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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2023

OR

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

For the transition period from ________to

Commission file number: 001-38549

EverQuote, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**26-3101161**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
210 Broadway Cambridge, Massachusetts	**02139**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (855) 522-3444

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, $0.001 Par Value Per Share	EVER	The Nasdaq Global Market

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

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

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

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☒
Emerging growth company	☐		

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

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

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Based on the closing price of the registrant's Class A common stock on the last business day of the registrant's most recently completed second fiscal quarter, which was June 30, 2023, the aggregate market value of its Class A common stock and Class B common stock (based on a closing price of $6.50 per share on June 30, 2023 as reported on the Nasdaq Global Market) held by non-affiliates was approximately $145.0 million.

As of January 31, 2024, the registrant had 28,625,454 shares of Class A common stock, $0.001 par value per share, issued and outstanding and 5,604,278 shares of Class B common stock, $0.001 par value per share, issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for its 2024 Annual Meeting of Stockholders, which the registrant intends to file with the Securities and Exchange Commission not later than 120 days after the registrant's fiscal year ended December 31, 2023, are incorporated by reference into Part III of this Annual Report on Form 10-K.

EverQuote, Inc.
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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact contained in this Annual Report on Form 10-K, including statements regarding our future results of operations and financial position, business strategy and plans, and objectives of management for future operations, are forward-looking statements. These statements involve known and unknown risks, uncertainties, and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements.

In some cases, you can identify forward-looking statements by terms such as “may,” “should,” “expects,” “might,” “plans,” “anticipates,” “could,” “intends,” “target,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “potential,” “seek,” “would” or “continue,” or the negative of these terms or other similar expressions. The forward-looking statements in this Annual Report on Form 10-K are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements will be achieved or occur. These forward-looking statements speak only as of the date of this Annual Report on Form 10-K and are subject to a number of risks, uncertainties and assumptions described in the “Risk Factors” section and elsewhere in this Annual Report on Form 10-K. Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, you should not rely on these forward-looking statements as predictions of future events. The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements. While we may elect to update these forward-looking statements at some point in the future, whether as a result of any new information, future events, or otherwise, we have no current intention of doing so except to the extent required by applicable law.

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PART I

Except where the context otherwise requires or where otherwise indicated, the terms "EverQuote," "we," "us," "our," "our company," "the company," and "our business" refer to EverQuote, Inc. and its consolidated subsidiaries.

ITEM 1. BUSINESS

Company Overview

We operate a leading online marketplace for insurance shopping, connecting consumers with insurance provider customers, which includes both carriers and agents. Our vision is to become the largest online source of insurance policies by using data, technology and knowledgeable advisors to make insurance simpler, more affordable and personalized. Our results-driven marketplace, powered by our proprietary data and technology platform, is improving the way insurance providers attract and connect with consumers shopping for insurance.

We operate a marketplace to connect insurance providers to a large volume of high-intent, pre-validated consumer referrals that match the insurers' specific underwriting and profitability requirements. The transparency of our marketplace, as well as the campaign management tools we offer, are designed to make it easy for insurance carriers and third-party agents to evaluate the performance of their marketing spend on our platform and manage their own return on investment. We present consumers with a single starting point for a comprehensive insurance shopping experience where consumers can engage with insurance carriers through multiple channels based on their preferences. Our marketplace enables consumers to choose to visit an insurance provider's website to purchase a policy or engage with a carrier or agent by phone or submit their data to insurance providers to receive quotes. Our services are free for consumers, and we derive our revenue from consumer inquires sold as referrals to insurance providers and directly from commissions on sales of policies by our direct to consumer, or DTC, insurance agency.

General Developments

A substantial majority of the referrals made through our marketplace have historically been for automotive insurance. Starting in late 2021 and continuing throughout 2023, the auto insurance industry experienced deteriorating underwriting performance due to a rise in claims, inflation, and inadequate policy premiums. This deteriorated underwriting performance has caused our insurance carrier customers to reduce spending on new customer acquisition, which had a negative impact on the pricing and demand for consumer referrals in our marketplace. The state of the auto insurance market remains volatile, and while we believe we have started to see some improvement in spending patterns, a recovery could be prolonged by further cost inflation, increased claim severity and frequency, or insufficient policy premium increases.

In June 2023, we implemented a workforce reduction plan to improve operating efficiency. In order to increase our focus on property and casualty, or P&C, insurance verticals, we also exited our health insurance vertical, an area that would have required significant capital investment and scale to effectively compete amid an increasingly unpredictable regulatory environment. In August 2023, we sold assets related to our health insurance vertical including Eversurance LLC, a former subsidiary of the Company.

Market Opportunity

Insurance is one of the largest segments of the United States economy and is highly fragmented with over 2,500 insurance carriers and over 100,000 insurance agencies, which collectively issued policies representing over $2 trillion in premiums in 2021. To capture new policies and retain existing customers, U.S. insurance carriers spent $171 billion in 2021 on marketing and distribution, of which $100 billion related to P&C insurance alone. However, carriers face challenges in this market that create a significant opportunity for companies that can efficiently align consumers and providers. These challenges include:

- Misalignment of providers and consumers creates an inefficient match between supply and demand
- A complex, fragmented and opaque market for consumers
- Inefficient advertising channels for insurance providers

Due to these challenges, insurance providers are seeking more efficient ways to connect with consumers, and as a result the internet has become increasingly influential in consumer insurance shopping. The insurance industry is also making products easier to buy and sell through digital channels with the integration and digitalization of insurance products. We believe that the rise of digital insurance products and shopping experiences will enable more personal, end-to-end shopping experiences, products and services, resulting in more consumers shopping for insurance online.

Our Solution

Our results-driven marketplace, powered by our proprietary data and technology platform, matches and connects consumers seeking to purchase insurance with relevant options from our network of insurance providers, saving consumers and providers time and money.

Proprietary, data-driven technology platform. Our platform efficiently attracts consumers shopping for insurance to our websites and call center, which match them to relevant providers for streamlined quoting. This enables us to maintain high levels of quality control and provide real-time referrals to insurance providers at the moment of the consumer's purchase intent.

Insurance provider engagement and benefits. Insurance carriers and agents connect with our marketplace through our web-based provider portal. Our portal provides transparent, secure access to marketplace data regarding consumer type, volume and referral pricing, along with sophisticated campaign management tools for targeting consumers based on a wide array of attributes. Our tools are designed to integrate with insurance providers' internal workflows to minimize administrative burden, and can incorporate quote, bind and lifetime value feedback, enabling providers to evaluate and optimize their acquisition and retention campaigns through a single interface.

We offer insurance providers a number of benefits to enable them to drive profitable growth, such as access to a high volume of insurance shoppers, precise targeting capabilities to ensure they connect with the right prospects, high bind rates for consumer referrals through broad data integration with insurance providers, and a flexible advertising channel.

Consumer engagement and benefits. We engage with consumers through multiple channels that include our own websites and our third-party publishers' websites, including verified partners that provide us with quote requests completed by consumers. Additionally, we engage with consumers offline, including through consumer calls placed directly from a call center operated by us, by one of our verified partners, or by a third-party insurance agent.

We aim to make the end-to-end shopping experience for consumers seamless by facilitating delivery of highly relevant insurance product options from a single starting point, reducing time and effort to research and compare insurance product options, and improving the purchase experience to help consumers make better decisions. Broad participation of top-tier insurance carriers within our marketplace enables consumers to efficiently navigate a range of options and offers that are relevant to their insurance coverage searches. By enabling insurance carriers to apply sophisticated targeting, we facilitate access to the most relevant product options for each respective consumer based on consumer-provided demographics and other relevant characteristics.

Our Strengths

We believe that our results driven marketplace provides us a competitive advantage based on the following key strengths:

Proprietary Data Assets and Algorithms. Our marketplace is powered by a proprietary data and technology platform that efficiently attracts insurance shoppers from a diverse and large array of sources, increases the bind rate for consumers, and we believe will drive down the cost of acquisition for providers over time as well as improve our own monetization. Our proprietary data assets and machine learning algorithms efficiently attract consumers, match them with relevant insurance providers and drive our overall business model. We utilize our data assets and machine learning capabilities throughout our business, from advertising and consumer acquisition to the innovation of new consumer and provider experiences, as well as to guide our strategic direction. As our data assets grow, our algorithms become more powerful. We believe our data science capabilities, combining the use of proprietary data assets with scalable machine learning driven automation, give us a significant competitive advantage.

Scale of distribution capacity. Our robust distribution network includes approximately 75 insurance carriers and 6,500 agents representing virtually all major and niche P&C carriers operating in the United States. Our distribution network is a significant competitive advantage that allows us to offer consumers a broad array of insurance solutions and enables us to attract a broad spectrum of consumer traffic efficiently.

Scale of consumer traffic. We attract large volumes of consumer traffic to our marketplace through both our proprietary owned-and-operated assets as well as traffic we purchase through third-party publishers, including our verified partner network. The scale of our combined traffic operations allows us to serve our distribution network with high volumes of consumer traffic across a spectrum of purchasing intent, carrier fit, and lifetime value.

Powerful network effects. Our insurance marketplace benefits from significant network effects. As we attract more consumers to our platform, we collect more data to improve user experience, which in turn improves conversion rates, which we believe will improve consumer satisfaction. Over time, the combination of these factors has increased consumer traffic, leading to more quote requests for our insurance providers. Increased quote requests, combined with quote and bind feedback, improve insurance providers' advertising and marketing efficiency, resulting in more providers and advertising spend in our marketplace. More providers and advertising spend enable us to attract more consumers, generating more data.

Flexible business model. Our cost structure provides us with the flexibility to react to changes in the business cycle. Our largest expense advertising is variable and can be quickly adjusted to market conditions. During periods of economic expansion, we can increase advertising spend to attract consumers to our platform and further enhance the strength of our marketplace. Conversely, during economic downturns, advertising expenses can be rapidly reduced. We are also able to quickly adjust our advertising expense if we believe the revenue associated with it does not result in incremental profit to the business.

Ability to expand with significant operating leverage. We have leveraged our data assets, technology platform and engineering and data science capabilities, along with our growing audience of consumers and network of insurance providers, to expand our platform from the auto insurance market into other markets such as home and renters insurance. We have the ability to enter new verticals with only a modest increase in headcount.

Our Growth Strategies

We aspire to be the largest online source of insurance policies by using data and technology to make insurance simpler, more affordable and personalized. Data-driven innovation is at the core of our strategy, culture and operating focus. With our diverse team of analysts, engineers and business development employees, as well as our relationships with leading third-party insurance providers, we are working to build the largest and most trusted online insurance marketplace in the United States. To achieve this goal, we intend to continue to grow our business by pursuing the following strategies:

Add more insurance providers and increase revenue per provider. We plan to grow the number of insurance providers on our platform by demonstrating the value proposition of our marketplace as an efficient, scalable customer acquisition channel and adding new provider-facing features. While not a factor in our historical increases in revenue per quote request, we believe we have an opportunity to also increase the number of referrals per quote request while maintaining or increasing the bind rate per quote request, which would allow us to increase our revenue at limited marginal cost. In addition, we plan to expand revenue per provider by increasing consumer traffic and quote request volume, adding verticals and innovating advertiser products and services.

Attract more consumers to our marketplace. We plan to expand the number of consumers reaching our marketplace through existing channels by leveraging the superior features and growing data assets of our platform. In addition, we may launch new marketing channels to acquire consumers both online and offline. We believe that there is an opportunity to attract substantially more high-intent consumers to our existing insurance offerings and that there are further expansion opportunities in adjacent verticals.

Expand our platform. We plan to expand and deepen our relationships with our insurance provider customers by providing additional products and services to them. In addition, we may selectively look for opportunities to expand into additional verticals beyond those currently in our marketplace, through either organic development or acquisition.

Technology and Infrastructure

Our technology platform combines internally developed, third-party and open-source software. This combination allows for rapid development and release of high-performance technology solutions in a cost-effective and scalable manner. Our websites and supporting services, as well as our development and test environments, are hosted across industry-standard cloud providers such as Amazon Web Services and Google Cloud Platform. We use content delivery network solutions for fast, local access to our products. We use network, website, service and hardware-level monitoring, coupled with remote-content monitoring, to maintain a high level of uptime and availability for our systems with high-performance delivery.

Our Customers

Our insurance provider customers include insurance carriers and third-party insurance agents. Insurance carriers write auto, home and renters, and life insurance policies for consumers directly and through agents. Our marketplace consists of an extensive network of national and regional carriers as well as technology-enabled start-ups. Our two largest customers together accounted for 27% of our total revenue for the year ended December 31, 2023. We plan to continue to grow both the number of carriers participating in our marketplace and the level of participation from each carrier. Insurance agents deliver auto, home and renters, and life insurance to consumers on behalf of one or more carriers. As of December 31, 2023, we had approximately 6,500 enrolled insurance agencies on our platform. We are focused on further penetrating the large base of more than 100,000 insurance agencies in the United States.

Sales and Marketing

Our sales and marketing efforts are designed to increase engagement by both insurance providers and consumers and enhance their awareness of our company. Our marketing spend across channels is fundamentally algorithmic and performance based. Over time, we believe we will increase our brand equity and recognition as we serve more ad impressions. Additionally, we have built an efficient, consultative sales and customer success organization, which sells our marketplace referrals to insurance carriers and agencies.

