Risk Factors Comparison 2023-09-13 to 2022-08-29 Form: 10-K

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Certain factors may have a material adverse effect on our business, financial condition, and results of operations. You should carefully consider the risks and uncertainties described below, together with all of the other information included in this Annual Report on Form 10- K, including our financial statements and the related notes, before deciding to invest in our common stock. Our business, financial condition, operating results, cash flow and prospects could be materially and adversely affected by any of these risks or uncertainties. In that case, the trading price of our common stock could decline, and you could lose all or part of your investment. The risks and uncertainties described below represent the material risks known to us, but they are not the only ones we face. Additional risks and uncertainties that we are unaware of or that we currently see as immaterial may also adversely affect our business. Some statements in this Annual Report on Form 10- K, including statements in the following risk factors, constitute forward- looking statements. Please refer to " Cautionary Note Regarding Forward- Looking Statements. " Risk Factor Summary Risks Related to Our Business and Industry • We currently depend on a small group of insurance carrier partners for a substantial portion of our business. Our business may be harmed if we lose our relationships with these partners or fail to develop new insurance carrier relationships. • Changes in the health insurance market or in the variety, quality and affordability of the insurance products offered by our carrier partners could harm our business, operating results, financial condition and prospects. • Systemic changes in our carrier partners' sales strategies or underwriting practices could reduce the number of, or impact the renewal or approval rates of, insurance policies sold through our distribution platform. • Insurance carriers can offer products and services directly to consumers or through our competitors. • Our business is substantially dependent on revenue from our Senior health insurance carrier partners. • If we are unable to develop new offerings, achieve increased consumer adoption of those offerings or penetrate new vertical markets, our business could be materially and adversely affected. • Risks from third- party products could adversely affect our businesses. • If our ability to enroll individuals during AEP and OEP is impeded, our business will be harmed. • Our business is dependent on our obtaining a large quantity of quality insurance sales leads in a cost- effective manner and our ability to convert sales leads to actual sales of insurance policies. • If we are unable to maintain or grow the data provided to us by consumers and insurance carrier partners, or if such data is inaccurate, we may be unable to provide consumers with an insurance shopping experience that is relevant, efficient and effective, which could adversely affect our business. • We depend upon internet search engines to attract a significant portion of the consumers who visit our website, and if we are unable to effectively advertise on search engines on a cost- effective basis our business, operating results, financial condition and prospects could be harmed. • Our existing and any future indebtedness could adversely affect our ability to operate our business. • Operating and growing our business may require additional capital, which may not be available to us. • Seasonality may cause fluctuations in our financial results. • Our operating results will be impacted by factors that affect our estimate of the constrained lifetime value of commissions per policyholder. Risks Related to Our Intellectual Property and Our Technology • If we are unable to adequately protect our intellectual property, our ability to compete could be harmed. • Our business depends on our ability to maintain and improve the technological infrastructure that supports our distribution platform, and any significant disruption in service on our platform could result in a loss of consumers, which could harm our business, brand, operating results, financial condition, and prospects. • We rely on third- party service providers that provide the infrastructure for our technological systems, and any failure to maintain these relationships could harm our business. • Our business could be materially and adversely affected by a cybersecurity breach or other attack involving our computer systems or those of our insurance carrier partners or third- party service providers. • We collect, process, store, share, disclose and use consumer information and other data, and an actual or perceived failure to protect such information and data or respect users' privacy could damage our reputation and harm our business. Risks Related to Laws and Regulation • Laws and regulations regulating insurance activities are complex and could have a material and adverse effect on our business and may reduce our profitability or limit our growth. • Our Senior segment is subject to a complex legal and regulatory framework, and non- compliance with or changes in laws and regulations governing the marketing and sale of Medicare plans could harm our business, operating results, financial condition and prospects. • Our **pharmacy and healthcare services** businesses ~~providing pharmacy care services~~ face additional regulatory and operational risks. • Our business may be harmed by competition from government- run health insurance exchanges. • Changes and developments in the regulation of the healthcare industry and the health insurance system and markets could adversely affect our business. General Risk Factors • Our quarterly and annual operating results or other operating metrics may fluctuate significantly and may not meet expectations of analysts, which could cause the trading price of our common stock to decline. • We are required to make significant estimates and assumptions in the preparation of our financial statements. These estimates and assumptions may not be accurate and are subject to change. Our business may be harmed if we lose our relationships with our insurance carrier partners or fail to develop new insurance carrier relationships. Our contractual relationships with our insurance carrier partners, including those with whom we have carrier- branded sales arrangements, are typically non- exclusive and terminable on short notice by either party for any reason. Insurance carriers may be unwilling to allow us to sell their insurance products for a variety of reasons, including competitive or regulatory reasons, dissatisfaction with the insureds that we place with them or because they do not want to be associated with our brand. Additionally, in the future, an increasing number of insurance carriers may decide to rely on their own internal distribution channels, including traditional in- house agents and carrier websites, to sell their own products and, in turn, could limit or prohibit us from distributing their products. If an insurance carrier partner is not satisfied with our services, it could cause us to incur additional costs and impair profitability. Moreover, if we fail to meet our contractual obligations to our insurance carrier partners, we could be subject to legal liability or loss of carrier relationships. In addition, these claims against us may produce publicity that could hurt our reputation and business and adversely affect our ability to retain business or secure new business with other insurance carriers. We may decide to terminate our relationship with an insurance carrier partner for a number of reasons, and the termination of our relationship with an insurance carrier could reduce the variety of insurance products we distribute. In connection with such a termination, we would lose a source of commissions for future sales and, in a limited number of cases, future commissions for past sales. Our business could also be harmed if in the future we fail to develop new insurance carrier relationships or offer consumers a wide variety of insurance products. We also may lose the ability to market and sell Medicare plans for our Medicare plan insurance carrier partners. The regulations for selling senior health insurance are complex and can change. If we or our agents violate any of the requirements imposed by the CMS, state laws or regulations, an insurance carrier may terminate our relationship, or CMS may penalize an insurance carrier by suspending or terminating that carrier' s ability to market and sell Medicare plans. Because the Medicare products we sell are sourced from a small number of insurance carriers, if we lose the ability to market one of those insurance carriers' Medicare plans, even temporarily, or if one of those insurance carriers loses its Medicare product membership, our business, operating results, financial condition and prospects could be harmed. We currently depend on a small group of insurance carrier partners for a substantial portion of our business. If we become even more dependent on a limited number of insurance carrier partners, our business and financial condition may be adversely affected. We derive a large portion of our revenues from a limited number of insurance carrier partners. For example, carriers owned by ~~UnitedHealthcare~~ **UHC and Humana accounted for 33 % and 20 %, respectively, of our total revenue for the year ended June 30, 2023, carriers owned by UHC** , Wellcare, and Humana accounted for 18 %, 17 %, and 12 %, respectively, of our total revenue for the year ended June 30, 2022 ~~,~~ **; and** carriers owned by ~~UnitedHealthcare~~ **UHC** , Humana, and Wellcare accounted for 24 %, 19 %, and 15 %, respectively, of our total revenue for the year ended June 30, 2021 ~~; and carriers owned by UnitedHealthcare, Humana, and Aetna accounted for 26 %, 18 %, and 11 %, respectively, of our total revenue for the year ended June 30, 2020~~ . Our agreements with our insurance carrier partners to sell policies are typically terminable by our insurance carrier partners without cause upon 30 days' advance notice. Should we become more dependent on even fewer insurance carrier relationships (whether as a result of the termination of insurance carrier relationships, insurance carrier consolidation or otherwise), we may become more vulnerable to adverse changes in our relationships with insurance carriers, particularly in states where we distribute insurance from a relatively smaller number of insurance carrier partners or where a small number of insurance carriers dominates the market, and our business, operating results, financial condition and prospects could be harmed. Changes in the health insurance market or in the variety, quality and affordability of the insurance products offered by our insurance carrier partners could harm our business, operating results, financial condition and prospects. The demand for our agency services is impacted by the variety, quality and price of the insurance products we distribute. If insurance carriers do not continue to provide us with a variety of high- quality, affordable insurance products, or if as a result of consolidation in the insurance industry or otherwise their offerings are limited, our sales may decrease and our business, operating results, financial condition and prospects could be harmed. Our insurance carrier partners could determine to reduce the commissions paid to us and change their underwriting practices in ways that reduce the number of, or impact the renewal or approval rates of, insurance policies sold through our distribution platform, which could harm our business, operating results, financial condition and prospects. Our commission rates from our insurance carrier partners are either set by each carrier or negotiated between us and each carrier. Our insurance carrier partners have the right to alter these commission rates with relatively short notice and have altered, and may in the future alter, the contractual relationships we have with them, including in certain instances by