the amount we are required to collect and pay exceeds our estimates and reserves, or if we are unsuccessful in collecting such amounts from our clients, we could incur potentially substantial unplanned expenses, thereby adversely impacting our operating results and cash flows. Imposition of such taxes on our solutions going forward or collection of sales tax from our clients in respect of prior sales could also adversely affect our sales activity and have a negative impact on our operating results and cash flows. One or more states may seek to impose incremental or new sales, use, value added or other tax collection obligations on us, including for past sales by us or our partners. A successful assertion by a state, country or other jurisdiction that we should have been or should be collecting additional sales, use, value added or other taxes on our solutions could, among other things, result in substantial tax liabilities for past sales, create significant administrative burdens for us, discourage users from utilizing our solutions or otherwise harm our business, financial condition, and results of operations. Certain U. S. state tax authorities may assert that we have a state nexus and seek to impose state and local income taxes which could harm our results of operations. We are qualified to operate in, and file income tax returns in multiple states. There is a risk that certain state tax authorities where we do not currently file a state income tax return could assert that we are liable for state and local income taxes based upon income or gross receipts allocable to such states. States are becoming increasingly aggressive in asserting a nexus for state income tax purposes. We could be subject to state and local taxation, including penalties and interest attributable to prior periods, if a state tax authority successfully asserts that our activities give rise to a nexus. Such tax assessments, penalties and interest may adversely impact our results of operations. Risks Related to Being a Public Company We face high costs and demands upon management as a result of complying with the laws and regulations affecting public companies, which could adversely affect our business, financial condition, and results of operations. As a public company, we are subject to the reporting requirements of the Exchange Act, the listing standards of Nasdaq and other applicable securities rules and regulations. The requirements of these rules and regulations have increased, and we expect will continue to increase, our legal, accounting, and financial compliance costs, make some activities more difficult, time-consuming and costly, and place significant strain on our personnel, systems, and resources. For example, the Exchange Act requires, among other things, that we timely file annual, quarterly, and current reports with respect to our business and results of operations. As a result of the complexity involved in complying with the rules and regulations applicable to public companies, our management' s attention may be diverted from other business concerns, which could harm our business, financial condition, and results of operations, although we have already hired additional employees to assist us in complying with these requirements, we may need to hire more employees in the future or engage outside consultants, which will increase our operating expenses. If we fail to satisfy the continued...... with Nasdaq' s listing requirements. In addition, changing laws, regulations, and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs, and making some activities more time- consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to continue investing substantial resources to comply with evolving laws, regulations, and standards, and this investment may result in increased general and administrative expenses and a diversion of management' s time and attention from business operations to compliance activities. If our efforts to comply with new laws, regulations, and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and our business may be harmed. We also expect that these new rules and regulations will make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors (the " Sharecare Board "), particularly to serve on our audit committee and compensation and human capital committee, and qualified executive officers. As a result of disclosure of information in filings required of a public company, our business and financial condition is more visible than that of a private company, which may result in an increased risk of threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business, financial condition, and results of operations could be harmed, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and harm our business, financial condition, and results of operations. We are an " emerging growth company, " and our election to comply with the reduced disclosure requirements as a public company may make our common stock less attractive to investors. For so long as we remain an " emerging growth company " as defined in the Jumpstart Our Business Startups Act (" JOBS Act " **)** , we may take advantage of certain exemptions from various requirements that are applicable to public companies that are not " emerging growth companies, " including not being required to comply with the independent auditor attestation requirements of Section 404 of the Sarbanes- Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, being required to provide fewer years of audited financial statements, and exemptions from the requirements of holding a non- binding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We may lose our emerging growth company status and become subject to the SEC' s internal control over financial reporting management and auditor attestation requirements. If we are unable to certify the effectiveness of our internal controls, or if our internal controls have a material weakness, we could be subject to regulatory scrutiny and a loss of confidence by stockholders, which could harm our business and adversely affect the market price of our common stock. We will cease to be an " emerging growth company " upon the earliest to occur of: (i) the last day of the fiscal year in which we have more than $ 1. 