Carrier sales and marketing. Our carrier sales and marketing initiatives are designed to deliver high-value content on how carriers can increase efficiency in their customer acquisition efforts by capitalizing on the increasing targetability and personalization enabled by our marketplace. We develop a deep understanding of our carrier customers' objectives to optimize their campaign performance and grow their budgets in our marketplace. We focus on building deep relationships and establishing thought leadership among carriers through our presence at industry tradeshows, targeted delivery of whitepapers and other materials, and personal outreach to key decision makers and marketing teams. Our team takes a data-driven approach to helping insurance carriers bind more policies with their target consumers at a lower cost per sale than other channels.

Agent sales and marketing. Our agent sales and marketing initiatives are designed to reach, educate and acquire insurance agents not yet participating in our marketplace. Our agent marketing strategy focuses on educating agents on how consumer buying behavior is changing and increasingly moving online and how they can better acquire and serve consumers in the digital world through participation in our marketplace. We reach new agents online through email, telephone calls, social media, content marketing and in person at tradeshows and conferences. For our current agent customers, we communicate the value of our platform and educate them on its use through our onboarding process, ongoing outreach and account performance reports. Our agency sales team focuses on onboarding new agents. Our customer success team focuses on agent retention and revenue growth. This team analyzes account performance and consults with agents to optimize their participation in our marketplace, help them achieve growth and return-on-investment objectives, expand volume and add products.

Competition

We face competition to attract consumers to our websites as well as for insurance provider advertising and marketing spend.

Competition for insurance provider advertising and marketing spend. We compete for insurance providers' advertising and marketing spend with other internet sites, performance marketers and online marketing service providers. We also compete with offline media, such as television, radio and direct mail. We believe we compete favorably on the basis of the scale and quality of our consumer referrals, our seamless handoff capability, our ability to align consumers with our providers' preferences and business strategies and the targeting capabilities of our platform.

Competition for consumers. The competition for consumer traffic and advertising space online is broad and diverse. Our competitors offer various marketplaces, products and services that compete with us. Some of these competitors include internet search engines and social media platforms; brand advertisers and brand agencies across a spectrum of industries; sites operated by individual insurance providers; finance and credit savings sites; insurance lead-generation, affiliate and aggregator networks; and marketing services providers for insurers and general marketing services providers. We believe we compete favorably in attracting insurance shoppers due to our superior data assets, consumer acquisition technology, team and data sciences management infrastructure. We believe we also compete favorably in converting consumer traffic into referrals and, ultimately, purchased policies due to the depth of our provider network, our consumer matching algorithms and our intuitive and streamlined consumer interface. Furthermore, we believe the breadth of the insurance provider options in our marketplace gives us an inherent advantage over single-brand insurance providers with respect to conversion and bind rates for consumers.

Employees and Human Capital Resources

Our company culture is data-driven, entrepreneurial, diverse and innovative. As of January 31, 2024, we had 384 employees, of which 381 were full-time.

Our human capital is integral to our future success. For that reason, our human capital resources objectives include attracting, retaining, developing and motivating a diverse team of highly skilled employees at all levels. We value our employees and provide them with competitive cash compensation as well as opportunities for equity ownership. The principal purposes of our equity incentive plans are to attract, retain and motivate employees, consultants and directors through the granting of stock-based compensation awards in ways that encourage long-term retention and are aligned with the interests of our stockholders. We value our employees and regularly benchmark total rewards we provide, such as short- and long-term compensation, 401(k) contributions, health, welfare and quality of life benefits, paid time off and personal leave, against our industry peers to ensure we remain competitive and attractive to potential new hires. In addition, we regularly conduct employee surveys to gauge employee engagement and solicit feedback and enhance our understanding of the views of our employees, work environment and culture. The results from engagement surveys are used to implement programs and processes designed to enhance employee engagement and improve the employee experience.

Regulation

Various aspects of our business are, may become, or may be viewed by regulators from time to time as subject, directly or indirectly, to U.S. federal, state, and foreign laws and regulations. We are subject to laws and regulations that apply to businesses in general, such as those relating to worker classification, employment, payments, worker confidentiality obligations, consumer protection and taxation. As an online business, we are also subject to laws and regulations governing the internet, such as those relating to intellectual property ownership and infringement, trade secrets, the distribution of electronic communications, search engines, consumer privacy, and internet tracking technologies, and could be affected by potential changes to laws and regulations that affect the growth, popularity, or use of the internet, including with respect to net neutrality and taxation on the use of the internet or e-commerce transactions.

Because we work with consumer information and other data and engage in marketing and advertising activities via telephone, email, and text messages, we are also subject to laws and regulations that address privacy, data protection and collection, storing, sharing, use, disclosure, retention, security, protection transfer and other processing of personal information and other data, including the California Consumer Privacy Act, or CCPA, the California Privacy Rights Act, or CPRA, and other state privacy laws, the Controlling the Assault of Non-Solicited Pornography and Marketing Act, or CAN-SPAM Act, and the Telephone Consumer Protection Act of 1991, or TCPA. The burdens imposed by these and other laws and regulations currently in effect or that may be enacted, or new interpretation of existing laws and regulations, may require us to modify our data processing practices and policies and to incur substantial costs in order to comply. We take a variety of technical and organizational security measures and other measures to protect our data, including data pertaining to our consumers, employees, and business partners. Despite measures we put in place, we may be unable to anticipate or prevent unauthorized access to such data.

A substantial majority of the insurance carriers using our platform are P&C insurance carriers. As a result, we are affected by laws and regulations relating to the insurance industry, which is heavily regulated. While it is difficult to determine the impact of potential reforms on our future business, it is possible that such changes in industry regulation could affect our operations and demand for our platform. Because the laws and regulations governing the internet, privacy, data security, marketing, and insurance are constantly evolving and striving to keep pace with innovations in technology and media, it is possible that we may need to materially alter the way we conduct some parts of our business activities or be prohibited from conducting such activities altogether at some point in the future. See —“Risk factors-Risks related to Laws and Regulation.”

Intellectual Property

We seek to protect our intellectual property through a combination of copyrights, trademarks, service marks, domain names, trade secret laws, confidentiality procedures and contractual restrictions.

We have a number of registered and unregistered trademarks. We own federal registrations for trademarks including EVERQUOTE, as well as multiple pending applications. We will pursue additional trademark registrations to the extent we believe doing so would be beneficial to our competitive position.

We are the registered holder of a variety of domestic and international domain names that include “EverQuote” and similar variations.

In addition to relying on the protection provided by these intellectual property rights, we enter into confidentiality and proprietary rights agreements with our employees, consultants, contractors and business partners. Our employees and contractors are also subject to invention assignment agreements. We further control the use of our proprietary technology and intellectual property through provisions in both our general and specific terms of use on our website.

Our Corporate Information

We were incorporated in Delaware on August 1, 2008, under the name AdHarmonics, Inc., and changed our name to EverQuote, Inc. on November 17, 2014. Our principal executive offices are located at 210 Broadway, Cambridge, Massachusetts 02139, and our telephone number at that address is (855) 522-3444. Our website address is www.everquote.com. Our website and the information contained on, or that can be accessed through, the website will not be deemed to be incorporated by reference in, and are not considered part of, this Annual Report on Form 10-K.

Available Information

Our internet address is www.everquote.com. Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, including exhibits, proxy and information statements and amendments to those reports filed or furnished pursuant to Sections 13(a), 14, and 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, are available through the "Investors" portion of our website free of charge as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Information on our website is not part of this Annual Report on Form 10-K or any of our other securities filings unless specifically incorporated herein by reference. In addition, our filings with the Securities and Exchange Commission, or SEC, may be accessed through the SEC's Electronic Data Gathering, Analysis and Retrieval system at *http://www.sec.gov*. All statements made in any of our securities filings, including all forward-looking statements or information, are made as of the date of the document in which the statement is included, and we do not assume or undertake any obligation to update any of those statements or documents unless we are required to do so by law.

ITEM 1A. RISK FACTORS

Investing in our Class A common stock involves a high degree of risk. Certain factors may have a material adverse effect on our business, financial condition and results of operation. 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 consolidated financial statements and the related notes, and in our other filings with the SEC. 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 Class A common stock could decline, and you may lose all or part of your investment.

Risks Related to Our Business and Industry

Our business is highly subject to business cycles and risks related to the property and casualty insurance industries, and specifically automotive insurance. Adverse conditions in the insurance markets, as well as the general economy, could have a material adverse effect on our business, financial condition, and results of operations.

Because a substantial majority of the referrals made through our marketplace are for automotive insurance, our financial prospects depend significantly on the larger automotive industry ecosystem. Revenue from automotive insurance providers accounted for 79% and 80% of our total revenue for 2023 and 2022, respectively. Market cycles in the automotive insurance industry have been, and are expected to continue to be, unpredictable due to a variety of adverse conditions in the insurance industry that have been widely reported, such as deteriorating underwriting performance, a rise in claims, inflation, and inadequate policy premiums. Carriers may continue to decrease the amount of money they spend with us, which may occur rapidly and without warning, and for time periods that can be difficult to predict accurately. For example, in January 2023, we saw a major carrier return to higher spending patterns, but subsequently reduce customer acquisition spending starting in the second quarter of 2023 due to higher than expected claims losses. Customer reductions in marketing and advertising spend have materially and adversely affected our operating results, and we are not able to accurately predict the timing or extent of our recovery from these reductions. We will likely experience similar insurance industry cycles in the future, which could materially and adversely affect our business, financial condition, operating results, cash flows, and prospects.

We depend on relationships with insurance provider customers with no long-term minimum financial commitments. A reduction in spend by our customers, a loss of customers, lower advertising yields, or our inability to establish and maintain new relationships with insurance providers could materially harm our business, results of operations and financial condition.

A substantial majority of our revenue is derived from sales of qualified consumer inquiries sold as referrals in various ways, such as clicks, data and calls, to insurance provider customers, which includes both carriers and agents. We generate revenue from carriers and agents that directly purchase referrals from us. We also generate revenue from carriers that make subsidy payments to us to offset their agents' costs in buying referrals. Our relationships with those customers are dependent on our ability to deliver quality referrals at attractive volumes and prices. If insurance providers are not able to acquire their preferred referrals in our marketplace, they may stop buying referrals from us or decrease the amount they are willing to spend for referrals.

The majority of our insurance provider customers can stop participating in our marketplace or reduce or terminate their marketing spend with us at any time without notice. Furthermore, our agreements with these customers do not require them to spend any minimum amount. As a result, we cannot guarantee that insurance providers will continue to work with us, or, if they do, what their advertising volume, pricing or total spend will be with us. For example, we experienced significantly decreased insurance provider marketing spend in 2023. In addition, we may not be able to attract new insurance providers to our marketplace or increase the amount of revenue we earn from insurance providers over time. If any of our customers decide not to continue to place marketing or advertising on our owned and operated websites or on our third-party publishers' websites, we could experience a rapid decline in our revenue over a relatively short period of time with little to no notice. Any factors that limit our customers' marketing or advertising spend with us could have a material adverse effect on our business, financial condition, operating results and cash flows.

Our carrier customers who make subsidy payments to us on behalf of their agents have no obligation to provide such subsidies and may reduce the amount of these subsidies or cease providing them at any time. For example, one of our largest carrier customers discontinued payment of subsidies to us during the fourth quarter of 2023. This carrier resumed payment of certain subsidies in 2024, but there is no assurance that the carrier will continue to make these or any subsidy payments. If our carrier customers reduce the amounts of or cease providing such subsidies on behalf of their agents, our agent customers may terminate or reduce the extent of their relationships with us. If agents decide to terminate or reduce their relationships with us as a result of the elimination in subsidies, or for any reason, our revenue would likely be reduced, which could have a material adverse effect on our business, financial condition, operating results and cash flows.

We generated a significant portion of our revenue in recent periods from two customers, and our results of operations could be adversely affected and stockholder value harmed if we continue to lose business from these customers.

Revenue from our two largest insurance carrier customers was 27% and 32% in the aggregate of our revenue for the years ended December 31, 2023 and 2022, respectively. We have no assurances that these carrier customers will continue to purchase from us at their historical levels or at all. We have in fact experienced significant decreased levels of purchasing from both of these customers in 2023, including a decrease in subsidies by one of these carrier customers. If either or both of these two customers further reduce their level of purchases from us or discontinue their relationships with us, the loss could have a material adverse effect on our results of operations in both the short and long term

We depend on third-party media sources, such as third-party publishers, for a significant portion of our visitors. Any decline in the supply of media available through these third-party publishers for any reason, or increase in their prices could cause our revenue to decline or our cost to attract visitors to increase and our business and financial results may be harmed.

Our success depends on our ability to attract visitors to our websites or marketplace and solicit inquiries for insurance products and services that we monetize as referrals to our insurance provider customers. A significant portion of our revenue is attributable to visitor traffic originating from third-party publishers. In many instances, third-party publishers can change the media inventory they make available to us, at any time in ways that could impact our results of operations. In addition, third-party publishers may place significant restrictions on our offerings. These restrictions may prohibit advertisements from specific customers or specific industries or restrict the use of certain creative content or formats. If a third-party publisher decides not to make its media channel or inventory available to us, decides to demand a higher revenue share or places significant restrictions on the use of such inventory, we may not be able to find media inventory from other websites that satisfies our requirements in a timely and cost-effective manner. Consolidation of internet advertising networks and third-party publishers could eventually lead to a concentration of desirable inventory on websites or networks owned by a small number of individuals or entities, which could limit the supply or impact the pricing of inventory available to us. If we are unable to acquire media inventory that meets our customers' performance, price and quality requirements, our revenue would decline or our operating costs would increase.