unilateral amendment of our contracts relating to commissions or otherwise. Changes of this nature could result in reduced commissions or impact our relationship with such carriers. In addition, insurance carriers periodically change the criteria they use for determining whether they are willing to insure individuals. Future changes in insurance carrier underwriting criteria could negatively impact sales of, or the renewal or approval rates of, insurance policies on our distribution platform and could harm our business, operating results, financial condition and prospects. Because we do not have exclusive relationships with our insurance carrier partners, consumers may obtain quotes for, and purchase, the same insurance policies that we distribute directly from the issuers of those policies, or from our competitors. Insurance carriers can attract consumers directly through their own marketing campaigns or other methods of distribution, such as referral arrangements, internet sites, physical storefront operations or broker agreements. Furthermore, our insurance carrier partners could discontinue distributing their products through our agency services, which would reduce the breadth of the products we distribute and could put us at a competitive disadvantage. If consumers seek insurance policies directly from insurance carriers or through our competitors, the number of consumers shopping for insurance through our platform may decline, and our business, operating results, financial condition and prospects could be materially and adversely affected. Pressure from existing and new competitors may adversely affect our business and operating results, financial condition and prospects. Our competitors provide services designed to help consumers shop for insurance. Some of these competitors include: • companies that operate insurance search websites or websites that provide quote information or the opportunity to purchase insurance products online; • individual insurance carriers, including through the operation of their own websites, physical storefront operations and broker arrangements; • traditional insurance agents or brokers; and • field marketing organizations. New competitors may enter the market for the distribution of insurance products with competing insurance distribution platforms, which could have an adverse effect on our business, operating results, financial condition and prospects. Our competitors could significantly impede our ability to maintain or increase the number of policies sold through our distribution platform and may develop and market new technologies that render our platform less competitive or obsolete. In addition, if our competitors develop distribution platforms with similar or superior functionality to ours and we are not able to produce certain volumes for our insurance carrier partners, we may see a reduction in our production bonuses or marketing payments, and our revenue would likely be reduced and our financial results would be adversely affected. Our business is substantially dependent on revenue from our Senior health insurance carrier partners and **is** subject to risks related to Senior health insurance and the larger health insurance industry. Our business may also be adversely affected by downturns in the life, automotive and home insurance industries. A majority of the insurance purchased through our platform and agency services is Senior health insurance, and our financial prospects depend significantly on growing demand in an aging population for the Senior health products we provide. Our overall operating results are substantially dependent upon our success in our Senior segment. For ~~each of~~ the ~~years~~ **year** ended June 30, ~~2022~~ **2023** ~~and 2021~~ , ~~78~~ **59** % of our total revenue was derived from our Senior segment. For the ~~year~~ **years** ended June 30, ~~2020~~ **2022 and 2021** , ~~68~~ **69** % **and 78 %, respectively,** of our total revenue was derived from our Senior segment. For the years ended June 30, **2023,** 2022, **and** 2021 ~~, and 2020~~ , our top three insurance carrier partners by total revenue were from the Senior segment. Our success in the Senior health insurance market will depend upon a number of additional factors, including: • our ability to continue to adapt our distribution platform to market Medicare plans, including the effective modification of our agent- facing tools that facilitate the consumer experience; • our success in marketing directly to Medicare- eligible individuals and in entering into marketing partner relationships to secure cost- effective leads and referrals for Medicare plan sales; • our ability to retain partnerships with enough insurance carriers offering Medicare products to maintain our value proposition with consumers; • our ability to leverage technology in order to sell, and otherwise become more efficient at selling, Medicare- related plans over the telephone; • reliance on third- party technology vendors like our voice- over IP telephone service providers and our data center and cloud computing partners; • our ability to comply with numerous, complex and changing laws and regulations and CMS guidelines relating to the marketing and sale of Medicare plans; and • the effectiveness of our competitors' marketing of Medicare plans. These factors could prevent our Senior segment from successfully marketing and selling Medicare plans, which would harm our business, operating results, financial condition and prospects. We are also dependent upon the economic success of the life, automotive and home insurance industries. Declines in demand for life, automotive and home insurance could cause fewer consumers to shop for such policies using our distribution platform. Downturns in any of these markets, which could be caused by a downturn in the economy at large, could materially and adversely affect our business, operating results, financial condition and prospects. Systemic changes in our insurance carrier partners' sales strategies could adversely affect our business. Our business model relies on our ability to sell policies on behalf of our insurance carrier partners. We believe our insurance carrier partners view our method of acquiring customers as scalable and efficient and, ultimately, as cost advantageous compared to their own direct distribution or proprietary agent models. However, in the event that our insurance carrier partners choose to make systemic changes in the manner in which their policies are distributed, including by focusing on direct distribution themselves or on distribution channels other than ours, such changes could materially and adversely affect our business, operating results, financial condition and prospects. If we are unable to develop new offerings, achieve increased consumer adoption of those offerings or penetrate new vertical markets, our business, operating results, financial condition and prospects could be materially and adversely affected. Our continued improvement of our product and service offerings is critical to our success. Accordingly, we must continually invest resources in product, technology and development in order to improve the comprehensiveness and effectiveness of our distribution platform. In addition, while we have historically concentrated our efforts on the senior health, life and personal property and casualty insurance markets, our growth strategy includes penetrating additional vertical markets, such as final expense insurance and other insurance or financial service products. In order to penetrate new vertical markets successfully, it will be necessary to develop an understanding of those new markets and the associated risks, which may require substantial investments of time and resources, and even then we may not be successful and, as a result, our revenue may grow at a slower rate than we anticipate, and our operating results, financial condition and prospects could be materially and adversely affected. We offer third- party products, including senior health, life, automotive and home insurance products. Insurance involves a transfer of risk, and our reputation may be harmed, and we may become a target for litigation if risk is not transferred in the way expected by customers and carriers. In addition, if these insurance products do not generate competitive risk- adjusted returns that satisfy our insurance carrier partners, it may be difficult to maintain existing business with, and attract new business from, them. Significant declines in the performance of these third- party products could subject us to reputational damage and litigation risk. In general, approximately ~~50~~ **40** % of our Medicare Advantage and Medicare Supplement policies are submitted during AEP. Our agents, systems and processes must handle an increased volume of transactions that occur during AEP and OEP. We hire additional agents during these periods to address this expected increase in transaction volume and temporarily reassign agents from our Senior business to our Life and Auto & Home businesses during non- AEP / OEP periods. We must ensure that our agents are trained and have received all licenses, appointments and certifications required by state authorities and our insurance carrier partners before the beginning of AEP and OEP. If the relevant state authorities or our insurance carrier partners experience shutdowns or ~~continued~~ business disruptions due to the COVID- 19 pandemic **or other public health crises, global economic conditions, or any other reason** , we may be unable to secure these required licenses, appointments and certifications for our agents in a timely manner, or at all. If technology failures, any inability to timely employ, license, train, certify and retain our employees to sell senior health insurance, interruptions in the operation of our systems, issues with government- run health insurance exchanges, weather- related events that prevent our employees from coming to our offices, or any other circumstances prevent our senior health business from operating as expected during an enrollment period, we could sell fewer policies and suffer a reduction in our business and our operating results, financial condition, prospects and profitability could be materially and adversely affected. If we are unable to attract, integrate and retain qualified personnel, our ability to develop and successfully grow our business could be harmed. Our business depends on our ability to retain our key executives and management and to hire, develop and retain qualified agents and enrollment and consumer service specialists. Our ability to expand our business depends on our being able to hire, train and retain sufficient numbers of employees to staff our in- house sales centers, as well as other **personnel. In addition, the success of our pharmacy business is dependent on our ability to attract, hire, and retain qualified licensed pharmacists and other pharmacy** personnel. Our success in recruiting highly skilled and qualified personnel can depend on factors outside of our control, including the strength of the general economy and local employment markets and the availability of alternative forms of employment. Furthermore, the ongoing effects of COVID- 19 may materially and adversely affect our ability to recruit and retain personnel. During periods when we are unable to recruit high- performing agents and enrollment and consumer service specialists, we tend to experience higher turnover rates. The productivity of our agents and enrollment and consumer service specialists is influenced by their average tenure. Without qualified individuals to serve in consumer- facing roles, we may produce less commission revenue, which could have a material and adverse effect on our business, operating results, financial condition and prospects. If the services of any of our key personnel should become unavailable for any reason, we may not be able to identify and hire qualified persons on terms acceptable to us, which could have a material and adverse effect on our business, operating results, financial condition and prospects. Our business is dependent on our obtaining a large quantity of quality insurance sales leads in a cost- effective manner. Our business requires access to a large quantity of quality insurance sales leads to keep our agents productive. We are dependent upon a number of lead suppliers from whom we obtain leads to support our sales of insurance policies. **In addition, our pharmacy business is substantially dependent on Senior health insurance sales leads to access and acquire additional pharmacy customers.