235 billion in annual revenue; (ii) the date we qualify as a large accelerated filer, with at least $ 700 million of equity securities held by non-affiliates; (iii) the date on which we have, in any three- year period, issued more than $ 1. 0 billion in non- convertible debt securities; and (iv) December 31, 2025 (the last day of the fiscal year following the fifth anniversary of becoming a public company). As an emerging growth company, we may choose to take advantage of some but not all of these reduced reporting burdens. Accordingly, the information we provide to our stockholders may be different than the information you receive from other public companies in which you hold stock. In addition, the JOBS Act also provides that an " emerging growth company " can take advantage of an extended transition period for complying with new or revised accounting standards. We have elected to take advantage of this extended transition period under the JOBS Act. As a result, our operating results and financial statements may not be comparable to the operating results and financial statements of other companies who have adopted the new or revised accounting standards. It is possible that some investors will find our common stock less attractive as a result, which may result in a less active trading market for our common stock and higher volatility in our stock price. Investors may find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock, and our stock price may be more volatile and may decline. If we fail to maintain an effective system of disclosure controls and internal control over financial reporting, ~~including failing to remediate an identified material weakness in our internal controls over financial reporting, the price of our common stock may be adversely affected, and~~ our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired. The Sarbanes- Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In connection with the audit of our financial statements as of and for the year ended December 31, ~~2021~~ **2023** , we identified a material weakness in our internal control over financial reporting. Specifically, the Company did not ~~design and~~ maintain ~~effective~~ **adequate internal** controls ~~related~~ **with respect** to ~~the review of~~ **its revenue recognition evaluation resulting from** a ~~unique contract for~~ **change in services provided to** a ~~new product offering to a new~~ customer **, due to untimely communication between cross- functional teams** . This deficiency resulted in a pre- filing adjustment related to ~~the timing of~~ revenue **recognition** for that contract in the Company' s consolidated financial statements for the year ended December 31, ~~2021~~ **2023** , and could have resulted in a material misstatement of the annual or interim consolidated financial statements not being prevented or detected. Accordingly, the Company' s management determined that this control deficiency ~~constituted~~ **constitutes** a material weakness ~~and implemented~~ **. Management is in the process of developing** a **full** remediation plan ~~. As a result of the remediation activities~~ and **has begun enhancing certain** controls ~~in place as of December 31~~ **to include refinements and improvements to the controls related to deficiency** , ~~2022,~~ **but there can be no assurance that the measures** we ~~have~~ **take will** ~~remediated~~ - **remediate** ~~this~~ **the** material weakness **or that additional material weaknesses will** ~~. However, completion of remediation does~~ not **arise in** ~~provide assurance that our remediated controls will continue to operate properly or that our financial statements will be free from error. In addition, prior to~~ the **future. The** ~~Business Combination, FCAC identified a~~ material weakness ~~in its internal~~ **will not be considered remediated until management designs and implements effective** controls **that operate** ~~over financial reporting relating to the accounting~~ for a ~~significant~~ **sufficient period of time** and **management** ~~unusual transaction related to the warrants it issued in connection with its initial public offering September 2020, which we believe~~ has ~~been remediated~~ **concluded, through testing, that these controls are effective** . We are continuing to develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we will file with the SEC is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that information required to be disclosed in reports under the Exchange Act is accumulated and communicated to our principal executive and financial officers. We are also continuing to improve our internal control over financial reporting, including remediation of the described material weakness ~~, which includes hiring additional accounting and financial personnel to implement such processes and controls~~ . In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we have expended, and anticipate that we will continue to expend, significant resources, including accounting- related costs and significant management oversight. If any of these new or improved controls and systems do not perform as expected, we may not be able to remediate the identified material weakness or may experience additional material weaknesses in our controls. Our current controls and any new controls that we develop may be inadequate because of changes in conditions in our business. Further, weaknesses in our disclosure controls and internal control over financial reporting may be discovered in the future. Any failure ~~to remediate our current material weakness or~~ to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our results of operations or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Any failure to implement and maintain effective internal control over financial reporting and complete required remediations also could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we will eventually be required to include in our periodic reports that will be filed with the SEC. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the trading price of our common stock. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on Nasdaq. Rules adopted by the SEC pursuant to Section 404 of the Sarbanes- Oxley Act require an annual assessment of internal control over financial reporting, and for certain issuers an attestation of this assessment by the issuer' s independent registered public accounting firm. The standards that must be met for management to assess the internal control over financial reporting as effective are evolving and complex, and require significant documentation, testing, and possible remediation to meet the detailed standards. We expect to incur significant expenses and to devote resources to Section 404 compliance on an ongoing basis. It is difficult for us to predict how long it will take or costly it will be to complete the assessment of the effectiveness of our internal control over financial reporting for each year and to remediate any deficiencies in our internal control over financial reporting. As a result, we may not be able to complete the assessment and remediation process on a timely basis. In addition, although attestation requirements by our independent registered public accounting firm are not presently applicable to us we could become subject to these requirements in the future and we may encounter problems or delays in completing the implementation of any resulting changes to internal control over financial reporting. In the event that our Chief Executive Officer or Chief Financial Officer determine that our internal control over financial reporting is not effective as defined under Section 404, we cannot predict how regulators will react or how the market prices of our shares will be affected; however, we believe that there is a risk that investor confidence and share value may be negatively affected. Our independent registered public accounting firm is not required to formally attest to the effectiveness of our internal control over financial reporting until after we are no longer an " emerging growth company " as defined in the JOBS Act. At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our internal control over financial reporting is documented, designed or operating. Any failure to remediate the identified material weakness and maintain effective disclosure controls and internal control over financial reporting could have an adverse effect on our business and results of operations and could cause a decline in the price of our common stock. Our business, financial condition, and results of operations may fluctuate on a quarterly and annual basis, which may result in a decline in our stock price if such fluctuations result in a failure to meet the expectations of securities analysts or investors. Our operating results have in the past and could in the future vary significantly from quarter- to- quarter and year- to- year and may fail to match our past performance, our projections or the expectations of securities analysts because of a variety of factors, many of which are outside of our control and, as a result, should not be relied upon as an indicator of future performance. As a result, we may not be able to accurately forecast our operating results and growth rate. Any of these events could cause the market price of our common stock to fluctuate. Factors that may **cause** ~~contribute to the variability of~~ our operating results **to fluctuate** include ~~, but are not limited to: our ability to attract new clients and partners, retain existing clients and partners and maximize engagement and enrollment with existing and future clients; changes in our sales and implementation cycles, especially in the case of our large clients; new solution introductions and expansions, or challenges with such~~

~~introductions; changes in our pricing or fee policies or those~~ - **the risk factors discussed throughout this section** ~~of our competitors; the timing and success of new solution introductions by us or our competitors or announcements by competitors or other third parties of significant new products or acquisitions or entrance into certain markets; any other change in the competitive landscape of our industry, including consolidation among our competitors; increases in operating expenses that we may incur to grow and expand our operations and to remain competitive; our ability to successfully expand our business, whether domestically or internationally; breaches of security or privacy; changes in stock- based compensation expenses; the amount and timing of operating costs and capital expenditures related to the expansion of our business; adverse litigation judgments, settlements, or other litigation- related costs; changes in the legislative or regulatory environment, including with respect to privacy or data protection, or enforcement by government regulators, including fines, orders, or consent decrees; the cost and potential outcomes of ongoing or future regulatory investigations or examinations, or of future litigation; changes in our effective tax rate; our ability to make accurate accounting estimates and appropriately recognize revenue for our solutions for which there are no relevant comparable products; changes in accounting standards, policies, guidance, interpretations, or principles; instability in the financial markets; general economic conditions, both domestic and international; volatility in the global financial markets; political, economic, and social instability, including terrorist activities and public health emergencies (such as the COVID- 19 pandemic), and any disruption these events may cause to the global economy; and changes in business or macroeconomic conditions~~ . The impact of one or more of ~~the~~ **these** ~~foregoing or other~~ factors may cause our operating