We depend on internet search engines, display advertising, social media, online advertising and other sources to attract visitors to our website or marketplace, or to our third-party publishers' websites. Changes in search engine algorithms, including Google's plans to phase out third-party cookies in Chrome, or increased usage of ad-blocking software may reduce the number of visitors to our website and marketplace or to our third-party publishers' websites and, as a result, our business and financial results may be harmed.

We rely on internet search engines, display advertising, social media, content-based online advertising and other online sources to attract visitors to our website. We are included in search results because of both paid search listings, where we purchase specific search terms that result in the inclusion of our advertisement, and, separately, organic searches that depend upon the content on our sites. Search engines, social media platforms and other online sources often revise their algorithms and introduce new advertising products. If one or more of the search engines or other online sources on which we rely for website traffic were to modify its general methodology for how it displays our advertisements, resulting in fewer visitors clicking through to our websites, our business could suffer. For example, in December 2023, Google announced plans to test a new feature in Chrome that limits cross-site tracking by restricting website access to third-party cookies by default, with a goal of phasing out third-party cookies for everyone in the second half of 2024. In addition, if our online display advertisements are no longer effective or are not able to reach visitors due to their use of ad-blocking software, our business could suffer.

If one or more of the search engines or other online sources on which we rely for purchased listings or visitor traffic modifies or terminates its relationship with us, our expenses could rise and we could lose visitor traffic to our websites. Visitor traffic to our websites and the volume of quote requests generated by visitor traffic varies and can decline from to time, and a decrease in traffic to our or our third-party publishers' websites, for any reason, could have a material adverse effect on our business, financial condition and results of operations. Additionally, even if we are successful in generating such traffic, we may not be able to convert these visits into inquiries.

Limitations restricting our ability to market to users or collect and use data derived from user activities resulting from consumer-adopted technologies, service provider decisions, government regulation, or otherwise could significantly diminish the value of our services and have an adverse effect on our ability to generate revenue.

Limitations restricting our ability to market to users via telephone calls, text messages and emails by service providers could harm our ability to deliver advertising. For example, if email service providers, or ESPs, categorize our emails as "promotional," then these emails may be directed to an alternate and less readily accessible section of a consumer's inbox. In the event ESPs materially limit or halt the delivery of our emails, or if we fail to deliver emails to consumers in a manner compatible with ESPs' email handling or authentication technologies, our ability to contact consumers through email could be significantly restricted. In addition, if we are placed on "spam" lists or lists of entities that have been involved in sending unwanted, unsolicited emails, or if internet service providers prioritize or provide superior access to our competitors' content, our business and results of operations may be adversely affected. Interruptions, failures or defects in our data collection systems, as well as data privacy and security concerns and regulatory changes or enforcement actions affecting our or our data partners' ability to collect user data, could also limit our ability to analyze data from, and thereby optimize, our clients' marketing campaigns. If our access to data is limited in the future, we may be unable to provide effective technologies and services to clients and we may lose clients and revenue.

Additionally, increased adoption of call blocking technology may prevent us from reaching consumers that have expressed an interest in getting insurance information. Moreover, telephone carriers and communication platforms have themselves placed restrictions on our ability to call or send text messages to our consumers. Increased government regulation may also restrict our ability to call or text consumers. For example, the Federal Communications Commission, or FCC, recently published a regulation, currently scheduled to take effect on July 24, 2024, that would require mobile wireless providers to block text messages from telephone numbers flagged by the FCC for allegedly sending unlawful text messages. If calls or text messages to our consumers are blocked, or if insurance providers obtaining data referrals have their calls or text messages blocked due to these call blocking technologies or restrictions, we may see a significant decrease in referrals, the value of our referrals and the number of data and call referrals we are able to sell to insurance providers, which could materially adversely impact our business.

If the way cookies are used or shared, or the use or transfer of cookies is restricted by third parties outside of our control or becomes subject to unfavorable legislation or regulation, our ability to develop and provide certain products or services could be affected.

When a user visits our websites, we use technologies, including "cookies," to collect information such as the user's IP address. We also have relationships with data partners that collect and provide us with user data. We access and analyze this information in order to determine the effectiveness of a marketing campaign and to determine how to modify the campaign for optimization. The use of cookies is the subject of litigation, regulatory scrutiny and industry self-regulatory activities, including the consideration of "do-not-track" technologies, guidelines and substitutes to cookies. With respect to industry self-regulatory activities, the leading web browsing companies have started or announced their intent to block or phase out third-party cookies from their web browsers, as discussed above in "—We depend on internet search engines, display advertising, social media, online advertising and other sources . . . ." Additionally, users are able to block or delete cookies from their browser. Periodically, certain of our customers and third-party publishers seek to prohibit or limit our collection or use of data derived from the use of cookies.

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

Cybersecurity incidents are increasing in frequency and evolving in nature and include, but are not limited to, installation of malicious software, ransomware, viruses, phishing attacks, denial of service or other attacks, breach by intentional or negligent conduct on the part of employees or third-party service providers including third-party publishers, unauthorized access to data and other electronic security breaches. Additionally, increased risks of cyberattacks or data breaches may result from the use of artificial intelligence, or AI, to launch more automated, targeted and coordinated attacks. Concerns about security increase when we transmit information (including personal data) electronically. Electronic transmissions can be subject to attack, interception, loss or corruption. In addition, computer viruses and malware can be distributed and spread rapidly over the internet and could infiltrate our systems or those of our buyers, sellers and third-party service providers. Although we are not aware of any material information security incidents to date, we have detected common types of attempts to access our information systems and data without authorization, such as phishing. Unauthorized access to our systems or those of our third-party service providers could in the future lead to disruptions in systems, accidental or unauthorized access to or disclosure, loss, destruction, disablement or encryption of, use or misuse of or modification of confidential or otherwise protected information (including personal data) and the corruption of data.

Any damage or failure that causes an interruption in our operations could have an adverse effect on our business, financial condition, operating results, cash flows and prospects. In addition, our operations are dependent upon our ability to protect the computer systems and network infrastructure that we utilize 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 could 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.

We take efforts to protect our systems and data, including establishing internal processes and implementing physical, administrative and technical safeguards designed to provide multiple layers of security, and contract with third-party service providers to take similar steps. However, it is difficult or impossible to defend against every risk being posed by changing technologies as well as criminals' intent to commit cyber-crime, and these efforts 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 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, financial condition, operating results, cash flows and prospects.

To the extent our systems rely on our 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 insufficient security measures, data location uncertainty, and the possibility of data storage in inappropriate jurisdictions where laws or security measures may be inadequate. Although we generally have agreements relating to cybersecurity and data privacy in place with our third-party service providers, they are limited in nature and we cannot assure you that such agreements will prevent the accidental or unauthorized access to or disclosure, loss, destruction, disablement or encryption of, use or misuse of or modification of data (including personal data) or enable us to obtain adequate or any reimbursement from our partners or third-party service providers in the event we should suffer any such incidents.

Any or all of the issues identified above could adversely affect our ability to attract or maintain relationships with customers or third-party publishers and could cause them 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, financial condition, operating results, cash flows and prospects. Any accidental or unauthorized access to or disclosure, loss, destruction, disablement or encryption of, use or misuse of or modification of data, cybersecurity breach or other security incident that we or our partners could experience or the perception that one has occurred or may occur, could harm our reputation, reduce the demand for our products and services and disrupt normal business operations. In addition, such events may require us to spend material resources to investigate or remediate issues and to prevent future security incidents, expose us to uninsured liability, increase our risk of regulatory scrutiny, expose us to legal liabilities, including litigation, regulatory enforcement, indemnity obligations or damages for contract breach, and cause us to incur significant costs, any of which could materially adversely affect our business, financial condition and results of operations. Moreover, there could be public announcements regarding any such incidents and any steps we take to respond to or remediate such incidents, and if securities analysts or investors perceive these announcements to be negative, it could have a substantial adverse effect on the price of our Class A common stock. These risks may increase as we continue to grow and collect, process, store, and transmit increasingly large amounts of data. 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 may use AI in our business, and challenges with properly managing its use could result in reputational harm, competitive harm, and legal liability, and adversely affect our results of operations.

We may incorporate AI solutions into our platform, product offerings, services and features, and these applications may become important in our operations over time. Our competitors or other third parties may incorporate AI into their products more quickly or more successfully than we do, which could impair our ability to compete effectively and adversely affect our results of operations. Additionally, if the content, analyses, or recommendations that AI applications assist in producing are or are alleged to be deficient, inaccurate or biased, our business, financial condition and results of operations may be adversely affected. The use of AI applications has resulted in, and may in the future result in, cybersecurity incidents that implicate the personal data of end users of such applications. Any such cybersecurity incidents related to our use of AI applications could adversely affect our reputation and results of operations. AI also presents emerging ethical issues and if our use of AI becomes controversial or harms our insurance provider customers, third-party publishers or consumers, we may experience brand or reputational harm, competitive harm or legal liability. The rapid evolution of AI, including potential government regulation of AI, may require significant resources to develop, test and maintain our platform, offerings, services and features to help us implement AI ethically in order to minimize unintended, harmful impact. Additionally, we may be harmed by the potential release of confidential or proprietary information as a result of the use of AI-based software by employees, vendors, suppliers, contractors, consultants or other third-parties. Further, uncertainties exist in case law

and regulations regarding intellectual property ownership and license rights, including copyright, of AI output, creating risks with respect to both the ability to adequately protect intellectual property underlying AI systems and software as well as inadvertent infringement. Any of these potential risks could result in a material and adverse effect on our business, financial condition, operating results, cash flows and prospects.

If we fail to continually enhance and adapt our products and services to keep pace with rapidly changing technologies and industry standards, we may not remain competitive and could lose customers or traffic to our websites, which could materially adversely affect our business and financial condition, operating results, cash flows and prospects.

The online media and marketing industry is characterized by rapidly changing standards, evolving technologies, frequent new or enhanced product and service introductions and shifting user and insurance provider customer demands. Our success depends on our continued innovation to make our marketplace and websites useful for users, insurance provider customers and third-party providers. The introduction of new technologies and services embodying new technologies and the emergence of new industry standards and practices could render our existing technologies and services obsolete and unmarketable or require unanticipated investments in technology. We continually make enhancements and other modifications to our proprietary technologies as well as our product and service offerings. Those changes may contain design or performance defects that are not readily apparent. Expanded category offerings may experience issues as we launch new products and services. If our proprietary technologies or our new or enhanced products and services fail to achieve their intended purpose or are less effective than technologies or products and services used by our competitors, our business could be harmed. Our future success will also depend in part on our ability to successfully adapt to rapidly changing online media formats and other technologies. If we fail to adapt successfully, we could lose customers or advertising inventory.

If we fail to compete effectively against companies engaged in digital customer acquisition, including competitors and other technology companies, we could lose customers and our revenue may decline.

We compete for insurance provider customers' advertising and marketing budgets and visitor traffic. Our principal competitors in this space include technology companies engaged in digital customer acquisition for insurance providers, as well as other companies including: direct distribution companies focused on insurance products; industry-specific portals or customer acquisition companies with insurance-focused research online destinations; online marketing or media services providers; major internet portals and search engine companies with online advertising platforms; and supply partners with their own sales forces that sell their referrals directly to insurance providers. Finding, developing, and retaining high quality referrals on a cost-effective basis is challenging because competition for web traffic among technology companies engaged in digital customer acquisition, websites, and search engines, as well as competition with traditional media companies, has resulted and may continue to result in significant increases in web traffic costs, declining margins and reduction in revenue.

This industry is highly competitive and we expect this competition to continue to increase in the future, both from existing and new competitors that provide competing platforms or technology. We compete on the basis of a number of factors, including return on investment, technology and customer service. Finding, developing and retaining high quality consumer referrals on a cost-effective basis is challenging because competition for web traffic among technology companies engaged in digital customer acquisition, websites, and search engines, as well as competition with traditional media companies, has resulted and may continue to result in significant increases in web traffic costs, declining margins and reduction in revenue. In addition, if we expand the scope of our services or served markets, we may compete with a greater number of technology companies, websites, buyers and traditional media companies across an increasing range of different services, including in vertical markets where competitors may have advantages in expertise, brand recognition and other areas. Internet search companies with brand recognition have significant numbers of direct sales personnel and web traffic that provide a significant competitive advantage and have a significant impact on pricing for consumer referrals or web traffic. Some of these companies may offer or develop more vertically targeted products that match consumers with products and services or match referrals with buyers and, thus, compete with us more directly. The trend toward consolidation in online marketing may also affect pricing and availability of web traffic inventory. Many of our current and potential competitors also have other competitive advantages over us, such as longer operating histories, greater brand recognition, larger or more diverse client bases, greater access to web traffic more generally, and significantly greater financial, technical and marketing resources. As a result, we may not be able to compete successfully.

Our business depends on our ability to maintain and improve the technology infrastructure necessary to send marketing emails and operate our websites, and any significant disruption in service on our email network infrastructure or websites could result in a loss of consumers, which could harm our business, brand, operating results and financial condition.