** The loss of one or more of ~~these~~ **our** lead suppliers, or our failure to otherwise compete to secure quality insurance sales leads, could significantly limit our ability to access our target market for selling policies **and other products** . We may not be able to compete successfully for high- quality leads against our current or future competitors, some of whom have significantly greater financial, technical, marketing and other resources than we do. If we fail to compete successfully with our competitors to source sales leads from lead suppliers, we may experience increased marketing costs and loss of market share, and our business and profitability could be materially and adversely affected. Our business depends on our ability to convert sales leads to actual sales of insurance policies. If our conversion rate does not meet expectations, our business may be adversely affected. Obtaining quality insurance sales leads is important to our business, but our ability to convert our leads to policy sales **and sales of other offerings, including our pharmacy services,** is also a key to our success. Many factors impact our conversion rate, including the quality of our leads, agents and our proprietary workflow technology. If lead quality diminishes, our conversion rates will be adversely affected. Competition in the marketplace and lead quality affect conversion rates. If competition for customers increases, our conversion rates may decline, even absent a degradation in lead quality. Our conversion rates are also affected by agent tenure. If agent turnover increases, leading to a decline in the average tenure of our agents, conversion rates may be adversely affected. If we are unable to recruit, train and retain talented agents, our ability to successfully convert sales leads may be adversely impacted. Our conversion rates may also be affected by issues with our workflow technology or problems with our algorithms that drive lead scoring and routing. Any adverse impact on our conversion rates could cause a material and adverse effect on our business, operating results, financial condition and prospects. We rely on data provided to us by consumers and our insurance carrier partners to improve our technology and service offerings, and if we are unable to maintain or grow such data, we may be unable to provide consumers with an insurance shopping experience that is relevant, efficient and effective, which could adversely affect our business. Our business relies on the data provided to us by consumers and our insurance carrier partners in addition to third- party lead suppliers. The large amount of information we use in operating our platform is critical to the insurance shopping experience we provide for consumers. If we are unable to maintain or effectively utilize the data provided to us, the value that we provide to consumers and our insurance carrier partners may be limited. In addition, the quality, accuracy and timeliness of this information may suffer, which may lead to a negative insurance shopping experience for consumers using our platform and could materially and adversely affect our business, operating results, financial condition and prospects. We have made substantial investments into our technology systems that support our business with the goal of enabling us to provide efficient, needs- based services to consumers using data analytics. There can be no assurance that we will be able to continually collect and retain sufficient data, or improve our data technologies to satisfy our operating needs. Failure to do so could materially and adversely affect our business, operating results, financial condition and prospects. Our ability to match consumers to insurance products that suit their needs is dependent upon their provision of accurate information during the insurance shopping process. Our business depends on consumers' provision of accurate information during the insurance shopping process. To the extent consumers provide us with inaccurate information, the quality of their insurance shopping experience may suffer, and we may be unable to match them with insurance products that suit their needs. Our inability to suggest suitable insurance products to consumers could lead to an increase in the number of policies we submit to carriers that are ultimately rejected and could materially and adversely affect our business, operating results, financial condition and prospects. We derive a significant portion of our website traffic from consumers who search for ~~health~~ insurance through internet search engines, such as Google, Yahoo! and Bing. A critical factor in attracting consumers to our website is whether we are prominently displayed in response to certain internet searches. Search engines typically provide two types of search results, algorithmic listings and paid advertisements. We rely on both to attract consumers to our websites. Algorithmic search result listings are determined and displayed in accordance with a set of formulas or algorithms developed by the particular internet search engine. Once a search is initiated by a consumer, the algorithms determine the hierarchy of results. Search engines may revise these algorithms from time to time, which could cause our website to be listed less prominently in algorithmic search results and lead to decreased traffic to our website. We may also be listed less prominently as a result of other factors, such as new websites, changes we make to our website or technical issues with the search engine itself. Government health insurance exchange websites have historically appeared prominently in algorithmic search results. In addition, search engines have deemed the practices of some companies to be inconsistent with search engine guidelines and decided not to list their website in search result listings at all. If we are listed less prominently in, or removed altogether from, search result listings for any reason, the traffic to our websites would decline and we may not be able to replace this traffic. An attempt to replace this traffic may require us to increase our marketing expenditures, which would also increase our cost of customer acquisition and harm our business, operating results, financial condition and prospects. In addition to relying on algorithmic search results, we also purchase paid advertisements on search engines in order to attract consumers to our website. We typically pay a search engine for prominent placement of our website when particular terms are searched for on the search engine, without regard to the algorithmic search result listings. The prominence of the placement of our advertisement is determined by multiple factors, including the amount paid for the advertisement and the search engine' s algorithms that determine the relevance of paid advertisements to a particular search term. If the search engine revises its algorithms relevant to paid advertisements then websites other than our platform may become better suited for the algorithms, which may result in our having to pay increased costs to maintain our paid advertisement placement in response to a particular search term. We could also have to pay increased amounts should major search engines continue to become more concentrated. Additionally, we bid against our competitors, insurance carriers, government health insurance exchanges and others for the display of these paid search engine advertisements, which competition increases substantially during the enrollment periods for Medicare products as it relates to our Senior segment. The competition has increased the cost of paid advertising and has increased our marketing and advertising expenses. If paid search advertising costs increase or become cost prohibitive, whether as a result of competition, algorithm changes or otherwise, our advertising expenses could materially increase or we could reduce or discontinue our paid search advertisements, either of which would harm our business, operating results, financial condition and prospects. Our business could be harmed if we are unable to contact consumers or market the availability of our products by telephone. Telephone calls from our sales centers may be blocked by or subject to consumer warnings from telephone carriers. Furthermore, our telephone messages to existing or potential customers may not be reliably received due to those consumers' call- screening practices. If we are unable to communicate effectively by telephone with our existing and potential customers as a result of legislation, blockage, screening technologies or otherwise, our business, operating results, financial condition and prospects could be harmed. We are also subject to compliance with significant regulations that may affect how we are able to communicate with consumers. See " — Our communications with potential and existing customers are subject to laws regulating telephone and email marketing practices " in this section. Global economic conditions that affect the financial stability of our insurance carrier partners, vendors, and consumers could, in turn, materially and adversely affect our revenue and results of operations. We are also exposed to risks associated with the potential financial instability of our insurance carrier partners and consumers, many of whom may be adversely affected by volatile conditions in the financial markets or an economic slowdown. As a result of uncertainties with respect to financial institutions and the global credit markets and other macroeconomic challenges, including inflation, currently or potentially affecting the economy of the U. S. and other parts of the world consumers may experience serious cash flow problems and other financial difficulties, decreasing demand for the products of our insurance carrier partners. In addition, events in the U. S. or foreign markets, such as the U. K.' s exit from the European Union, and political and social unrest in various countries around the world, can impact the global economy and capital markets. Our insurance carrier partners may modify, delay, or cancel plans to offer new products or may make changes in the mix of products purchased that are unfavorable to us. Additionally, if our insurance carrier partners are not successful in generating sufficient revenue or are precluded from securing financing, their businesses will suffer, which may materially and adversely affect our business, operating results, financial condition and prospects. In addition, we are susceptible to risks associated with the potential financial instability of the vendors on which we rely to provide services or to whom we delegate certain functions. The same conditions that may affect consumers also could adversely affect our vendors, causing them to significantly and quickly increase their prices or reduce their output. Our business depends on our ability to perform, in an efficient and uninterrupted fashion, our necessary business functions, and any interruption in the services provided by third parties could also adversely affect our business, operating results and financial condition **. If we are unable to attract new pharmacy customers and retain and grow our relationships with existing pharmacy customers, our business, results of operations, financial condition, and future prospects may be materially and adversely affected. The success of our pharmacy business is reliant on our ability to grow the number of pharmacy customers we serve. Our pharmacy services are offered only to certain Medicare Advantage patients managing multiple chronic conditions, and our ability to attract new pharmacy customers may be limited by the number of