results to vary significantly. Changes in accounting principles may cause previously unanticipated fluctuations in our financial results, and the implementation of such changes may impact our ability to meet our financial reporting ~~obligations~~ - **obigations** . We prepare our financial statements in accordance with GAAP, which are subject to interpretation or changes by the Financial Accounting Standards Board (" FASB "), the SEC, and other various bodies formed to promulgate and interpret appropriate accounting principles. New accounting pronouncements and changes in accounting principles have occurred in the past and are expected to occur in the future which may have a significant effect on our financial results. Furthermore, any difficulties in implementation of changes in accounting principles, including the ability to modify our accounting systems, could cause us to fail to meet our financial reporting obligations, which could result in regulatory discipline and harm investors' confidence in us. If our estimates or judgments relating to our critical accounting policies prove to be incorrect, our business, financial condition, and results of operations could be adversely affected. The preparation of financial statements in conformity with GAAP and our key metrics require management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes and amounts reported in our key metrics. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as provided in the section entitled " Management' s Discussion and Analysis of Financial Condition and Results of Operations. " The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities, and equity and the amount of revenue and expenses that are not readily apparent from other sources. Significant assumptions and estimates used in preparing our consolidated financial statements include those related to allowance for doubtful accounts, assessment of the useful life and recoverability of long- lived assets, fair value of guarantees included in revenue arrangements and fair values of stock- based awards, warrants, contingent consideration, and income taxes. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of securities analysts and investors, resulting in a decline in the trading price of our common stock. Risks Related to Owning Our Securities The trading price of our common stock and warrants may be volatile. The trading price of our securities could be volatile and subject to wide fluctuations in response to various factors, some of which are beyond our control. Any of the factors listed below could have a material adverse effect on your investment in our securities ~~may~~ **if such securities** trade at prices significantly below the price you paid for them. In such circumstances, the trading price of our securities may not recover and may experience a further decline. Factors affecting the trading price of our securities may include: • actual or anticipated fluctuations in our quarterly financial results or the quarterly financial results of companies perceived to be similar to us; • changes in the market' s expectations about our operating results; • failure to meet our projections; • success of competitors; • operating results failing to meet the expectations of securities analysts or investors in a particular period; • changes in financial estimates and recommendations by securities analysts concerning us or the industry in which we operate in general; • operating and stock price performance of other companies that investors deem comparable to us; • ability to market new and enhanced products and services on a timely basis; • changes in laws and regulations affecting our business; • commencement of, or involvement in, litigation; • changes in our capital structure, such as future issuances of securities or the incurrence of additional debt; • the volume of shares of our common stock available for public sale; • any major change in the Sharecare Board; • sales of substantial amounts of Sharecare common stock by our directors, executive officers or significant stockholders or the perception that such sales could occur; and • general economic and political conditions such as recessions, inflation, interest rates, fuel prices, international currency fluctuations and acts of war (such as the ~~recent~~ Russian invasion of Ukraine **and the conflicts in the Gaza Strip and Middle East**) or terrorism. Broad market and industry factors may materially harm the market price of our securities irrespective of our operating performance. The stock market in general, and Nasdaq specifically, have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. As a result of this volatility, you may not be able to sell your securities at or above the price at which it was acquired. A loss of investor confidence in the market for the stocks of other companies which investors perceive to be similar to Sharecare could depress our stock price regardless of our business, prospects, financial conditions or results of operations. A decline in the market price of our securities also could adversely affect our ability to issue additional securities and our ability to obtain additional financing in the future. If we fail to satisfy the continued listing requirements of Nasdaq,such as minimum financial and other continued listing requirements and standards,including those regarding minimum stockholders' equity,minimum share price,and certain corporate governance requirements,Nasdaq may take steps to delist our common stock.Such a delisting would likely have a negative effect on the price of our common stock and would impair your ability to sell or purchase our common stock when you wish to do so.In the event of a delisting,we would expect to take actions to restore our compliance with Nasdaq' s listing requirements,but we can provide no assurance that any such action taken by us would allow our common stock to become listed again,stabilize the market price or improve the liquidity of our common stock,prevent our common stock from dropping below the Nasdaq minimum bid price requirement,or prevent future non- compliance with Nasdaq' s listing requirements. We may in the future issue additional shares of common stock (including upon the exercise of warrants or conversion of our preferred stock) which would increase the number of shares eligible for future resale in the public market and result in dilution to our stockholders. As of December 31, ~~2022~~ **2023** , we had (i) public warrants and private placement warrants outstanding to purchase up to an aggregate of 17, 433, 334 shares of common stock, (ii) warrants to purchase up to 1, ~~038~~ **171** , ~~678~~ **661** shares of common stock that were issued in connection with Legacy Sharecare warrant agreements with customers and (iii) 5, 000, 000 shares of Series A convertible preferred stock, par value $ 0. 