Our brand, reputation and ability to attract consumers and insurance providers depend on the reliable performance of our technology infrastructure and content delivery. We use emails to attract consumers to our marketplace. Our systems may not be adequately designed with the necessary reliability and redundancy to avoid performance delays or outages that could be prolonged and harmful to our business. If our websites are unavailable when users attempt to access them, or if they do not load as quickly as expected, users may not return as often in the future, or at all. The operation of these systems is expensive and complex and we could

experience operational failures. Interruptions, delays or failures in these systems, whether due to earthquakes, adverse weather conditions, other 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 websites and applications, and prevent consumers from accessing our services. Such interruptions also could result in third parties accessing our confidential and proprietary information, including our intellectual property or consumer information. Problems with the reliability or security of our systems could harm our reputation, our ability to protect our confidential and proprietary information, result in a loss of users of our marketplace or result in additional costs. If we do not maintain or expand our network infrastructure successfully or if we experience operational failures or prolonged disruptions or delays in the availability of our systems or a significant search engine, we could lose current and potential consumers, which could harm our operating results and financial condition.

Substantially all of the communications, network and computer hardware used to operate our websites are located in the United States in Amazon Web Services and Google Cloud Platform data centers. Although we believe our systems are fully redundant, there may be exceptions for certain hardware. In addition, we do not own or control the operation of these facilities. Our systems and operations are vulnerable to damage or interruption from fire, flood, power loss, telecommunications failure, terrorist attacks, acts of war, electronic and physical break-ins, computer viruses, earthquakes and similar events. The occurrence of any of these events could result in damage to our systems and hardware or could cause them to fail. In addition, we may not have sufficient protection or recovery plans in certain circumstances.

Problems faced by our third-party web hosting providers could adversely affect the experience of users of our marketplace. Our third-party web hosting providers could close their facilities without adequate notice. Any financial difficulties, up to and including bankruptcy, faced by our third-party web hosting providers or any of the service providers with whom they contract may have adverse effects on our business, the nature and extent of which are difficult to predict. If our third-party web hosting providers are unable to keep up with our growing capacity needs, our business could be harmed.

Any errors, defects, disruptions or other performance or reliability problems with our network operations could cause interruptions in access to our marketplace as well as delays and additional expense in arranging new facilities and services and could harm our reputation, business, operating results and financial condition. Although we carry business interruption insurance, it may not be sufficient to compensate us for the potentially significant losses, including the potential harm to the future growth of our business that may result from interruptions in our service as a result of system failures.

We rely on the performance of highly skilled personnel to operate our business, and if we are unable to retain, attract, develop and motivate well-qualified employees, our business and results of operations could be harmed.

We believe our success depends on the efforts and talents of our executives and employees. Our future success depends on our continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and we may incur significant costs to attract and retain them. Experienced technology professionals, who are critical to the success of our business, are in particularly high demand, including employees with AI expertise or experience using AI tools. Competition for their talents is intense, and retaining such individuals can be difficult. The loss of any of our executive officers or key employees could materially adversely affect our ability to execute our business plan and strategy, and we may not be able to find adequate replacements on a timely basis, or at all. Our executive officers and other employees are at-will employees, which means they may terminate their employment relationships with us at any time, and their knowledge of our business and industry would be extremely difficult to replace. We cannot ensure that we will be able to retain the services of any members of our senior management or other key employees. If we do not succeed in attracting well-qualified employees or retaining and motivating existing employees, our business could be materially adversely affected.

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

We recognize commission revenue based on the latest estimated constrained lifetime value, or constrained LTV, for each product. Constrained LTVs are impacted by a number of factors, which include, but are not limited to, carrier mix, policy duration and conversion rates of paying policies. These factors impact historical trends and changes in those factors or in historical trends will affect our constrained LTV 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 or constraints we apply in computing expected lifetime values, such as increased cancellation rates or lower renewal rates, would harm our business, operating results, financial condition and prospects.

Additionally, if customer cancellation rates exceed our expectations or renewal rates are less than expected, we may not receive the commission revenue we have projected to receive, despite our having incurred and recorded the cost to sell the policy. Any adverse impact on cancellation or renewal 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 decrease the remaining commissions receivable balance, which would result in a change to earnings in the period of the write-off.

We are subject to a number of risks related to the credit card and debit card payments we accept.

We accept payments through credit and debit card transactions. For credit and debit card payments, we pay interchange and other fees, which may increase over time. An increase in those fees may require us to increase the prices we charge and would increase our operating expenses, either of which could harm our business, financial condition and results of operations.

We currently rely exclusively on one third-party vendor to provide payment processing services, including the processing of payments from credit cards and debit cards, and our business would be disrupted if this vendor becomes unwilling or unable to provide these services to us and we are unable to find a suitable replacement on a timely basis. If we or our processing vendor fail to maintain adequate systems for the authorization and processing of credit card transactions, it could cause one or more of the major credit card companies to disallow our continued use of their payment products. In addition, if these systems fail to work properly and, as a result, we do not charge our customers' credit cards on a timely basis or at all, our business, revenue, results of operations and financial condition could be harmed.

We are also subject to payment card association operating rules, certification requirements and rules governing electronic funds transfers, which could change or be reinterpreted to make it more difficult for us to comply. We are required to comply with payment card industry security standards. Failing to comply with those standards may violate payment card association operating rules, federal and state laws and regulations, and the terms of our contracts with payment processors. Any failure to comply fully also may subject us to fines, penalties, damages and civil liability, and may result in the loss of our ability to accept credit and debit card payments. Further, there is no guarantee that such compliance will prevent illegal or improper use of our payment systems or the theft, loss or misuse of data pertaining to credit and debit cards, card holders and transactions.

If we were required to draw upon our line of credit, indebtedness could adversely affect our ability to operate our business, financial condition and results of operations.

We have $25.0 million available for borrowing under our revolving line of credit with Western Alliance Bank, and in the future we could incur indebtedness beyond our revolving line of credit.

Borrowing under our revolving line of credit or otherwise, combined with our other financial obligations and contractual commitments, could have significant adverse consequences, including:

- requiring us to dedicate a portion of our cash resources to the payment of interest and principal, reducing money available to fund working capital, capital expenditures, product development and other general corporate purposes;
- increasing our vulnerability to adverse changes in general economic, industry and market conditions;
- subjecting us to restrictive covenants that may reduce our ability to take certain corporate actions or obtain further debt or equity financing (for example, the covenants in the loan and security agreement for our revolving line of credit include limitations on our ability to incur additional indebtedness and engage in certain fundamental business transactions, such as mergers or acquisitions of other businesses);
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we compete; and
- placing us at a competitive disadvantage compared to our competitors that have less debt or better debt servicing options.

In addition, any indebtedness we incur under our current revolving line of credit will bear interest at a variable rate, which would make us vulnerable to increases in the market rate of interest. If the market rate of interest increases substantially, we would have to pay additional interest, which would reduce cash available for our other business needs. We intend to satisfy any future debt service obligations with our existing cash and cash equivalents. Under our Amended Loan Agreement with Western Alliance Bank, our failure to make payments when due or comply with specified covenants, as well as the occurrence of an event that would reasonably be expected to have a material adverse effect on our business, operations, assets or financial condition, is an event of default. If an event of default occurs and the lender accelerates any indebtedness then outstanding, we may need to seek additional financing, which may not be available on acceptable terms, in a timely manner or at all. In such event, we may not be able to make accelerated payments, and the lender could seek to enforce security interests in the collateral securing such indebtedness, which includes substantially all of our assets. In addition, the covenants under our existing debt instruments, the pledge of our assets as

collateral and the negative pledge with respect to our intellectual property could limit our ability to obtain additional debt financing on acceptable terms or at all. Any of these events could have a material adverse effect on our results of operations or financial condition.

Risks related to Laws and Regulation

Negative changes in the regulatory environment, including with respect to the insurance industry, telemarketing restrictions and data privacy requirements, have had in the past, and may in the future have, a material and adverse impact on our revenue, business and growth.

We are subject to regulation regarding the insurance industry.

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. The cost of compliance with such regulations or any non-compliance could impose material costs on us and our partners and could subject us to claims, government enforcement actions, civil and criminal liability or other remedies, including suspension of business operations, which could negatively affect our or their business, marketing practices and budgets, and could have a material and adverse effect on our business, financial condition, operating results, cash flows and prospects.

In addition to the insurance regulatory framework, we and our third-party publishers are subject to many other laws and requirements, including federal, state and local laws and regulations regarding commercial email, telemarketing, search engines, internet tracking technologies, direct marketing, data privacy and security, pricing, sweepstakes, promotions, intellectual property ownership and infringement, trade secrets, export of encryption technology, acceptable content and quality of goods, and taxation, among others. Each of our customer verticals is also subject to various laws and regulations, and our marketing activities on behalf of our customers are regulated. Many of these laws and regulations are frequently changing and can be subject to various interpretations and emphasis, and the extent and evolution of future government regulation is uncertain. Keeping our business in compliance with or bringing our business into compliance with new laws and regulations, therefore, may be costly, affect our revenue and harm our financial results.

We are subject to regulation regarding data privacy and security.

We believe increased regulation may continue to occur in the area of data privacy and security, and laws and regulations applying to the solicitation, collection, retention, deletion, sharing, use and other processing of personal information. At the U.S. federal level, we are subject to the laws and regulations promulgated under the authority of the Federal Trade Commission, which regulates unfair or deceptive acts or practices (including with respect to data privacy and security).

We are or may in the future become subject to state data privacy laws including, but not limited to, the California Consumer Privacy Act of 2018, as amended by the California Privacy Rights Act of 2020, or collectively, the CCPA. The CCPA requires covered businesses to, among other things, provide disclosures to California residents about their data collection, use, sharing and processing practices and, with limited business exceptions, the CCPA affords such individuals various rights with respect to their personal information, including to request deletion of personal information collected about them and to opt-out of certain personal information selling and sharing practices. A number of other states have enacted, or are considering enacting, broad data privacy laws. In addition, laws in all 50 U.S. states require businesses to provide notice under certain circumstances to consumers whose sensitive personal information has been disclosed as a result of a data breach.

Foreign laws and regulations such as the United Kingdom General Data Protection Regulation, or UK GDPR, may also apply to our Northern Ireland operations and employees. The UK GDPR includes a range of compliance obligations and penalties for non-compliance that are significant.

Additionally, we are and in the future may become, subject to various other obligations relating to data privacy and security, including industry standards, external and internal policies, contracts and other obligations, and other potential laws and regulations including those relating to cybersecurity and the use of AI in products or services by federal and state regulators, as well as the adoption of industry guiding principles for cybersecurity and the use of AI, such as by the National Association of Insurance Commissioners, or NAIC. Existing and new data privacy and security laws and regulations could affect, and may result in significant expenditures to ensure, our ability to store, use, share and otherwise process personal information in accordance with applicable laws and regulations. The cost of compliance with new or existing regulations could impose significant costs on our business, which could materially adversely affect our business, financial condition or results of operations.

We are subject to regulation regarding telemarketing and robotexting marketing campaigns.

In connection with our telemarketing campaigns to generate traffic for our customers, we are subject to various state and federal laws regulating telemarketing communications (including SMS or text messaging), including the TCPA, which requires prior express written consent for certain types of telemarketing calls. Our efforts to comply with the TCPA have not had a material impact on traffic conversion rates. However, depending on future traffic and product mix, it could potentially have a material effect on our revenue and profitability, including increasing our and our customers' exposure to enforcement actions and litigation. TCPA regulations have resulted in an increase in individual and class action litigation against marketing companies for alleged TCPA violations. TCPA violations can result in significant financial penalties, including penalties or criminal fines imposed by the FCC or fines of up to $1,500 per violation imposed through private litigation or by state authorities. Additionally, we generate inquiries from users that provide a phone number, and a significant amount of revenue comes from calls made by our internal call centers as well as, in some cases, by third-party publishers' call centers. We also purchase a portion of inquiry data from third-party publishers, including our verified partner network, and cannot guarantee that these third parties will comply with applicable laws and regulations. Any failure by us or the third-party publishers on which we rely for telemarketing, email marketing, and other performance marketing activities to adhere to or successfully implement appropriate processes and procedures in response to existing laws and regulations and changing regulatory requirements could result in legal and monetary liability, significant fines and penalties, or damage to our reputation in the marketplace, any of which could have a material adverse effect on our business, financial condition and results of operations. Furthermore, our customers may make business decisions based on their own experiences with the TCPA regardless of our products and the changes we implemented to comply with the new regulations. These decisions may negatively affect our revenue or profitability.

Changes in regulations, or the regulatory environment, applicable to us or our media sources, third party publishers or customers could also have a material adverse effect on our business. For example, on January 26, 2024, the FCC published regulations furthering what it has characterized as its "multi-pronged approach to unwanted and illegal calls." New rules were adopted concerning so-called "robotexting," which include requirements for blocking texts from "red flagged" numbers, codifying Do-Not-Call rules for text messages, and encouraging an opt-in approach for mobile carrier delivery of email-to-text messages. The new rules also close what the Commission refers to as the "lead generator loophole" by requiring "one-to-one consent" for calls or texts subject to the TCPA prohibition on calls or texts made using an automatic telephone dialing system or pre-recorded/artificial voice messages to wireless or residential numbers absent consent or an emergency purpose. Under the new rule, a separate consent must be obtained from a consumer for each seller to make calls or send texts covered by the wireless or residential number prohibition. As part of its adoption of the new lead generator provision, the Commission also further tightened consent requirements for all telemarketing calls and texts to wireless or residential numbers subject to the wireless or residential number prohibition. The new rules could have a material adverse impact on our media sources and our customers due to increased costs, technological compliance challenges and additional legal risks, including potential liabilities or claims relating to compliance. Decreased participation in online advertising by our media sources or customers as a result of the proposed rules could have a material adverse impact on our business, results of operation and financial condition, as it may reduce the availability to us of qualified inquiries. Additionally, the FCC's new rules, and other future changes in laws may increase our compliance costs, and any failure by us or our media sources or customers to comply with such laws may subject us to significant liabilities.