patients who meet these medical and demographic criteria. Further, we have faced and may continue to face certain challenges in completing the onboarding process for some patients, including delays in obtaining patients' prescriptions from their healthcare providers or transferring prescriptions from their previous pharmacies. If we are unable to overcome these hurdles in a cost- effective and timely manner, our ability to increase our number of customers and scale our pharmacy business may be harmed. In addition, our ability to attract and retain pharmacy customers is dependent on several factors, including our brand and reputation, our technology, the products and services offered by our competitors, and our customer experience and satisfaction, which is informed by, among other factors, the reliability of our services, including the accuracy and timely delivery of our prescription boxes; our customer service; and our flexibility in responding to patients' changing needs and preferences. If we fail to maintain and deepen our relationships with existing pharmacy customers, or if we are unable to attract new customers to our pharmacy business, our pharmacy revenues and margins may suffer, and our results of operations, cash flows, and financial condition could be materially and adversely affected. We face risks relating to the availability, pricing and safety profiles of prescription drugs that we purchase and sell. Our pharmacy business is dependent on our customers' use of prescription drugs to treat or address symptoms of chronic medical conditions. Our revenues, operating results, and cash flows may be negatively affected if consumers' use of prescription drugs is reduced, including due to: • increased safety profiles or regulatory restrictions; • a reduction in drug manufacturers' participation in federal programs; • certain products being withdrawn from the market by their manufacturers or transitioned to over- the- counter products; • future FDA rulings restricting the supply or increasing the cost of products; or • inflation in the price of drugs. Our pharmacy business is also subject to risks relating to manufacturing and supply issues. The success of our pharmacy business depends on our ability to reliably source prescription drugs in a timely and cost- effective manner.**

Manufacturing and supply chain disruptions, failure to maintain relationships with existing suppliers, or inability to secure new supplier arrangements on satisfactory terms could undermine customer confidence, erode customer loyalty, and have a significant adverse effect on our operating results . We may acquire other companies or technologies, which could divert our management' s attention, result in additional dilution to our stockholders and otherwise disrupt our operations and harm our operating results, financial condition and prospects. We may determine to grow our business through the acquisition of complementary businesses and technologies rather than through internal development. The identification of suitable acquisition candidates can be difficult, time- consuming and costly, and we may not be able to successfully complete identified acquisitions or the acquisitions may cause diversion of management time and focus away from operating our business. Following any acquisition, we may face difficulty integrating technology, finance and accounting, research and development, human resources, consumer information, and sales and marketing functions; challenges retaining acquired employees; future write- offs of intangibles or other assets; and potential litigation, claims or other known and unknown liabilities. Depending on the condition of any company or technology we may acquire, that acquisition may, at least in the near term, adversely affect our financial condition and operating results and, if not successfully integrated with our organization, may continue to have such effects over a longer period. We may not realize the anticipated benefits of any acquisitions and we may not be successful in overcoming these risks or any other problems encountered in connection with potential acquisitions. Our inability to overcome these risks could have an adverse effect on our profitability, return on equity and return on assets, our ability to implement our business strategy and enhance stockholder value, which, in turn, could have a material and adverse effect on our business, operating results, financial condition and prospects. Future acquisitions also could result in dilutive issuances of our equity securities and the incurrence of debt, which could harm our financial condition. Impairment of the carrying value of our goodwill or other intangible assets could adversely affect our financial condition and results of operations. As a result of past acquisitions, we carry goodwill and other acquired intangible assets on our balance sheet. The Company allocates the fair value of purchase consideration to the tangible assets, liabilities, and intangible assets acquired in an acquisition based on their fair values, and any excess purchase price over those fair values is recorded as goodwill. The fair value assigned to intangible assets acquired is supported by valuations using significant estimates and assumptions provided by management. We test goodwill for impairment annually as of April 1, and we test goodwill and intangible assets for impairment at other times if events have occurred or circumstances exist that indicate the carrying value may no longer be recoverable. A significant amount of judgment is involved in determining if an indication of impairment exists. Factors may include, among others: a significant decline in our expected future cash flows; a sustained, significant decline in our stock price and market capitalization; a significant adverse change in legal factors or in the business climate; unanticipated competition; the testing for recoverability of a significant asset group within a reporting unit; and slower growth rates. During the year ended June 30, ~~2022~~ **2023** , we recorded impairment charges of $ **15** ~~3. 1 million and $ 44~~ . 6 million related to our intangible assets ~~and~~ **. No** goodwill **impairment charges were recorded during the year ended June 30** , ~~respectively~~ **2023** . If actual results differ from the assumptions and estimates used in our goodwill and intangible asset calculations, we could incur future impairment or amortization charges. Further, we may incur additional goodwill or other impairment charges in the future associated with other acquisitions, and we cannot accurately predict the amount and timing of any impairments of these or other assets. Should the value of goodwill or other intangible assets become impaired, there could be an adverse effect on our financial condition and results of operations. For further information about the impairments we recorded during our most recently completed fiscal year, please refer to " Notes to Consolidated Financial Statements " under Item 8 below. **We are subject to various obligations and covenants** ~~Under~~ **under** the Senior Secured Credit Facility, ~~we are required to maintain compliance with certain debt covenants,~~ as ~~discussed~~ **described** further ~~below~~ **herein** in Note 10 to the consolidated financial statements. Our indebtedness could have important consequences, including: • requiring us to dedicate a substantial portion of our cash flow to payments on our indebtedness, which would reduce the amount of cash flow available to fund working capital, capital expenditures or other corporate purposes; • increasing our vulnerability to general adverse economic, industry and market conditions; • ~~subjecting us to restrictive covenants, including restrictions~~ - **restricting** ~~on our~~ - **or reducing** ~~ability to pay dividends and requiring the pledge of substantially all of our assets as collateral under our Senior Secured Credit Facilities, that may reduce~~ our ability to take certain corporate actions or obtain further debt or equity financing; • limiting our ability to plan for and respond to business opportunities or changes in our business or industry; and • placing us at a competitive disadvantage compared to our competitors that have less debt or better debt servicing options. In addition, our indebtedness under the Senior Secured Credit ~~Facilities~~ **Facility** bears interest at a variable rate, making us vulnerable to increases in the market rate of interest. If the market rate of interest increases substantially, we will have to pay additional interest on this indebtedness, which would reduce cash available for our other business needs. From time to time, we may enter into, and have entered into, interest rate swaps that involve the exchange of floating for fixed- rate interest payments in order to reduce interest rate volatility. However, we may not maintain interest rate swaps with respect to all or any of our variable rate indebtedness, and any swaps we enter into may not fully mitigate our interest rate risk. **Further** ~~In our Quarterly Report on Form 10- Q for the three months ended March 31~~ , ~~2022,~~ we **are required** ~~disclosed that there was substantial doubt about our ability to continue as a going concern as a result of conditions that existed as of March 31, 2022. Specifically, our financial projections indicated that we would not be in compliance with a certain asset coverage ratio~~ under the Senior Secured Credit Facility **to maintain compliance** ~~within~~ -- **with** ~~one year after the date that~~ **certain debt covenants, as discussed further below in Note 10 to** the consolidated financial statements ~~were issued~~ . ~~Subsequently~~ **Based on our financial projections** , we ~~entered into~~ **believe we will remain in compliance with** the ~~Fourth Amendment to~~ **debt covenants included in** the Senior Secured Credit Facility **through** ~~(as defined and discussed further in Note 10 to~~ the **12 months following the date of issuance of our** consolidated financial statements ~~) to amend the required debt covenants through October 31, 2024. Based on our financial projections, we believe we will remain in compliance with the revised debt covenants within one year after the date that the consolidated financial statements are issued~~ . Our future compliance **with these covenants** is dependent ~~upon the successful implementation of~~ **on our ability to restructure our existing debt** ~~our~~ - **or secure additional financing from other sources. Failure** ~~new strategic direction discussed above, and we will need~~ to **maintain** ~~continue to stay in~~ compliance ~~in the future~~ with these ~~revised~~ covenants ~~for~~ - **or** ~~one year after the date our consolidated financial statements are issued. Failure to~~ make payments ~~or comply with covenants~~ under ~~our existing debt instruments~~ **the Senior Secured Credit Facility** could result in an event of default. If an event of default occurs and the lenders accelerate the amounts due on the Senior Secured Credit Facility, we may need to seek additional financing, which may not be available on acceptable terms, in a timely manner **,** or at all. In such event, we may not be able to make accelerated payments, and the lenders could seek to enforce security interests in the collateral securing such indebtedness, which includes substantially all of our assets. Operating and growing our business may require additional capital, and if capital is not available to us, our business, operating results, financial condition and prospects may suffer. Operating and growing our business is expected to require further investments in our technology and operations. We may be presented with opportunities that we want to pursue, and unforeseen challenges may present themselves, any of which could cause us to require additional capital. Our business model does not require us to hold a significant amount of cash and cash equivalents at any given time, and if our cash needs exceed our expectations or we experience rapid growth, we could experience strain in our cash flow, which could