0001 per share (the " Series A Preferred Stock "), that are currently convertible into 5, 000, 000 shares of common stock. We may also issue a substantial number of additional shares of common stock (or securities convertible, exercisable or exchangeable for common stock) in the future, including in connection with contractual relationships with customers, acquisitions, pursuant to compensation arrangements (including under the Sharecare, Inc. 2021 Omnibus Incentive Plan) or as a result of financing transactions. For example, we have entered into, and may in the future enter into, contractual arrangements with certain customers and other parties and earnout arrangements in connection with acquisitions that, in each case, provide for the issuance of warrants and / or common stock upon achievement of specified milestones. As of December 31, ~~2022~~ **2023** , these agreements provide for the issuance of up to ~~6~~ **3** , ~~173~~ **238** , ~~886~~ **675** shares of common stock (which amount includes Earnout Shares (as defined herein)) and ~~9~~ **6** , ~~008~~ **353** , ~~594~~ **577** warrants to purchase shares of common stock. With respect to these arrangements, there were ~~167,~~ 107 **, 085** warrants earned but not issued as of December 31, ~~2022~~ **2023** . The issuance of additional shares of our common stock as a result of any of the aforementioned transactions may result in dilution to the holders of our common stock and increase in the number of shares eligible for resale in the public market. Sales of a substantial number of such shares in the public markets may adversely affect the market price of our common stock, the impact of which is increased as the value of our stock price increases. We may redeem our unexpired warrants prior to their exercise at a time that is disadvantageous to holders, thereby making such warrants worthless. We will have the ability to redeem outstanding public warrants at any time prior to their expiration, at a price of $ 0. 01 per warrant, if the closing price of our common stock equals or exceeds $ 18. 00 per share for any 20 trading days within a 30 trading- day period ending on the third business day prior to the date we give notice of redemption. If and when the warrants become redeemable by us, we may exercise the redemption right even if we are unable to register or qualify the underlying securities for sale under all applicable state securities laws. Redemption of the outstanding warrants could force holders to (i) exercise the warrants and pay the exercise price therefor at a time when it may be disadvantageous to do so, (ii) sell the warrants at the then- current market price when the holder might otherwise wish to hold on to such warrants or (iii) accept the nominal redemption price which, at the time the outstanding warrants are called for redemption, is likely to be substantially less than the market value of the warrants. None of the private placement warrants will be redeemable by us so long as they are held by their initial purchasers or their permitted transferees. There can be no assurance that the warrants will be in the money at the time they become exercisable, and they may expire worthless. The exercise price for the vast majority of our outstanding warrants is $ 11. 50 per share of common stock. There can be no assurance that our warrants will be in the money prior to their expiration, and therefore may expire worthless. Any future series of our preferred stock may have rights and preferences that are senior, or in addition, to the rights and preferences of our common stock. Our Charter authorizes the issuance by us of up to 15, 000, 000 shares of preferred stock (including 5, 000, 000 shares of Series A Preferred Stock). In connection with the consummation of the Business Combination, 5, 000, 000 shares of Series A Preferred Stock were issued upon conversion of Legacy Sharecare' s Series D redeemable convertible preferred stock (the " Legacy Sharecare Series D Preferred Stock ") pursuant to terms of the Merger Agreement. The Series A Preferred Stock has, and any future series of preferred stock may have, rights, preferences and privileges that are senior, or in addition, to the rights, preferences and privileges of our common stock. For example, the Series A Preferred Stock has a right to receive, upon a liquidation of Sharecare, a preference amount out of the assets available for distribution to stockholders before any distribution can be made to holders of our common stock. If we were to file for bankruptcy, holders of our preferred stock that remain outstanding would have a claim in bankruptcy that is senior to any claim holders of our common stock would have. The Series A Preferred Stock is also subject to mandatory redemption by us on the fifth anniversary of its issue date. Future series of preferred stock may also have rights to dividends in priority to dividends on our common stock. These rights, preferences and privileges of holders of our preferred stock could negatively affect the investment of holders of common stock. Holders of common stock could potentially not receive dividends that they might otherwise have received and could receive less proceeds in connection with any future