We are subject to regulation regarding email marketing campaigns.

In connection with our email campaigns to generate traffic for our customers, we are subject to various state and federal laws regulating commercial email communications, including the federal CAN-SPAM Act. If we or any of our third-party publishers fail to comply with any provisions of these laws or regulations, we could be subject to regulatory investigation, enforcement actions and litigation, as well as indemnification obligations with respect to our customers. Any negative outcomes from such regulatory actions or litigation, including monetary penalties or damages, could have a material adverse effect on our financial condition, results of operation and reputation.

We may become subject to litigation, audit or investigation, which could result in financial liability, fines and penalties, restrictions on our operations or reputational damage.

Violations or alleged violations of laws and regulations, or any such obligations, by us, our third-party publishers, our customers or our third-party service providers on which we rely to process personal information on our behalf, could result in enforcement actions, litigation, damages, fines, criminal prosecution, unfavorable publicity, and restrictions on our ability to operate, any of which could have a material adverse effect on our business, financial condition and results of operations. In addition, new laws or regulations (including amendments thereof or changes in enforcement of existing laws or regulations applicable to us or our customers) could affect the activities or strategies of us or our customers and, therefore, lead to reductions in their level of business with us or otherwise impact our business. We may also become subject to audits, inquiries, investigations, claims of non-compliance or lawsuits by federal and state governmental agencies, regulatory agencies, attorneys general and other governmental or regulatory bodies, any of whom may allege violations of legal and regulatory requirements. For our dispositioned assets or businesses, we retain certain liabilities or obligations in connection with our pre-closing actions or omissions, contractual or otherwise. If any audits, inquiries, investigations,

claims of non-compliance and lawsuits by federal and state governmental agencies, regulatory agencies, attorneys general and other governmental or regulatory bodies are unfavorable to us, we may be required to pay monetary fines or penalties or have restrictions placed on our business, which could materially adversely affect our business, financial condition, results of operations and cash flows.

Risks Related to Our Intellectual Property

We may not be able to adequately protect our intellectual property rights.

Our business depends on our intellectual property, the protection of which is crucial to the success of our business. We rely on a combination of trademark, trade secret and copyright law and contractual restrictions to protect our intellectual property. In addition, we attempt to protect our intellectual property, technology and confidential information by requiring our employees and consultants to enter into confidentiality and assignment of inventions agreements and third parties to enter into nondisclosure agreements as we deem appropriate. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our website features, software and functionality or obtain and use information that we consider proprietary.

We may not be able to discover or determine the extent of any unauthorized use or infringement or violation of our intellectual property or proprietary rights. Third parties also may take actions that diminish the value of our proprietary rights or our reputation. The protection of our intellectual property may require the expenditure of significant financial and managerial resources. Litigation may be necessary in the future to enforce our intellectual property rights, to protect our trade secrets, to determine the validity and scope of the proprietary rights of others or to defend against claims of infringement or invalidity. Such litigation could be costly, time-consuming and distracting to management, result in a diversion of resources, the impairment or loss of portions of our intellectual property and could materially adversely affect our business, financial condition and operating results. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights, or may be inadequate to protect our intellectual property. We will not be able to protect our intellectual property if we are unable to enforce our rights or if we do not detect unauthorized use of our intellectual property. Despite our precautions, it may be possible for unauthorized third parties to use information that we regard as proprietary to create product offerings that compete with ours. We also cannot be certain that others will not independently develop or otherwise acquire equivalent or superior technology or other intellectual property rights, which could materially adversely affect our business, financial condition and operating results.

Competitors may adopt service names similar to ours, thereby harming our ability to build brand identity and possibly leading to user confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of the term “EverQuote.” We currently hold the “everquote.com” internet domain name as well as various other related domain names. The regulation of domain names in the United States is subject to change. Regulatory bodies could establish additional top-level domains, appoint additional domain name registrars, or modify the requirements for holding domain names. As a result, we may not be able to acquire or maintain all domain names that use the name EverQuote.

We currently generate revenue only in the United States. To the extent that we determine to expand our business internationally, we will encounter additional risks, including different, uncertain or more stringent laws relating to intellectual property rights and protection.

We may in the future be subject to intellectual property disputes, which are costly to defend and could harm our business and operating results.

From time to time we have faced and may continue to face allegations or claims that we have infringed the trademarks, copyrights, patents and other intellectual property rights of third parties, including from our competitors or non-practicing entities. Such claims, regardless of their merit, could result in litigation or other proceedings and could require us to expend significant financial resources and attention by our management and other personnel that otherwise would be focused on our business operations, result in injunctions against us that prevent us from using material intellectual property rights, or require us to pay damages to third parties. Patent and other intellectual property litigation may be protracted and expensive, and the results are difficult to predict and may result in significant settlement costs or require us to stop offering some features, or purchase licenses or modify our products and features while we develop non-infringing substitutes, but such licenses may not be available on terms acceptable to us or at all, which would require us to develop alternative intellectual property.

Even if these matters do not result in litigation or are resolved in our favor or without significant cash settlements, these matters, and the time and resources necessary to litigate or resolve them, could harm our business, our operating results and our reputation.

As our business expands, we may be subject to intellectual property claims against us with increasing frequency, scope and magnitude. We may also be obligated to indemnify affiliates or other partners who are accused of violating third parties' intellectual property rights by virtue of those affiliates or partners' agreements with us, and this could increase our costs in defending such claims and our damages. For example, many of our agreements with insurance providers and other partners require us to indemnify these entities against third-party intellectual property infringement claims. Furthermore, such insurance providers and partners may discontinue their relationship with us either as a result of injunctions or otherwise. The occurrence of these results could harm our brand or materially adversely affect our business, financial position and operating results.

Confidentiality agreements with employees and others may not adequately prevent disclosure of trade secrets and other proprietary information.

In order to protect our technologies and processes, we rely in part on confidentiality agreements with our employees, independent contractors and other advisors. These agreements may not effectively prevent disclosure of confidential information, including trade secrets, and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. In addition, others may independently discover our trade secrets and proprietary information, and in such cases we may not be able to assert our trade secret rights against such parties. To the extent that our employees, contractors or other third parties with whom we do business use intellectual property owned by others in their work for us, disputes may arise as to the rights to related or resulting know-how and inventions. The loss of confidential information or intellectual property rights, including trade secret protection, could make it easier for third parties to compete with our products. In addition, any changes in, or unexpected interpretations of, intellectual property laws may compromise our ability to enforce our trade secret and intellectual property rights. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain protection of our trade secrets or other proprietary information could harm our business, results of operations, reputation and competitive position.

Our use of "open source" software could adversely affect our ability to protect our proprietary software and subject us to possible litigation.

We use open source software in connection with our software development. From time to time, companies that use open source software have faced claims challenging the use of open source software or compliance with open source license terms. We could be subject to suits by parties claiming ownership of what we believe to be open source software, or claiming non-compliance with open source licensing terms. Some open source licenses require users who distribute software containing open source to make available all or part of such software, which in some circumstances could include valuable proprietary code of the user. While we monitor our use of open source software and try to ensure that none is used in a manner that would require us to disclose our proprietary source code or that would otherwise breach the terms of an open source agreement, such use could inadvertently occur, in part because open source license terms are often ambiguous. Any requirement to disclose our proprietary source code or pay damages for breach of contract could be harmful to our business, results of operations or financial condition, and could help our competitors develop services that are similar to or better than ours.

Taxing authorities may assert that we should have collected or in the future should collect sales, use, value added or similar taxes, and we could be subject to liability with respect to past or future sales, which could adversely affect our operating results.

We do not collect sales, use, value added or similar taxes in jurisdictions in which we have sales, and we believe that such taxes are not applicable, either because we do not have the requisite amount of contacts with the state for the state to be able to impose these taxes or our products and services are not subject to these taxes. Sales, use, value added and similar tax laws and rates vary greatly by jurisdiction. Certain jurisdictions in which we do not collect such taxes may assert that such taxes are applicable, which could result in tax assessments, penalties and interest, to us or our end-customers for the past amounts, and we may be required to collect such taxes in the future. If we are unsuccessful in collecting such taxes from our end-customers, we could be held liable for such costs. Such tax assessments, penalties and interest, or future requirements may adversely affect our operating results. For example, in 2019, we were contacted by a representative from a state's tax assessor's office requesting remittance of uncollected sales taxes. While the state tax assessor's office completed its audit for the period under review and concluded that there were no taxes due, there can be no assurances that we will prevail with respect to our tax positions in the future.

Risks Related to Our Class A Common Stock

An active trading market for our Class A common stock may not be sustained.

In 2023, the average trading volume of our Class A common stock on the Nasdaq Global Market was 381,450 and, as of January 31, 2024, our market capitalization was $432.3 million. Given the limited trading volume and market capitalization, there is a risk that an active trading market for our shares may not be sustained, which could put downward pressure on the market price of our Class A common stock and thereby affect the ability of our stockholders to sell their shares at attractive prices, at the times that they would like to sell them, or at all.

The market price of our Class A common stock has been and may continue to be volatile, which could result in substantial losses for investors and could subject us to securities class action litigation.

The market price of our Class A common stock has been and could continue to be subject to significant fluctuations. For example, our Class A common stock traded within a range of a high price of $63.44 per share and a low price of $4.05 per share for the period beginning June 28, 2018, our first day of trading on the Nasdaq Global Market, through December 31, 2023. Some of the factors that may cause the market price of our Class A common stock to fluctuate include:

- price and volume fluctuations in the overall stock market from time to time;
- volatility in the market price and trading volume of comparable companies;
- actual or anticipated changes in our earnings or fluctuations in our operating results or in the expectations of securities analysts;
- announcements of new service offerings, strategic alliances or significant agreements by us or by our competitors;
- loss of key personnel;
- litigation involving us or that may be perceived as having an adverse effect on our business;
- changes in general economic, industry and market conditions and trends;
- investors' general perception of us;
- sales of large blocks of our stock; and
- announcements regarding industry consolidation.

In addition, equity markets in general, and the equities of technology companies in particular, have experienced and may experience in the future, extreme price and volume fluctuations due to, among other factors, the actions of market participants or other actions outside of our control. Such price and volume fluctuations may adversely affect the market price of our common stock for reasons unrelated to our business or operating results.

In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been brought against that company. For example, we were subject to a class action lawsuit alleging federal securities law violations in connection with our IPO. Because of the past and potential future volatility of our stock price, we may become the target of additional securities litigation in the future. Securities litigation could result in substantial costs and divert management's attention and resources from our business.

The dual-class structure of our common stock has the effect of concentrating voting control with the holders of our Class B common stock, which will limit or preclude the ability of other stockholders to influence corporate matters, including the election of directors, amendments of our organizational documents and any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transaction requiring stockholder approval.

Our Class B common stock has 10 votes per share, and our Class A common stock has one vote per share. Our directors, executive officers and holders of more than 10% of our common stock, and their respective affiliates, held in the aggregate approximately 72% of the voting power of our capital stock as of January 31, 2024; and Link Ventures, directly or through a voting agreement, together with Cogo Labs, held in the aggregate approximately 71% of the voting power of our capital stock as of that date. Because of the 10-to-one voting ratio between our Class B and Class A common stock, the holders of our Class B common stock collectively will continue to control a majority of the combined voting power of our common stock and therefore be able to control all matters submitted to our stockholders for approval. This concentration of voting power will limit or preclude your ability to influence corporate matters for the foreseeable future, including the election of directors, amendments of our organizational documents, and any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transaction requiring stockholder approval. This may also prevent or discourage unsolicited acquisition proposals or offers for our capital stock that you may feel are in your best interest as one of our stockholders. In addition, major stock index providers, such as FTSE Russell and S&P Dow Jones, exclude from their indices non-voting securities or the securities of companies with unequal voting rights. Exclusion from stock indices could make it more difficult, or impossible, for some fund managers to buy our Class A common stock, particularly in the case of index tracking mutual funds and exchange traded funds, which could adversely affect the trading liquidity and market price of our Class A common stock.

Future transfers by holders of Class B common stock will generally result in those shares converting to Class A common stock, subject to limited exceptions, such as certain transfers to trusts and individual retirement accounts. In addition, all shares of Class B common stock will be required to convert to Class A common stock upon the election of a majority by voting power of the outstanding Class B common stock. The conversion of Class B common stock to Class A common stock will have the effect, over time, of increasing the relative voting power of those holders of Class B common stock who retain their shares.

Our status as a "controlled company" could make our Class A common stock less attractive to some investors or otherwise harm our stock price.