adversely affect our operations in the event we were unable to obtain other sources of liquidity. If we seek to raise funds through equity or debt financing, those funds may prove to be unavailable, may only be available on terms that are not acceptable to us or may result in significant dilution to our stockholders or higher levels of leverage. If we are unable to obtain adequate financing or financing on terms satisfactory to us, when we require it, our ability to continue to pursue our business objectives and to respond to business opportunities, challenges or unforeseen circumstances could be significantly limited, and our business, operating results, financial condition and prospects could be materially and adversely affected. If we fail to protect our brand, our ability to expand the use of our agency services by consumers may be adversely affected. Maintaining strong brand recognition and a reputation for delivering value to consumers is important to our business. A failure by us to protect our brand and deliver on these expectations could harm our reputation and damage our ability to attract and retain customers, which could adversely affect our business. In addition, many of our competitors have more resources than we do and can spend more advertising their brands and services. Accordingly, we could be forced to incur greater expense marketing our brand in the future to preserve our position in the market and, even with such greater expense, may not be successful in doing so. Furthermore, complaints or negative publicity about our business practices, legal compliance, marketing and advertising campaigns, data privacy and security issues and other aspects of our business, whether valid or not, could damage our reputation and brand. If we are unable to maintain or enhance consumer awareness of our brand cost- effectively, our business, operating results, financial condition and prospects could be materially and adversely affected. As a result of AEP occurring from October 15th to December 7th and OEP occurring from January 1st to March 31st, we experience an increase in the number of submitted Medicare- related applications during the second and third quarters of the fiscal year and an increase in Medicare plan related expense during the first and second quarters of the fiscal year. Accordingly, our financial results are not comparable from quarter to quarter. In addition, changes to the timing of the Medicare annual or open enrollment periods could result in changes in the cyclical nature of consumer demand for Medicare products, to which our Senior segment may not be able to adapt. If our Senior segment cannot successfully respond to changes in the seasonality of the Medicare business, our business, operating results, financial condition and prospects could be harmed. We rely on our insurance carrier partners to prepare accurate commission reports and send them to us in a timely manner. Our insurance carrier partners typically pay us a specified percentage of the premium amount collected by the carrier or a flat rate per policy during the period that a customer maintains coverage under a policy. We rely on carriers to report the amount of commissions we earn accurately and on time. We use carriers' commission reports to calculate our revenue, prepare our financial reports, projections and budgets and direct our marketing and other operating efforts. It is often difficult for us to independently determine whether or not carriers are reporting all commissions due to us, primarily because the majority of the purchasers of our insurance products who terminate their policies do so by discontinuing their premium payments to the carrier instead of by informing us of the cancellation. To the extent that carriers inaccurately or belatedly report the amount of commissions due to us, we may not be able to collect and recognize revenue to which we are entitled, which would harm our business, operating results, financial condition and prospects. In addition, the technological connections of our systems with the carriers' systems that provide us up- to- date information about coverage and commissions could fail or carriers could cease providing us with access to this information, which could impede our ability to compile our operating results in a timely manner. Our operating results fluctuate depending upon insurance carrier payment and policy approval practices and the timing of our receipt of commission reports from our insurance carrier partners. The timing of our revenue depends upon the timing of our insurance carrier partners' approval of the policies sold on our platform and submitted for their review, as well as the timing of our receipt of commission reports and associated payments from our insurance carrier partners. Although carriers typically report and pay commissions to us on a monthly basis, there have been instances where their report of commissions and payment has been delayed for several months or is incorrect. Incorrect or late commission reports or payments could result in a large amount of commission revenue from a carrier being recorded in a given quarter that is not indicative of the amount of revenue we may receive from that carrier in subsequent quarters, causing fluctuations in our operating results. We could report revenue below the expectations of our investors or securities analysts in any particular period if a material report or payment from an insurance carrier partner were delayed for any reason. Furthermore, we could incur substantial credit losses if one or more of the insurance carrier partners that we depend upon for payment of commissions were to fail Our operating results will be impacted by factors that impact our estimate of the lifetime value of commissions per policyholder. We recognize revenue based on the expected value approach. This approach utilizes a number of assumptions, which include, but are not limited to, legal and enforceable rights to renewal commissions upon contract termination when determining variable consideration, renewal commission rates, historical lapse data, and premium increase data. These assumptions are based on historical trends and any changes in those historical trends will affect our estimated lifetime value estimates in future periods and therefore could adversely affect our revenue and financial results in those future periods. As a result, adverse changes in the assumptions we make in computing expected values, such as increased lapse rates, would harm our business, operating results, financial condition and prospects. In particular, if customer lapse rates exceed our expectations, we may not receive the revenues we have projected to receive over time, despite our having incurred and recorded any related customer acquisition costs up front. Any adverse impact on customer lapse rates could lead to our receipt of commission payments that are less than the amount we estimated when we recognized commission revenue. Under such circumstances, we would need to record an adjustment to earnings to reverse the revenue previously recognized and write- off the remaining commissions receivable balance ~~. We have identified a material weakness in our internal control over financial reporting. If this material weakness is not remediated, our failure to establish and maintain effective disclosure controls and procedures and internal control over financial reporting could result in material misstatements in our financial statements and a failure to meet our reporting and financial obligations, each of which could have a material adverse effect on our financial condition and the trading price of our common stock. As previously disclosed in our Form 10- K / A for the year ended June 30, 2021, filed with the SEC on February 14, 2022, and subsequent filings, management previously identified a material weakness in our internal control over financial reporting related to the first year revenue provision for certain final expense policies. As a result of the identification of this material weakness, management concluded that our internal control over financial reporting and disclosure controls and procedures were not effective as of June 30, 2021. As discussed below in Item 9A., Controls and Procedures, management is in the process of designing and implementing controls as part of our remediation plan to address the material weakness. These remediation measures include designing a control to address the review of final expense aged receivables on a timely basis, designing a control to evaluate the completeness and accuracy of the final expense third party carrier information, and designing a control to evaluate the completeness and accuracy of the information used in the retrospective review of provision rates. We are in the process of designing and implementing these controls which will then need to operate for a sufficient period of time so that management can conclude that the Company' s controls are operating effectively. As such, we can give no assurance that the measures taken have remediated the risk of a material misstatement in our financial statements. Further, there can be no assurance that additional material weaknesses will not arise in the future, and we cannot be certain we will be able to establish or maintain adequate controls over our financial processes and reporting in the future. If we are unable to maintain effective internal control over financial reporting, our ability to record, process, and report financial information timely and accurately could be adversely affected, which could subject the Company to litigation or investigations, require management resources, increase costs, negatively affect investor confidence, and adversely impact our stock price~~ . We do not currently have any patents or patent applications pending to protect our intellectual property rights, but we do hold trademarks on our name, " SelectQuote, " and on the phrase " We Shop. You Save. " We rely on a combination of copyright, trademark, and trade secret laws and contractual agreements, as well as our internal system access security protocols, to establish, maintain and protect our intellectual property rights and technology. Despite efforts to protect our intellectual property, these laws, agreements and systems may not be sufficient to effectively prevent unauthorized disclosure or unauthorized use of our trade secrets or other confidential information or to prevent third parties from misappropriating our technology and offering similar or superior functionality. For example, monitoring and protecting our intellectual property rights can be challenging and costly, and we may not be effective in policing or prosecuting such unauthorized use or disclosure. We also may fail to maintain or be unable to obtain adequate protections for certain of our intellectual property in the U. S. or certain foreign countries, and our intellectual property rights may not receive the same degree of protection in foreign countries as they would in the U. S. because of the differences in foreign trademark, copyright, and other laws concerning proprietary rights. Furthermore, legal standards relating to the validity, enforceability, and scope of protection of intellectual property rights are uncertain. In addition, our competitors may attempt to copy unprotected aspects of our product design or independently develop similar technology or design around our intellectual property rights. Third parties also may take actions that diminish the value of our proprietary rights or our reputation or cause consumer confusion through the use of similar service names or domain names. Litigation regarding any intellectual property disputes may be costly and disruptive to us. Any of these results would harm our business, operating results, financial condition and prospects. Additionally, we enter into confidentiality and invention assignment agreements with our employees and enter into confidentiality agreements with third parties, including suppliers and other partners. However, we cannot guarantee that we have entered into such agreements with each party that has or may