sale of Sharecare, in liquidation or on any other basis. If securities analysts do not publish research or reports about our business or if they downgrade our stock or our sector, our stock price and trading volume could decline. The trading market for our common stock relies, in part, on the research and reports that industry or financial analysts publish about us or our business. We do not control these analysts. Furthermore, if one or more of the analysts who cover us downgrade our stock or our industry, or the stock of any of our competitors, or publish inaccurate or unfavorable research about our business, the price of our stock could decline. If one or more of these analysts stops covering us or fails to publish reports on us regularly, we could lose visibility in the market, which in turn could cause our stock price or trading volume to decline. If securities analysts do not publish research or reports about our business or if they downgrade our stock or our sector, our stock price and trading volume could decline. Anti- takeover provisions contained in our Charter as well as provisions of Delaware law, could impair a takeover attempt. Our Charter contains provisions that may discourage unsolicited takeover proposals that stockholders may consider to be in their best interests. Sharecare is also subject to anti- takeover provisions under Delaware law, which could delay or prevent a change of control. Together these provisions may make more difficult the removal of management and may discourage transactions that otherwise could involve payment of a premium over prevailing market prices for our securities. These provisions include: • no cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates; • a classified board of directors with three- year staggered terms, which could delay the ability of stockholders to change the membership of a majority of the Sharecare Board; • the right of the Sharecare Board to elect a director to fill a vacancy created by the expansion of the Sharecare Board or the resignation, death or removal of a director in certain circumstances, which prevents stockholders from being able to fill vacancies on the Sharecare Board; • a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders; and • the requirement that a meeting of stockholders may only be called by the Chair of the Sharecare Board, our Chief Executive Officer, or the Sharecare Board pursuant to a resolution adopted by a majority of the Sharecare Board, which may delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors. These provisions, alone or together, could delay hostile takeovers and changes in control of Sharecare or changes in the Sharecare Board and our management. As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation Law (the " DGCL "), which prevents some stockholders holding more than 15 % of outstanding Sharecare common stock from engaging in certain business combinations without approval of the holders of substantially all of Sharecare common stock. Any provision of the Charter or bylaws or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of common stock and could also affect the price that some investors are willing to pay for common stock. Our Charter designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings and the federal district courts as the sole and exclusive forum for other types of actions and proceedings, in each case, that may be initiated by our stockholders, which could limit our stockholders' ability to obtain what such stockholders believe to be a favorable judicial forum for disputes with us or our directors, officers or other employees. The Charter provides that, unless Sharecare consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for any stockholder to bring (i) any derivative action or proceeding brought on behalf of Sharecare, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of Sharecare to Sharecare or Sharecare' s stockholders, (iii) any action asserting a claim against Sharecare, its directors, officers or employees arising pursuant to any provision of the DGCL, the Charter or the bylaws, or (iv) any action asserting a claim against Sharecare, its directors, officers or employees governed by the internal affairs doctrine, except any action (A) as to which the Court of Chancery in the State of Delaware determines that there is an indispensable party not subject to the jurisdiction of the Court of Chancery (and the indispensable party does not consent to the personal jurisdiction of the Court of Chancery within ten days following such determination), (B) which is vested in the exclusive jurisdiction of a court or forum other than the Court of Chancery, (C) for which the Court of Chancery does not have subject matter jurisdiction, or (D) any action arising under the Securities Act, as to which the Court of Chancery and the federal district court for the District of Delaware shall have concurrent jurisdiction. Any person or entity purchasing or otherwise acquiring an interest in any shares of Sharecare' s capital stock shall be deemed to have notice of and to have consented to the forum provisions in the Charter. These choice- of- forum provisions may limit a stockholder' s ability to bring a claim in a judicial forum that he, she or it believes to be favorable for disputes with Sharecare or Sharecare' s directors, officers or other employees, which may discourage such lawsuits. We note that there is uncertainty as to whether a court would enforce these provisions and that investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. Section 22 of the Securities Act creates concurrent jurisdiction for state and federal courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Alternatively, if a court were to find these provisions of the Charter or unenforceable with respect to one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could materially adversely affect our business, financial condition and results of operations and result in a diversion of the time and resources of our management and board of directors.