More than 50% of our voting power is held by entities affiliated with Link Ventures. As a result, we are a "controlled company" under the rules of the Nasdaq Stock Market. Under these rules, a company of which more than 50% of the voting power is held by an individual, a group or another company is a "controlled company" and, as such, will be exempt from certain corporate governance requirements, including requirements that:

- a majority of the board of directors consist of independent directors;
- director nominees be selected or recommended for the board's selection by independent directors constituting a majority of the independent directors or by a nominations committee with prescribed duties and a written charter and comprised solely of independent directors; and
- the board of directors maintain a compensation committee with prescribed duties and a written charter and comprised solely of independent directors.

We have availed ourselves of certain of these exemptions and, for so long as we qualify as a "controlled company," we will maintain the option to utilize from time to time some or all of these exemptions. For example, we do not have a nominations committee, and director nominees might not be selected or recommended for the board's selection by a qualifying nominations committee or by independent directors constituting a majority of the independent directors, and our compensation committee is not comprised solely of independent directors. Accordingly, should the interests of Link Ventures differ from those of other stockholders, the other stockholders may not have the same protections afforded to stockholders of companies that are subject to all of the Nasdaq Stock Market corporate governance standards. Our status as a controlled company could make our Class A common stock less attractive to some investors or otherwise harm our stock price.

A significant portion of our total outstanding shares may be sold into the public market in the near future, which could cause the market price of our Class A common stock to drop significantly, even if our business is doing well.

We could sell a significant number of shares of our Class A common stock in the public market to raise additional capital or for other corporate purposes without stockholder approval at any time. In addition, the Board of Directors could designate and sell a class of preferred stock with preferential rights over the Class A common stock with respect to dividends or other distributions. We are filing a universal shelf registration statement on Form S-3 with the SEC concurrently with the filing of this Annual Report on Form 10-K, which when declared effective, will register for sale up to $150.0 million of any combination of our common stock, preferred stock, debt securities, warrants, rights or units from time to time and at prices and on terms that we may determine. Any sales under our universal shelf registration statement, or the market perception that the holders of a large number of shares intend to sell shares, could reduce the market price of our Class A common stock.

In addition to our outstanding Class A common stock, as of January 31, 2024, there were 1,896,102 shares of Class A common stock subject to outstanding options, 390,748 shares of either Class A common stock or Class B common stock subject to outstanding options, 2,060,934 shares of Class A common stock subject to outstanding restricted stock unit awards, or RSUs, and an additional 1,816,303 shares of Class A common stock reserved for future issuance under our equity incentive plan. Because we have registered 17,578,382 shares of our Class A common stock and Class B common stock that may be issued under our equity incentive plans pursuant to registration statements on Form S-8, any such shares that we issue can be freely sold in the public market upon issuance, subject to the restrictions imposed on our affiliates under Rule 144.

Moreover, holders of a significant number of shares of our Class A common stock and Class B common stock as of January 31, 2024, have rights, subject to certain conditions, to require us to file registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or other stockholders. Upon registration, such shares would be able to be freely sold in the public market.

***Anti-takeover provisions in our restated certificate of incorporation and our amended and restated bylaws, as well as provisions of Delaware law, might discourage, delay or prevent a change in control of our company or changes in our management and, therefore, depress the trading price of our Class A common stock*.**

Our restated certificate of incorporation and amended and restated bylaws and Delaware law contain provisions that may discourage, delay or prevent a merger, acquisition or other change in control that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares of our Class A common stock. These provisions may also prevent or delay attempts by our stockholders to replace or remove our management or directors. Our corporate governance documents include provisions:

- providing that directors may be removed by stockholders only for cause and only with a vote of the holders of shares representing a majority of the voting power of all shares that stockholders would be entitled to vote for the election of directors;
- limiting the ability of our stockholders to call and bring business before special meetings of stockholders and to take action by written consent in lieu of a meeting;
- requiring advance notice of stockholder proposals for business to be conducted at meetings of our stockholders and for nominations of candidates for election to our board of directors;
- authorizing blank check preferred stock, which could be issued with voting, liquidation, dividend and other rights superior to our Class A common stock; and
- limiting the liability of, and providing indemnification to, our directors and officers.

As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation Law, which limits the ability of stockholders holding shares representing more than 15% of the voting power of our outstanding voting stock from engaging in certain business combinations with us, unless the interested stockholder attained such status with the approval of our board of directors or unless the business combination is approved in a prescribed manner. Any provision of our restated certificate of incorporation or amended and restated bylaws or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our Class A common stock, and could also affect the price that some investors are willing to pay for our Class A common stock.

The existence of the foregoing provisions and anti-takeover measures could limit the price that investors might be willing to pay in the future for shares of our Class A common stock. They could also deter potential acquirers of our company, thereby reducing the likelihood that you could receive a premium for your Class A common stock in an acquisition.

Our restated certificate provides that the Court of Chancery of the State of Delaware is the sole and exclusive forum for substantially all disputes between us and our stockholders. Our restated certificate further provides that the federal district courts of the United States of America are the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. These choice of forum provisions could limit the ability of stockholders to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our restated certificate of incorporation provides that the Court of Chancery of the State of Delaware (or, if the Court of Chancery of the State of Delaware does not have jurisdiction, the federal district court for the District of Delaware) shall, to the fullest extent permitted by law, be the sole and exclusive forum for (1) any derivative action or proceeding brought on behalf of our company, (2) any action asserting a claim of breach of fiduciary duty owed by any director, officer or other employee or stockholder of our company to us or our stockholders, (3) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law or as to which the Delaware General Corporation Law confers jurisdiction on the Court of Chancery or (4) any action asserting a claim governed by the internal affairs doctrine. Our restated certificate of incorporation further provides that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America shall, to the fullest extent permitted by law, be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended, or the Securities Act. In Salzberg v. Sciabacucchi, No. 346, 2019 (Del. Mar. 18, 2020), the Delaware Supreme Court, reversing the Delaware Court of Chancery, held that such federal forum selection provisions are “facially valid” under Delaware law, although there is uncertainty as to whether courts in other states will enforce these provisions and we may incur additional costs of litigation should such enforceability be challenged. Although some courts have disagreed, at least one federal circuit court of appeals has ruled that a bylaw provision requiring all derivative actions be brought in Delaware state court was enforceable with respect to claims under Section 14(a) of the Exchange Act. These choice of forum provisions may limit a stockholder’s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and other employees. Alternatively, if a court were to find the choice of forum provisions contained in our certificate of incorporation to be inapplicable or unenforceable in an

action, we may incur additional costs associated with resolving such action in other jurisdictions, which could materially adversely affect our business, financial condition and operating results.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Identifying and assessing cybersecurity risk is integrated into our overall enterprise risk management systems and processes. Cybersecurity risks related to our business, technical operations, privacy and compliance issues are identified and addressed through a multi-faceted approach including third party assessments, internal IT audits, IT security, governance, and risk and compliance reviews. To defend, detect and respond to cybersecurity incidents, we, among other things: conduct privacy and cybersecurity reviews of systems, applications, and applicable data policies; perform penetration testing using external third-party tools and techniques; conduct employee training; monitor emerging laws and regulations related to data protection and information security; and implement appropriate changes. We have implemented incident response and breach management processes that are overseen by leaders from our information security, engineering, compliance and legal teams regarding matters of cybersecurity. Security threats are evaluated, ranked by severity and prioritized for response and remediation. Potential data security incidents are investigated to determine operational and business impact, applicability of regulatory or contractual data privacy requirements, including state data breach notification statutes, and materiality We conduct tabletop exercises to simulate responses to cybersecurity incidents and collaborate with technical and business stakeholders across our business units to form detection, mitigation and remediation strategies. We also maintain third party security procedures to identify, prioritize, assess, mitigate and remediate third party risks; however, we rely on the third parties we use to implement security programs commensurate with their risk, and we cannot ensure in all circumstances that their efforts will be successful.

Our systems periodically experience directed attacks intended to lead to interruptions and delays in our service and operations as well as loss, misuse or theft of personal information (of third parties, employees, and our members) and other data, confidential information or intellectual property. However, to date these incidents have not had a material impact on our service, systems or business. Any significant disruption to our service or access to our systems could result in a loss of insurance provider customers, third-party publishers, other service providers, or consumer referrals and adversely affect our business and results of operation. Further, a penetration of our systems or a third-party's systems or misappropriation or misuse of personal information could subject us to business, regulatory, litigation and reputation risk, which could have a negative effect on our business, financial condition and results of operations. See "Risk Factors —Our business could be materially and adversely affected by a cybersecurity breach or other attack involving our computer systems or our third-party service providers."

The Chief Information Officer, or CIO, leads our information security organization responsible for overseeing EverQuote's information security program. Our CIO has over 30 years of industry experience managing risks or advising on cybersecurity matters. Team members who support our information security program have relevant educational and industry experience, including holding similar positions at large technology companies. The teams provide regular reports to senior management and other relevant teams on various cybersecurity threats, assessments and findings.

The Board oversees our enterprise risk management processes directly and through its Audit Committee. The Audit Committee of the Board oversees our cybersecurity risk and receives regular reports from our CIO on various cybersecurity matters, including risk assessments, mitigation strategies, areas of emerging risks, incidents and industry trends, and other areas of importance.

ITEM 2. PROPERTIES

Our principal executive offices are located in Cambridge, Massachusetts, where we lease approximately 32,000 square feet of space pursuant to a lease that expires in September 2024, a portion of which we have subleased. We also lease approximately 10,000 square feet of office space in Austin, Texas pursuant to a lease that expires in April 2025. We believe that our current facilities are adequate to meet our immediate needs.

ITEM 3. LEGAL PROCEEDINGS

Information with respect to legal proceedings and this item is included in Note 13 of the Notes to Consolidated Financial Statements contained in Part II, Item 8 of this Annual Report on Form 10-K, which is incorporated herein by reference.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Certain Information Regarding the Trading of Our Common Stock

Our Class A common stock trades under the symbol "EVER" on the Nasdaq Global Market and has been publicly traded since June 28, 2018. Prior to this time, there was no public market for our Class A common stock. Our Class B common stock is not listed or traded on any stock exchange.

Holders of Our Common Stock

As of January 31, 2024, there were approximately 12 holders of record of shares of our Class A common stock and 3 holders of record of shares of our Class B common stock. These amounts do not include stockholders for whom shares are held in "nominee" or "street" name.

Recent Sales of Unregistered Equity Securities

There were no shares of equity securities sold or issued, or options granted, by us during the year ended December 31, 2023 that were not registered under the Securities Act, and that were not previously reported in a Quarterly Report on Form 10-Q or Current Report on Form 8-K.

Issuer Purchases of Equity Securities

We did not purchase any of our registered equity securities during the period from October 1, 2023 to December 31, 2023.

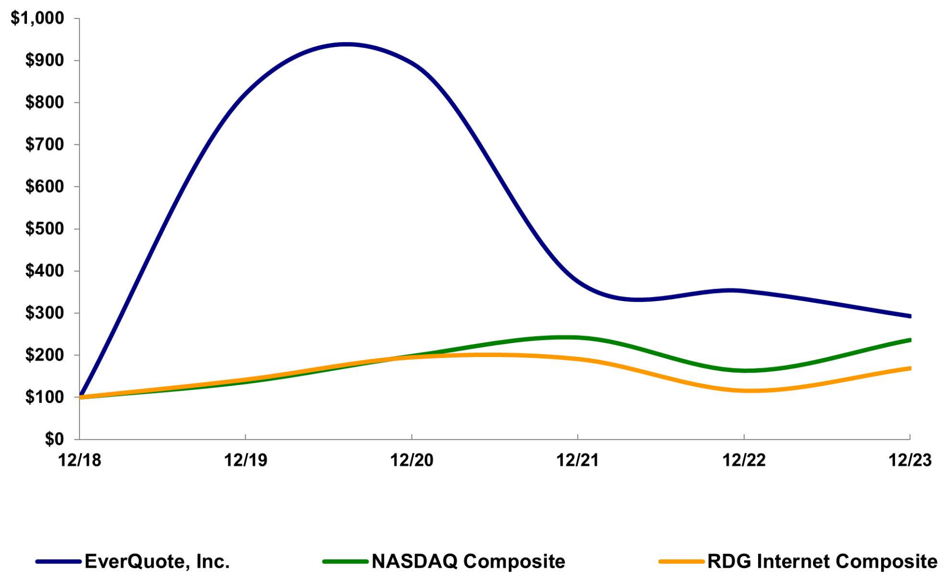
Dividends

We have never declared or paid cash dividends on our capital stock. We anticipate that we will retain all of our future earnings to finance the operation of our business and do not anticipate declaring or paying any cash dividends on our capital stock in the foreseeable future. Any future determination to declare and pay cash dividends, if any, will be made at the discretion of our board of directors and will depend on a variety of factors, including applicable laws, our financial condition, results of operations, contractual restrictions, capital requirements, business prospects, general business or financial market conditions, and other factors our board of directors may deem relevant. In addition, our revolving credit facility contains covenants that could restrict our ability to pay cash dividends.

Stock Performance Graph

The following performance graph shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or incorporated by reference into any filings under the Securities Act or the Exchange Act, except as otherwise expressly set forth by specific reference in such filing.

Set forth below is a line graph, for the five-year period from December 31, 2018 through December 31, 2023, comparing the cumulative total stockholder return of $100 invested (assuming that all dividends were reinvested) in (1) our Class A common stock, (2) all companies listed on the Nasdaq Composite Index and (3) the Research Development Group, or RDG, Internet Composite Index. Returns over the indicated periods should not be considered indicative of future stock prices or stockholder returns.