have had access to our proprietary information, know- how and trade secrets. Moreover, no assurance can be given that these agreements will be effective in controlling access to, distribution, use, misuse, misappropriation, reverse engineering or disclosure of our proprietary information, know- how and trade secrets. Further, these agreements may not prevent our competitors from independently developing technologies that are substantially equivalent or superior to our products and platform capabilities. These agreements may be breached, and we may not have adequate remedies for any such breach. We may become subject to intellectual property disputes, which are costly and may subject us to significant liability and increased costs of doing business. Third parties may be able to successfully challenge, oppose, invalidate, render unenforceable, dilute, misappropriate or circumvent our trademarks, copyrights and other intellectual property rights. Our success depends, in part, on our ability to develop and commercialize our products and services without infringing, misappropriating or otherwise violating the intellectual property rights of third parties. However, we may not be aware that our products or services are infringing, misappropriating or otherwise violating third- party intellectual property rights and such third parties may bring claims alleging such infringement, misappropriation or violation. Actions we may take to enforce our intellectual property rights may be expensive and divert management' s attention away from the ordinary operation of our business, and our inability to secure and protect our intellectual property rights could materially and adversely affect our brand and business, operating results, financial condition and prospects. Furthermore, such enforcement actions, even if successful, may not result in an adequate remedy. In addition, many companies have the capability to dedicate greater resources to enforce their intellectual property rights and to defend claims that may be brought against them. If a third party is able to obtain an injunction preventing us from accessing such third- party intellectual property rights, or if we cannot license or develop alternative technology for any infringing aspect of our business, we would be forced to limit or stop sales of our products and platform capabilities or cease business activities related to such intellectual property. Although we carry general liability insurance, our insurance may not cover potential claims of this type or may not be adequate to indemnify us for all liability that may be imposed. We cannot predict the outcome of lawsuits and cannot ensure that the results of any such actions will not have an adverse effect on our business, financial condition or results of operations. Such claims could subject us to significant liability for damages and could result in our having to stop using technology found to be in violation of a third party' s rights. Further, we might be required to seek a license for third- party intellectual property, which may not be available on reasonable royalty or other terms. Alternatively, we could be required to develop alternative non- infringing technology, which could require significant effort and expense. If we cannot license or develop technology for any infringing aspect of our business, we would be forced to limit our services, which could affect our ability to compete effectively. Any of these results would harm our business, operating results, financial condition and prospects. Our business depends on our ability to maintain and improve the technological infrastructure that supports our distribution platform, and any significant disruption in service on our platform could result in a loss of consumers, which could harm our business, brand, operating results, financial condition and prospects. Our ability to service consumers depends on the reliable performance of our technological infrastructure. Interruptions, delays or failures in these systems, whether due to adverse weather conditions, natural disasters, power loss, computer viruses, cybersecurity attacks, physical break- ins, terrorism, errors in our software or otherwise, could be prolonged and could affect the security or availability of our platform, and the ability of our agents to sell policies and our consumer care team to service those policies. The reliability and security of our systems, and those of our insurance carrier partners, is important not only to facilitating our sale of insurance products, but also to maintaining our reputation and ensuring the proper protection of our confidential and proprietary information. If we experience operational failures or prolonged disruptions or delays in the availability of our systems, we could lose current and potential customers, which could harm our operating results, financial condition and prospects. Potential changes in applicable technology and consumer outreach techniques could have a material and adverse effect on our operating results, financial condition and prospects. Changes in technology and consumer outreach techniques continue to shape the insurance distribution landscape. In recent years, consumers' behavior patterns, in particular their propensity to use online sources for research, product comparison and guidance, has changed and continues to change. Similarly, available technologies for reaching targeted groups of consumers also continues to evolve. We expect that we will incur costs in the future to adjust our systems to adapt to changing behaviors and technologies. In the future, technological innovations and changes in the way consumers engage with technology may materially and adversely affect our operating results, financial condition and prospects, if our business model and technological infrastructure do not evolve accordingly. Information technology systems form a key part of our business and accordingly we are dependent on our relationships with third parties that provide the infrastructure for our technological systems. If these third parties experience difficulty providing the services we require or meeting our standards for those services, or experience disruptions or financial distress or cease operations temporarily or permanently, it could make it difficult for us to operate some aspects of our business. In addition, such events could cause us to experience increased costs and delay our ability to provide services to consumers until we have found alternative sources of the services provided by these third parties. If we are unsuccessful in identifying high- quality partners, if we fail to negotiate cost- effective relationships with them or if we ineffectively manage these relationships, it could materially and adversely affect our business, operating results, financial condition and prospects. Our systems and those of our insurance carrier partners and third- party service providers could be vulnerable to hardware and cybersecurity issues. Our operations are dependent upon our ability to protect our computer equipment against damage from fire, power loss, telecommunications failure or a similar catastrophic event. We could also experience a breach by intentional or negligent conduct on the part of employees or other internal sources. Any damage or failure that causes an interruption in our operations could have an adverse effect on our business, operating results, financial condition and prospects. In addition, our operations are dependent upon our ability to protect the computer systems and network infrastructure utilized by us against damage from cybersecurity attacks by sophisticated third parties with substantial computing resources and capabilities and other disruptive problems caused by the internet or other users. Such disruptions would jeopardize the security of information stored in and transmitted through our computer systems and network infrastructure, which may result in significant liability and damage our reputation. It is difficult or impossible to defend against every risk being posed by changing technologies as well as criminals' intent on committing cyber- crime and these measures may not be successful in preventing, detecting, or stopping attacks. The increasing sophistication and resources of cyber criminals and other non- state threat actors and increased actions by nation- state actors make keeping up with new threats difficult and could result in a breach of security. Controls employed by our information technology department and our insurance carrier partners and third- party service providers, including cloud vendors, could prove inadequate. A breach of our security that results in unauthorized access to our data could expose us to a disruption or challenges relating to our daily operations, as well as to data loss, litigation, damages, fines and penalties, significant increases in compliance costs and reputational damage, any of which could have a material and adverse effect on our business, operating results, financial condition and prospects. To the extent we or our systems rely on our insurance carrier partners or third- party service providers, through either a connection to, or an integration with, those third- parties' systems, the risk of cybersecurity attacks and loss, corruption, or unauthorized publication of our information or the confidential information of consumers and employees may increase. Third- party risks may include lax security measures, data location uncertainty, and the possibility of data storage in inappropriate jurisdictions where laws or security measures may be inadequate. Any or all of the issues above could adversely affect our ability to attract new customers and continue our relationship with existing customers, cause our insurance carrier partners to cancel their contracts with us or subject us to governmental or third- party lawsuits, investigations, regulatory fines or other actions or liability, thereby harming our business, operating results, financial condition and prospects. Although we are not aware of any material information security breaches to date, we have detected common types of attempts to attack our information systems and data. We collect, process, store, share, disclose and use consumer information and other data, and an actual or perceived failure to protect such information and data or respect users' privacy could damage our reputation and brand and harm our business, operating results, financial condition and prospects. The operation of our distribution platform involves the collection and storage of consumers' information, including personal information, and security breaches could expose us to a risk of loss or exposure of this information, which could result in potential liability, investigations, regulatory fines, litigation and remediation costs, as well as reputational harm, all of which could materially and adversely affect our business, operating results, financial condition and prospects. For example, unauthorized parties could steal our potential customers' names, email addresses, physical addresses, phone numbers and other information, including sensitive personal information and credit card payment information, which we collect when providing agency services. We receive credit and debit card payment information and related data, which we input directly into our insurance carrier portal and in some cases, submit through a third party. With respect to the Life segment, for a few of our insurance carrier partners, we retain limited card payment information and related data, which is encrypted in compliance with Payment Card Industry standards, for a period of 90 days prior to being erased from our systems. Any failure or perceived failure by us to comply with our privacy policies, our privacy- related obligations to consumers or other third parties, or our privacy- related legal obligations, or any compromise of security that results in the unauthorized release or transfer of sensitive information, which could include personally identifiable information or other user data, may result in governmental investigations, enforcement actions, regulatory fines, litigation and public statements against us by consumer advocacy groups or others, and could cause consumers and insurance carriers to lose trust in us, all of which could be costly and have an adverse effect on our business. Regulatory agencies or business partners may institute more stringent data protection requirements or certifications than those which we are currently subject to and, if we cannot comply with those standards in a timely manner, we may lose the ability to sell a carrier' s products or process transactions containing payment information. Moreover, if third parties that we work with violate applicable laws or our policies, such violations also may put consumer or insurance carrier partner information at risk and could in turn harm our reputation, business, operating results, financial condition and prospects. Laws and regulations regulating insurance activities are complex and could have a material and adverse effect on our business, reduce our profitability, and potentially limit our growth. The insurance industry in the United States is heavily regulated. The insurance regulatory framework addresses, among other things: granting licenses to companies and agents to transact particular business activities; and regulating trade, marketing, compensation and claims practices. For example, we are required by state regulators to maintain a valid license in each state in which we transact insurance business and comply with business practice requirements that vary from state to state. In addition, our agents who transact insurance business must also maintain valid licenses. Complying with the regulatory framework requires a meaningful dedication of management and financial resources. Due to the complexity, periodic modification and differing interpretations of insurance laws and regulations, we may not have always been, and we may not always be, in full compliance with them. There can be no assurance that we, our employees, consultants, contractors and other agents are in full compliance with current and / or future laws and regulations or interpretations. Any such non- compliance could impose material costs on us, result in limitations on the business we conduct or damage our relationship with regulatory bodies, our insurance carrier partners and consumers, any of which could have a material and adverse effect on our business, operating results, financial condition and prospects. Regulatory authorities often have the discretion to grant, renew and revoke the various licenses and approvals we need to conduct our activities. Such authorities may require us to incur substantial costs in order to comply with such laws and regulations. Furthermore, laws and regulations are also subject to interpretation by regulatory authorities, and changes in any such interpretations may adversely impact our business and our ability to carry on our existing activities. Furthermore, the laws and regulations governing the sale of insurance may change in ways that adversely impact our business. These changes could impact the manner in which we are permitted to conduct our business, could force us to reduce the compensation we receive or otherwise adversely impact our business, operating results, financial condition and prospects. In addition, we are subject to laws and regulations with respect to matters regarding privacy and cybersecurity. See " — We collect, process, store, share, disclose and use consumer information and other data, and an actual or perceived failure to protect such information and data or respect users' privacy could damage our reputation and brand and harm our business, operating results, financial condition and prospects " and " — We may not be able to maintain compliance with all current and potentially applicable U. S. federal and state or foreign laws and regulations, and actions by regulatory authorities or changes in legislation and regulation in the jurisdictions in which we operate could have a material adverse effect on our business " in this section. Our Senior segment is subject to a complex legal and regulatory framework, and non- compliance with or changes in laws and regulations governing the marketing and sale of Medicare plans and other healthcare- related products and services could harm our business, operating results, financial condition and prospects. Our Senior segment is subject to a complex legal and regulatory framework, and the laws and regulations governing the marketing and sale of Medicare plans, particularly with respect to regulations and guidance issued by CMS related to Medicare Advantage and Medicare Part D prescription drug plans, change frequently. **For example, in April 2023, CMS finalized rules that could increase compliance costs and otherwise impact our business results by, among other things, requiring new disclosures that could make certain forms of marketing less practicable and potentially requiring a 48- hour waiting period between initial contact with a beneficiary and enrolling that beneficiary. These and any other** ~~Changes~~ **changes** to the laws, regulations and guidelines relating to Medicare plans, their interpretation or the manner in which they are enforced could harm our business, operating results, financial condition and prospects. **In addition,** ~~Changes~~ **changes** to laws, regulations, CMS guidance or the enforcement or interpretation of CMS guidance applicable to our Senior segment could cause insurance carriers or state departments of insurance to object to or not to approve aspects of our marketing materials and processes. As a result, those authorities may determine that certain aspects of our Senior segment are not in compliance with the current legal and regulatory framework. Any such determinations could delay or halt the operation of our Senior segment, which would harm our business, operating results, financial condition and prospects, particularly if such delay or halt occurred during the Medicare annual or open enrollment periods. Our Senior segment competes with government- run health insurance exchanges with respect to our sale of Medicare- related health insurance. Potential and existing customers can shop for and purchase Medicare Advantage and Medicare Part D Prescription Drug plans through a website operated by the federal government and can also obtain plan selection assistance from the federal government in connection with their purchase of a Medicare Advantage and Medicare Part D Prescription Drug plan. Competition from government- run health insurance exchanges could increase our marketing costs, reduce our revenue and could otherwise harm our business, operating results, financial condition and prospects. Changes and developments in the regulation of the healthcare industry could adversely affect our business. The U. S. healthcare industry is subject to an evolving regulatory regime at both the federal and state levels. In recent years, there have been multiple reform efforts made within the healthcare industry in an effort to curtail healthcare costs. For example, the Patient Protection and Affordable Care Act of 2010 and related regulatory reforms have materially changed the regulation of health insurance. Changes to healthcare and insurance regulation arising from the effects of the COVID- 19 pandemic may be possible. While it is difficult to determine the impact of potential reforms on our future business, it is possible that such changes in healthcare industry regulation could result in reduced demand for our insurance distribution services. Our insurance carrier partners may react to existing or future reforms, or general regulatory uncertainty, by reducing their reliance on our agents. Developments of this type could materially and adversely affect our business, operating results, financial condition and prospects. Changes and developments in the health insurance system and laws and regulations governing the health insurance markets in the United States could materially and adversely affect our business, operating results, financial condition and prospects. Our Senior segment depends upon the private sector of the U. S. insurance system, which is subject to rapidly evolving regulation. Accordingly, the future financial performance of our Senior segment will depend in part on our ability to adapt to regulatory developments. For example, healthcare reform could lead to increased competition in our industry, and the number of consumers shopping for insurance through our agents may decline. Various aspects of healthcare reform could also cause insurance carriers to discontinue certain health insurance products or prohibit us from distributing certain health insurance products in particular jurisdictions. Our Senior segment, operating results, financial condition and prospects may be materially and adversely affected if we are unable to adapt to developments in healthcare reform in the United States. Healthcare laws and regulations are rapidly evolving and may change significantly in the future, impacting the coverage and plan designs that are or will be provided by certain insurance carriers. Health reform efforts and measures may expand the role of government- sponsored coverage, including single payer or so called " Medicare- for- All " proposals, which could have far- reaching implications for the insurance industry if enacted. Government regulation may change in response to the COVID- 19 pandemic, which may have an adverse effect on our business. We are unable to predict the full impact of healthcare reform initiatives on our operations in light of the uncertainty regarding the terms and timing of any provisions enacted and the impact of any of those provisions on various healthcare and insurance industry participants. In particular, because our DTC platform provides consumers with a venue to shop for insurance policies from a curated panel of the nation' s leading insurance carriers, the expansion of government- sponsored coverage through " Medicare- for- All " or the implementation of a single- payer system may adversely impact our business. Our business may be harmed if our website and marketing materials are not timely approved or do not comply with legal requirements. Our insurance carrier partners whose Medicare plans we sell approve our website, much of our marketing material and our call scripts for our Senior segment. In the event that CMS or an insurance carrier partner requires changes to, disapproves, or delays approval of these materials, we could lose a significant source of Medicare plan demand and the operations of our Senior segment could be adversely affected. If we are not successful in timely receiving insurance carrier partner or CMS approval of our marketing materials, we could be prevented from implementing our Medicare marketing initiatives, which could harm our business, operating results, financial condition and prospects, particularly if such delay or non- compliance occurs during AEP or OEP. The CMS rules and regulations also apply to our marketing partners' marketing materials. If our marketing partners' marketing materials do not comply with the CMS marketing guidelines or other Medicare program related laws, rules and regulations, such non- compliance could result in our losing the ability to receive referrals of individuals interested in purchasing Medicare plans from that marketing partner or being delayed in doing so. If our Senior segment substantively changes its marketing materials or call scripts, our insurance carrier partners may be required to re- file those materials with CMS. Due to our inability to make CMS filings ourselves and the need for further CMS review, it is very difficult and time consuming for us to make changes to our marketing materials, and our inability to timely make changes to these materials, whether to comply with new rules and regulations or otherwise, could adversely affect the results of operations for our Senior segment. In addition, we may be prevented from using any marketing material until any changes required by CMS or our insurance carrier partners are made and approved, which would harm our