ITEM 6. RESERVED

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes appearing in Part II, Item 8 of this Annual Report on Form 10-K. Some of the information contained in this discussion and analysis or set forth elsewhere in this Annual Report on Form 10-K, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. As a result of many factors, including those factors set forth in the "Risk Factors" section of this Annual Report on Form 10-K, our actual results could differ materially from the results described in, or implied by, the forward-looking statements contained in the following discussion and analysis.

Overview

We operate a leading online marketplace for insurance shopping, connecting consumers with insurance provider customers, which includes both carriers and agents. Our vision is to become the largest online source of insurance policies by using data, technology and knowledgeable advisors to make insurance simpler, more affordable and personalized. Our results-driven marketplace, powered by our proprietary data and technology platform, is improving the way insurance providers attract and connect with consumers shopping for insurance.

We operate a marketplace to connect insurance providers to a large volume of high-intent, pre-validated consumer referrals that match the insurers' specific underwriting and profitability requirements. The transparency of our marketplace, as well as the campaign management tools we offer, are designed to make it easy for insurance carriers and third-party agents to evaluate the performance of their marketing spend on our platform and manage their own return on investment. We present consumers with a single starting point for a comprehensive insurance shopping experience where consumers can engage with insurance carriers through multiple channels based on their preferences. Our marketplace enables consumers to choose to visit an insurance provider's website to purchase a policy or engage with a carrier or agent by phone or submit their data to insurance providers to receive quotes. Our services are free for consumers, and we derive our revenue from consumer inquires sold as referrals to insurance providers and directly from commissions on sales of policies by our DTC insurance agency.

Since 2011, our core mission has been to make finding insurance easy and more personal, saving consumers and insurance providers time and money. We are working to build the largest and most trusted online insurance marketplace in the United States. In pursuing this goal, we have consistently innovated through our disruptive data driven approach. Highlights of our history of innovation include:

- In 2011, we launched the EverQuote marketplace for auto insurance.
- In 2013, we launched EverQuote Pro, our provider portal, for carriers.
- In 2015, we launched EverQuote Pro for agents.
- In 2016, we added home and life insurance in our marketplace.
- In 2019, we added health and renters insurance in our marketplace.
- In 2020, we launched our DTC insurance offerings in our life vertical and in our health vertical via the acquisition of Crosspointe Insurance & Financial Services, LLC, which we later renamed Eversurance.
- In 2021, we launched our DTC insurance offerings in our auto and home and renters verticals via the acquisition of Policy Fuel LLC and its affiliates, or PolicyFuel.

In June 2023, we committed to exiting our health insurance vertical, an area that would have required significant capital investment and scale to effectively compete amid an increasingly unpredictable regulatory environment, to increase focus on core verticals, and implemented a workforce reduction plan, or the Reduction Plan, to improve operating efficiency. The Reduction Plan included the elimination of 175 employees, or approximately 28%, of our workforce. We expect these reductions to produce cost savings in non-marketing operating expenses of over 15% from periods prior to the Reduction Plan. During the year ended December 31, 2023, we incurred $4.0 million in severance charges in connection with the workforce reduction, consisting of cash expenditures for employee separation costs of $2.7 million, of which $2.1 million were paid by December 31, 2023, and non-cash charges for the modification of certain equity awards of $1.3 million. During the year ended December 31, 2023, we recorded a credit of $0.2 million to restructuring and other charges related to estimated severance payments that were not made.

On August 1, 2023, we sold all of the issued and outstanding membership interests of our former subsidiary, Eversurance LLC, for cash consideration of $13.2 million to MyPlanAdvocate Insurance Solutions Inc. There were no employees of Eversurance LLC at the time of the sale. The assets sold consisted of commissions receivable of $30.8 million, which were expected to be collected over the next seven years, net intangible assets of $1.0 million and other net assets of $0.4 million, including our Evansville, Indiana office lease. We incurred $0.4 million of transaction costs in connection with the sale. Accordingly, we recognized a loss on sale of $19.4 million during the year ended December 31, 2023. We also recorded an impairment charge on our right-of-use asset for our Cambridge, Massachusetts office lease of $0.4 million during the year ended December 31, 2023 in connection with subleases we entered into with two third parties for a portion of the office space. We refer to the exit of our health insurance vertical and the Reduction Plan as our recent restructuring, which we completed by September 30, 2023.

In the years ended December 31, 2023, 2022 and 2021, our total revenue was $287.9 million, $404.1 million and $418.5 million, respectively, representing year-over-year decreases of 28.8% and 3.4% from 2022 to 2023 and 2021 to 2022, respectively. We had net losses of $51.3 million, $24.4 million and $19.4 million for the years ended December 31, 2023, 2022 and 2021, respectively, and had $0.5 million, $5.9 million and $14.6 million in adjusted EBITDA for these same periods, respectively. See the section titled "—Non-GAAP Financial Measure" for information regarding our use of adjusted EBITDA and its reconciliation to net income (loss) determined in accordance with generally accepted accounting principles in the United States, or GAAP.

Factors Affecting Our Performance

We believe that our performance and future growth depend on a number of factors that present significant opportunities for us but also pose risks and challenges, including those discussed below and in the section titled "Risk Factors."

Auto insurance industry risk

For the year ended December 31, 2023, we derived 79% of our revenue from auto insurance providers and our financial results depend on the performance of the auto insurance industry. The auto insurance industry has experienced deteriorated underwriting performance due to a rise in claims, inflation, and inadequate policy premiums. This deteriorated underwriting performance has caused our insurance carrier customers to reduce spending on new customer acquisition, which has had a negative impact on the pricing and demand for consumer referrals in our marketplace during 2022 and 2023.

Furthermore, total revenue from our two largest insurance carrier customers was 27% and 32% of our revenue for the years ended December 31, 2023 and 2022, respectively. In January 2023, we saw one of our major carrier customers return to higher spending patterns, but subsequently reduce customer acquisition spending starting in the second quarter of 2023 and continuing throughout the remainder of 2023 due to higher than expected claims losses. The state of the auto insurance market remains volatile and while we believe we have started to see some improvement in spending patterns, a recovery could be prolonged by further cost inflation, increased claim severity and frequency, or insufficient policy premium increases.

Expanding consumer traffic

Our success depends in part on the growth of our consumer traffic. We have historically increased consumer traffic to our marketplace by expanding existing advertising channels and adding new channels such as by engaging with consumers through our verified partner network. Over the long term, we plan to increase consumer traffic by leveraging the features and growing the data assets of our platform. However, we have decreased advertising spend in response to lower demand for consumer referrals and we have the ability to further decrease advertising spend in the future when the revenue associated with such consumer traffic does not result in incremental profit to our business. We have also increased the number of quote requests acquired from our verified partner network. While we plan to continue to increase the number of quote requests we acquire from our verified partner network, our profitability will be impacted by our ability to acquire quote requests in significant volume, at prices that are attractive, and that represent high-intent shoppers for which insurance providers will purchase referrals.

Increasing the number of insurance providers and their respective spend in our marketplace

Our success also depends on our ability to retain and grow our insurance provider network. Historically, we have generally expanded both the number of insurance providers and the spend per provider on our platform. Recently, we have experienced a decrease in carrier spend in the automotive insurance vertical as described above.

Regulation

Our revenue and earnings may fluctuate from time to time as a result of changes to federal, state, and industry-based laws and regulations, or changes to standards concerning the enforcement thereof. Our business could be affected directly because we operate websites, conduct telephonic and email marketing, and collect, store, share, and use consumer information and other data. Our business also could be affected indirectly if our customers were to adjust their operations as a result of regulatory changes and enforcement activity. For example, the U.S. Federal Trade Commission recently signaled, in public statements and enforcement actions, a new position regarding the consent requirements under the Telemarketing Sales Rule, while the U.S. Federal Communications Commission has proposed changes to the consent rules under the TCPA. Although it is unclear how these changes may ultimately be implemented or interpreted, they could have an impact on the market for insurance quote requests, and may require us and our third-party sources to modify our marketing practices and policies. In addition, a number of states have enacted (and others are considering) broad data privacy laws that could affect our business. Although it remains unclear how these new privacy laws may be modified or interpreted, their effects could have an impact on our business, and may require us to modify our data use practices and policies and incur compliance-related costs and expenses.

Key Business Metrics

We regularly review a number of metrics, including GAAP operating results and the key metrics listed below, to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections, and make operating and strategic decisions. Some of these metrics are non-financial metrics or are financial metrics that are not defined by GAAP.

Adjusted EBITDA

We define Adjusted EBITDA as net income (loss), adjusted to exclude: stock-based compensation expense, depreciation and amortization expense, restructuring and other charges, acquisition-related costs, one-time severance charges, interest income and income taxes. Adjusted EBITDA is a non-GAAP financial measure that we present in this Annual Report on Form 10-K to supplement the financial information we present on a GAAP basis. We monitor and present Adjusted EBITDA because it is a key measure used by our management and board of directors to understand and evaluate our operating performance, to establish budgets and to develop operational goals for managing our business. Adjusted EBITDA should not be considered in isolation from, or as an alternative to, measures prepared in accordance with GAAP. Adjusted EBITDA should be considered together with other operating and financial performance measures presented in accordance with GAAP. Also, Adjusted EBITDA may not necessarily be comparable to similarly titled measures presented by other companies. For further explanation of the uses and limitations of this measure and a reconciliation of Adjusted EBITDA to the most directly comparable GAAP measure, net income (loss), please see "—Non-GAAP Financial Measure".

Variable Marketing Margin

We define variable marketing margin, or VMM, as revenue, as reported in our consolidated statements of operations and comprehensive loss, less advertising costs (a component of sales and marketing expense, as reported in our consolidated statements of operations and comprehensive loss). We use VMM to measure the efficiency of individual advertising and consumer acquisition sources and to make trade-off decisions to manage our return on advertising. We do not use VMM as a measure of profitability.

Key Components of Our Results of Operations

Revenue

We generate our revenue primarily from consumer inquiries sold as referrals to insurance provider customers, consisting of carriers and agents, as well as to indirect distributors. To simplify the quoting process for the consumer and improve performance for the provider, we are able to provide consumer-submitted quote request data along with each referral. We recognize revenue from consumer referrals at the time of delivery. We support three secure consumer referral formats:

- Clicks: An online-to-online referral, with a handoff of the consumer to the provider's website.
- Data: An online-to-offline referral, with quote request data transmitted to the provider for follow-up.
- Calls: An online-to-offline referral for outbound calls and an offline-to-offline referral for inbound calls, with the consumer and provider connected by phone.

We also generate revenue from commissions paid to us by insurance carriers for the sale of policies in our automotive insurance vertical, and prior to our exit from health, in our health insurance vertical. Commission revenue is recognized upon satisfaction of our performance obligation, which we consider to be submission of the policy application to the insurance carrier. We recognize revenue based on our constrained estimate of commission payments we expect to receive over the lifetime of the policies sold, which we refer to as constrained LTVs, of commission payments. Commission revenue represented less than 10% of total revenue for the year ended December 31, 2023.

For the periods presented, our total revenue consisted of revenue generated within our insurance verticals as follows:

	Year Ended December 31,		
	2023	2022	2021
		(in thousands)	
Automotive	$ 227,505	$ 324,417	$ 330,928
Home and Renters	40,889	31,909	37,548
Other	19,527	47,801	50,039
Total Revenue	$ 287,921	$ 404,127	$ 418,515

We expect an overall increase in revenue in 2024, including in our automotive and home and renters verticals, as we anticipate increased spending from our carrier partners. We expect revenue from our other insurance vertical to further decrease in 2024 as a result of our exit from the health insurance vertical.

Cost and Operating Expenses

Our cost and operating expenses consist of cost of revenue, sales and marketing, research and development, general and administrative expenses, restructuring and other charges and acquisition-related costs.

We allocate certain overhead expenses, such as rent, utilities, office supplies and depreciation and amortization of general office assets, to cost of revenue and operating expense categories based on headcount. As a result, an overhead expense allocation is reflected in cost of revenue, sales and marketing, research and development and general and administrative expenses. Personnel-related costs included in cost of revenue and operating expense categories include wages, fringe benefit costs and stock-based compensation expense.

Cost of Revenue

Cost of revenue is comprised primarily of the costs of operating our marketplace and delivering consumer referrals to our customers. These costs consist primarily of technology service costs including hosting, software, data services, and third-party call center costs. In addition, cost of revenue includes depreciation and amortization of our platform technology assets and personnel-related costs.

Sales and Marketing

Sales and marketing expense consists primarily of advertising and marketing expenditures as well as personnel-related costs for employees engaged in sales, marketing, data analytics and consumer acquisition functions and amortization of sales and marketing-related intangible assets. Advertising expenditures consist of variable costs that are related to attracting consumers to our marketplace, generating consumer quote requests, including the cost of quote requests we acquire from our verified partner network, and promoting our marketplace to carriers and agents. Advertising costs are expensed as incurred. Marketing costs consist primarily of content and creative development, public relations, memberships, and event costs. We expect our sales and marketing expense will increase as we expect increased carrier spend for referrals, which will impact our advertising expenditures, though we expect personnel-related costs to decrease in 2024 from 2023 as a result of the Reduction Plan implemented in June 2023.