business, operating results, financial condition and prospects, particularly if such delay occurred during AEP or OEP. Our ~~businesses providing~~ **healthcare services operations, including our** pharmacy ~~care services~~ **business,** face regulatory and operational risks and uncertainties that differ from the risks of our other businesses. ~~We~~ **In addition to the pharmacy services provided through SelectRx, we also** provide ~~pharmacy care~~ **various healthcare** services through Population Health ~~and SelectRx~~. Each business is subject to federal and state anti- kickback, beneficiary inducement and other laws governing the relationships of the business with pharmaceutical manufacturers, physicians and other healthcare providers, pharmacies, customers and consumers. In addition, federal and state legislatures regularly consider new regulations for the industry which could materially affect current industry practices, including potential new legislation and regulations regarding the receipt or disclosure of rebates and other fees from pharmaceutical companies, the development and use of formularies and other utilization management tools, the use of average wholesale prices or other pricing benchmarks, pricing for specialty pharmaceuticals, limited access to networks, and pharmacy network reimbursement methodologies. SelectRx also conducts business through home delivery and specialty and compounding pharmacies, which subjects it to extensive federal, state and local laws and regulations, including those of the DEA and individual state controlled substance authorities, the Food and Drug Administration (FDA) and state boards of pharmacy. We could face potential claims in connection with purported errors by our home delivery, specialty or compounding pharmacies, including as a result of the risks inherent in the packaging and distribution of pharmaceuticals and other health care products. Disruptions from any of our home delivery or specialty pharmacy services could materially and adversely affect our results of operations, financial position and cash flows. We may not be able to maintain compliance with all current and potentially applicable U. S. federal and state or foreign laws and regulations, and actions by regulatory authorities or changes in legislation and regulation in the jurisdictions in which we operate could have a material adverse effect on our business. We are also subject to a variety of laws and regulations that involve matters central to our business, including with respect to user privacy and the collection, processing, storing, sharing, disclosing, using, transfer and protecting of personal information and other data. These laws and regulations constantly evolve and remain subject to significant change. In addition, the application and interpretation of these laws and regulations are often uncertain. Because we store, process and use data, some of which contain personal information, we are subject to complex and evolving federal, state and local laws and regulations regarding privacy, data protection and other matters. Many of these laws and regulations are subject to change and uncertain interpretation. New York' s cybersecurity regulation for financial services companies, including insurance entities under its jurisdiction, requires entities to establish and maintain a cybersecurity program designed to protect private consumer data. The regulation specifically provides for: (i) controls relating to the governance framework for a cybersecurity program; (ii) risk- based minimum standards for technology systems for data protection; (iii) minimum standards for cyber breach responses, including notice to the New York Department of Financial Services (" NYDFS ") of material events; and (iv) identification and documentation of material deficiencies, remediation plans and annual certification of regulatory compliance with the NYDFS. In addition, in October 2017, the National Association of Insurance Commissioners (" NAIC ") adopted the Insurance Data Security Model Law (the " Cybersecurity Model Law "), which is intended to establish the standards for data security and for the investigation and notification of data breaches applicable to insurance licensees in states adopting such law. The Cybersecurity Model Law continues to be adopted by states since its inception. The law could impose significant new regulatory burdens intended to protect the confidentiality, integrity and availability of information systems, although the NAIC model law is functionally similar to the NYDFS rule. Compliance with existing and emerging privacy and cybersecurity regulations could result in increased compliance costs and / or lead to changes in business practices and policies, and any failure to protect the confidentiality of client information could adversely affect our reputation, lend to private litigation against us, any of which could materially and adversely affect our business, operating results, financial condition and prospects. Further, we incur substantial compliance costs as a result of being a public company. The Sarbanes- Oxley Act (" SOX "), the Dodd- Frank Wall Street Reform and Consumer Protection Act, the listing requirements of the New York Stock Exchange (the " NYSE "), and other applicable securities rules and regulations impose various requirements on public companies that do not apply to private companies. In addition to increasing our legal and financial costs, complying with these requirements causes management and other personnel to divert attention from operational and other business matters to devote substantial time to public company corporate governance and reporting requirements. From time to time we are subject to various legal proceedings that could adversely affect our business. We are, and may in the future become, involved in various legal proceedings and governmental inquiries, including labor and employment- related claims, claims relating to our marketing or sale of health insurance, intellectual property claims, and claims relating to our compliance with securities laws. For example, we are involved in the matters discussed below under Item 8, Notes to Consolidated Financial Statements, and in August 2022 we received a subpoena from the United States Attorney' s Office for the District of Massachusetts, seeking, among other things, information regarding our arrangements with our insurance carrier partners. Claims that are or may in the future be asserted against us, whether with or without merit, could be time- consuming and expensive to address, could divert management' s attention and other resources, and / or could subject us to significant liability for damages and harm our reputation. Our insurance and indemnities may not cover all claims that may be asserted against us. If we are unsuccessful in our defense of these legal proceedings, we may be forced to pay damages or fines, enter into consent decrees, stop offering certain of our services, or change our business practices, any of which would harm our business, operating results, and financial condition. Our communications with potential and existing customers are subject to laws regulating telephone and email marketing practices. We make telephone calls and send emails and text messages to potential and existing customers. The United States regulates marketing by telephone and email and the laws and regulations governing the use of emails and telephone calls for marketing purposes continue to evolve, and changes in technology, the marketplace or consumer preferences may lead to the adoption of additional laws or regulations or changes in interpretation of existing laws or regulations. New laws or regulations, or changes to the manner in which existing laws and regulations or interpreted or enforced, may further restrict our ability to contact potential and existing customers by phone and email and could render us unable to communicate with consumers in a cost- effective fashion. The Telephone Consumer Protection Act (the " TCPA ") prohibits companies from making telemarketing calls to numbers listed in the Federal Do- Not- Call Registry and imposes other obligations and limitations on making phone calls and sending text messages to consumers. The CAN- SPAM Act regulates commercial email messages and specifies penalties for the transmission of commercial email messages that do not comply with certain requirements, such as providing an opt- out mechanism for stopping future emails from senders. We may be required to comply with these and similar laws, rules and regulations. Failure to comply with obligations and restrictions related to telephone, text message and email marketing could subject us to lawsuits, fines, statutory damages, consent decrees, injunctions, adverse publicity and other losses that could harm our business. We have policies in place to comply with the TCPA and other telemarketing laws. However, despite our legal compliance, we have in the past and may in the future become subject to claims that we have violated the TCPA. Any legal liability for the information we communicate to consumers could harm our business and operating results. Consumers rely upon information we communicate through our agency services regarding the insurance plans we distribute, including information relating to insurance premiums, coverage, benefits, exclusions, limitations, availability, and plan comparisons. If we provide inaccurate information or information that could be construed as misleading, or if we do not properly assist individuals in purchasing insurance, we could be found liable for related damages and our relationships with our insurance carrier partners and our standing with regulators could suffer. Our quarterly and annual operating results or other operating metrics may fluctuate significantly and may not meet expectations of research analysts, which could cause the trading price of our common stock to decline. Our quarterly and annual operating results and other operating metrics have fluctuated in the past and may in the future fluctuate as a result of a number of factors, many of which are outside of our control and may be difficult to predict. Period- to-period variability or unpredictability of our results could result in our failure to meet our expectations or those of any analysts that cover us or investors with respect to revenue or other operating results for a particular period. If we fail to meet or exceed such expectations for these or any other reasons, the market price of our common stock could fall substantially, and we could face litigation, including securities class actions. The preparation of our consolidated financial statements in conformity with GAAP requires our management to make significant estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of income and expense during the reporting periods. If our underlying estimates and assumptions prove to be incorrect or if events occur that require us to revise our previous estimates or assumptions, our business, operating results, financial condition and prospects may be materially and adversely affected. We do not intend to pay dividends in the foreseeable future. The declaration and amount of any future dividends to holders of our common stock will be at the discretion of our Board of Directors in accordance with applicable law and after taking into account various factors, including our financial condition, operating results, current and anticipated cash needs, cash flows, impact on our effective tax rate, indebtedness, contractual obligations, legal requirements and other factors that our Board of Directors deems relevant. Our Board of Directors intends to retain future earnings to finance the operation and expansion of our business. In addition, our Senior Secured Credit Facility contains restrictions on our ability to pay dividends ~~, subject~~ to ~~certain exceptions~~ **the holders of our common stock** . Accordingly, we do not expect to pay dividends in the foreseeable future. As a result, capital appreciation, if any, of our common stock will be your sole source of gain for the foreseeable future. ~~40~~