Research and Development

Research and development expense consists primarily of personnel-related costs for software development and product management. We have focused our research and development efforts on improving ease of use and functionality of our existing marketplace platform and developing new offerings and internal tools. We primarily expense research and development costs. Direct development costs related to software enhancements that add functionality are capitalized and amortized as a component of cost of revenue. We expect that research and development expense will remain relatively flat in 2024 as compared to 2023.

General and Administrative

General and administrative expense consists of personnel-related costs and related expenses for executive, finance, legal, human resources, technical support and administrative personnel as well as the costs associated with professional fees for external legal, accounting and other consulting services, insurance premiums and payment processing and billing costs. We expect that general and administrative expense will decrease in 2024 from 2023, partially as a result of the Reduction Plan implemented in June 2023.

Restructuring and Other Charges

Restructuring and other charges includes costs related to the recent restructuring and our exit of the health insurance vertical. We completed this restructuring and exit from health in 2023.

Acquisition-related

Acquisition-related costs include expenses associated with third-party professional services we utilize for the evaluation and execution of acquisitions as well as changes in the fair value of our contingent consideration liabilities recorded as the result of our acquisitions of Eversurance and PolicyFuel, which occurred in 2020 and 2021, respectively.

Other Income (Expense)

Other income (expense) consists of interest income and other income (expense). Interest income consists of interest earned on invested cash balances. Other income (expense) consists of miscellaneous income (expense) unrelated to our core operations.

Income Taxes

Income tax expense is based on our estimate of taxable income, applicable income tax rates, net research and development tax credits, net operating loss carrybacks, changes in valuation allowance estimates and deferred income taxes.

Non-GAAP Financial Measure

To supplement our consolidated financial statements presented in accordance with GAAP and to provide investors with additional information regarding our financial results, we present in this Annual Report on Form 10-K adjusted EBITDA as a non-GAAP financial measure. Adjusted EBITDA is not based on any standardized methodology prescribed by GAAP and is not necessarily comparable to similarly titled measures presented by other companies.

Adjusted EBITDA. We define adjusted EBITDA as our net income (loss), excluding the impact of stock-based compensation expense; depreciation and amortization expense; restructuring and other charges; acquisition-related costs; one-time severance charges; interest income; and income taxes. The most directly comparable GAAP measure to adjusted EBITDA is net income (loss). We monitor and present in this Annual Report on Form 10-K adjusted EBITDA because it is a key measure used by our management and board of directors to understand and evaluate our operating performance, to establish budgets and to develop operational goals for managing our business. In particular, we believe that excluding the impact of these expenses in calculating adjusted EBITDA can provide a useful measure for period-to-period comparisons of our core operating performance.

We use adjusted EBITDA to evaluate our operating performance and trends and make planning decisions. We believe adjusted EBITDA helps identify underlying trends in our business that could otherwise be masked by the effect of the expenses that we exclude in the calculation of adjusted EBITDA. Accordingly, we believe that adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results, enhancing the overall understanding of our past performance and future prospects.

Adjusted EBITDA is not prepared in accordance with GAAP and should not be considered in isolation of, or as an alternative to, measures prepared in accordance with GAAP. There are a number of limitations related to the use of adjusted EBITDA rather than net income (loss), which is the most directly comparable financial measure calculated and presented in accordance with GAAP. Some of these limitations are:

- adjusted EBITDA excludes stock-based compensation expense as it has recently been, and will continue to be for the foreseeable future, a significant recurring non-cash expense for our business;
- adjusted EBITDA excludes depreciation and amortization expense and, although this is a non-cash expense, the assets being depreciated and amortized may have to be replaced in the future;
- adjusted EBITDA excludes restructuring and other charges, which includes the sale of health assets, that affect cash available to us;

- adjusted EBITDA excludes acquisition-related costs that affect cash available to us and the change in fair value of non-cash contingent consideration liabilities;
- adjusted EBITDA excludes severance charges incurred and paid in the fourth quarter of 2021 related to our reduction in non-marketing operating expenses that affected cash available to us;
- adjusted EBITDA does not reflect the cash received from interest income on our investments, which affects the cash available to us;
- adjusted EBITDA does not reflect income taxes that affects cash available to us; and
- the expenses and other items that we exclude in our calculation of adjusted EBITDA may differ from the expenses and other items, if any, that other companies may exclude from adjusted EBITDA when they report their operating results.

In addition, other companies may use other measures to evaluate their performance, all of which could reduce the usefulness of adjusted EBITDA as a tool for comparison.

The following table reconciles adjusted EBITDA to net income (loss), the most directly comparable financial measures calculated and presented in accordance with GAAP.

Reconciliation of Net Loss to Adjusted EBITDA:

	Year Ended December 31,		
	2023	2022	2021
	(in thousands)		
Net loss	$ (51,287)	$ (24,416)	$ (19,434)
Stock-based compensation	22,808	28,986	30,020
Depreciation and amortization	6,196	5,848	5,072
Restructuring and other charges	23,568	—	—
Acquisition-related costs	(150)	(4,135)	1,065
Severance under a plan	—	—	440
Interest income	(1,251)	(349)	(37)
Income taxes	577	—	(2,510)
Adjusted EBITDA	$ 461	$ 5,934	$ 14,616

Results of Operations

The following tables set forth our results of operations for the periods shown:

	Year Ended December 31,		
	2023	2022	2021
		(in thousands)	
Statement of Operations Data:			
Revenue(1)	$ 287,921	$ 404,127	$ 418,515
Cost and operating expenses(2):			
Cost of revenue	22,455	23,980	23,949
Sales and marketing	240,131	349,255	354,990
Research and development	27,591	31,713	35,732
General and administrative	26,301	28,102	24,703
Restructuring and other charges	23,568	—	—
Acquisition-related costs	(150)	(4,135)	1,065
Total cost and operating expenses	339,896	428,915	440,439
Loss from operations	(51,975)	(24,788)	(21,924)
Other income (expense):			
Interest income	1,251	349	37
Other income (expense), net	14	23	(57)
Total other income (expense), net	1,265	372	(20)
Loss before income taxes	(50,710)	(24,416)	(21,944)
Income tax (expense) benefit	(577)	—	2,510
Net loss	$ (51,287)	$ (24,416)	$ (19,434)
Other Financial and Operational Data:			
Variable marketing margin	$ 100,282	$ 128,258	$ 129,553
Adjusted EBITDA(3)	$ 461	$ 5,934	$ 14,616

(1) Comprised of revenue from the following distribution channels:

	Year Ended December 31,		
	2023	2022	2021
Direct channels	81%	86%	90%
Indirect channels	19%	14%	10%
	100%	100%	100%

(2) Includes stock-based compensation expense as follows:

	Year Ended December 31,		
	2023	2022	2021
		(in thousands)	
Cost of revenue	$ 219	$ 281	$ 363
Sales and marketing	8,667	11,018	12,405
Research and development	8,053	10,328	9,551
General and administrative	5,869	7,359	7,701
Restructuring and other charges	1,288	—	—
	$ 24,096	$ 28,986	$ 30,020

(3) See "—Non-GAAP Financial Measure" for information regarding our use of adjusted EBITDA as a non-GAAP financial measure and a reconciliation of adjusted EBITDA to its comparable GAAP financial measure.

Comparison of the Years Ended December 31, 2023 and 2022

Revenue

	Year Ended December 31,		Change	
	2023	2022	Amount	%
	(dollars in thousands)			
Revenue	$ 287,921	$ 404,127	$ (116,206)	-28.8%

Revenue decreased by $116.2 million from $404.1 million for the year ended December 31, 2022 to $287.9 million for the year ended December 31, 2023. The decrease in revenue was due to a decrease of $96.9 million in our automotive insurance vertical and a decrease of $28.3 million in our other insurance verticals, partially offset by an increase in revenue from our home and renters insurance vertical of $9.0 million. The decrease in revenue from our automotive insurance vertical was primarily due to a decrease in carrier spend for referrals of $83.3 million, including a decrease in subsidies from one of our larger carrier customers, and a decrease in commission revenue of $13.6 million. The decrease in revenue from our other insurance verticals was primarily due to a decrease in commission revenue of $18.7 million and a decrease in carrier spend for referrals of $9.6 million, both due primarily to our exit from health insurance.

Cost of Revenue

	Year Ended December 31,		Change	
	2023	2022	Amount	%
	(dollars in thousands)			
Cost of revenue	$ 22,455	$ 23,980	$ (1,525)	-6.4%
Percentage of revenue	7.8%	5.9%		

Cost of revenue decreased from $24.0 million for the year ended December 31, 2022 to $22.5 million for the year ended December 31, 2023. Cost of revenue decreased primarily due to a decrease in third-party call center costs of $3.1 million as a result of shifting call referrals from third-party call centers to employees and a decrease in calls related to our health insurance vertical. Hosting costs also decreased by $0.9 million. These decreases were partially offset by increased personnel-related costs of $1.4 million due to the shift of call referrals from third-party call centers to employees and an increase in depreciation expense of $1.0 million related primarily to technology assets that will no longer be used.

Sales and Marketing

	Year Ended December 31,		Change	
	2023	2022	Amount	%
	(dollars in thousands)			
Sales and marketing expense	$ 240,131	$ 349,255	$ (109,124)	-31.2%
Percentage of revenue	83.4%	86.4%		

Sales and marketing expenses decreased by $109.1 million from $349.3 million for the year ended December 31, 2022 to $240.1 million for the year ended December 31, 2023. The decrease in sales and marketing expense was primarily due to a decrease in advertising costs of $88.2 million due to a decrease in carrier spend. Sales and marketing expenses also decreased due to our exit from the health insurance vertical, including decreases in personnel-related costs and office and occupancy costs of $15.7 million and $1.0 million, respectively, and decreases in depreciation and amortization expense and agent license fees of $0.7 million and $0.6 million, respectively. Technology services also decreased by $1.1 million and agent marketing decreased by $0.5 million due to lower usage and activity.

Research and Development

	Year Ended December 31,		Change	
	2023	2022	Amount	%
	(dollars in thousands)			
Research and development expense	$ 27,591	$ 31,713	$ (4,122)	-13.0%
Percentage of revenue	9.6%	7.8%		

Research and development expenses decreased by $4.1 million from $31.7 million for the year ended December 31, 2022 to $27.6 million for the year ended December 31, 2023. The decrease in research and development expense was due to a decrease in personnel-related costs.

General and Administrative

	Year Ended December 31,		Change	
	2023	2022	Amount	%
		(dollars in thousands)		
General and administrative expense	$ 26,301	$ 28,102	$ (1,801)	-6.4%
Percentage of revenue	9.1%	7.0%		

General and administrative expenses decreased by $1.8 million from $28.1 million for the year ended December 31, 2022 to $26.3 million for the year ended December 31, 2023. The decrease in general and administrative expenses was primarily due to a decrease in personnel-related costs of $0.9 million and decreases in insurance costs and bad debt expense of $0.5 million each. These decreases were partially offset by a net increase in professional fees of $0.5 million, primarily due to an increase in legal costs.

Restructuring and Other Charges

Restructuring and other charges of $23.6 million for the year ended December 31, 2023 consisted of costs related to the Reduction Plan implemented in June 2023. Restructuring and other charges primarily included the loss on the sale of health insurance vertical assets of $19.4 million and an asset impairment charge of $0.4 million for the right-of-use asset related to our Cambridge, Massachusetts office lease. Restructuring costs and other charges also included net employee separation charges and non-cash compensation related to the restructuring of $3.8 million.

Acquisition-related Costs

Acquisition-related costs for the years ended December 31, 2023 and 2022 were $(0.2) million and $(4.1) million, respectively. We recorded these credits to acquisition-related costs for the years ended December 31, 2023 and 2022 for the decreases in fair value of our contingent consideration liabilities. The decreases in fair value were related to our future revenue forecasts and to a lesser extent, changes in market value of our Class A common stock.

Other Income (Expense)

Other income (expense) included interest income of $1.3 million and $0.3 million for the years ended December 31, 2023 and 2022, respectively. The increase in interest income in 2023 was due to higher interest rates. Other income (expense), net was not significant for either of the years ended December 31, 2023 or 2022.

Income Taxes

Income tax expense of $0.6 million for the year ended December 31, 2023 consisted of foreign and state income expense. We did not record income tax expense for the year ended December 31, 2022 as we offset taxable income with net operating loss carryforwards. We generated taxable income during the year ended December 31, 2022 related primarily to capitalized research and development costs due to the new requirement to capitalize research and development costs under Section 174 of the Internal Revenue Code of 1986. We recorded an income tax benefit of $2.5 million for the year ended December 31, 2021 due to the release of a portion of our valuation allowance as a result of the PolicyFuel acquisition. The net deferred tax liability recorded for the PolicyFuel acquisition primarily relates to the intangible assets recognized in purchase accounting which are non-deductible for tax purposes and result in a deferred tax liability.

Variable Marketing Margin

	Year Ended December 31,		Change	
	2023	2022	Amount	%
		(dollars in thousands)		
Revenue	$ 287,921	$ 404,127	$ (116,206)	-28.8%
Less: total advertising expense (a component of sales and marketing expense)	187,639	275,869		
Variable marketing margin	$ 100,282	$ 128,258	$ (27,976)	-21.8%
Percentage of revenue	34.8%	31.7%		

The decrease in variable marketing margin was due primarily to decreased carrier spend.

Comparison of the Years Ended December 31, 2022 and 2021

For a discussion of our results of operations for the year ended December 31, 2022 as compared to the year ended December 31, 2021, *see* Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—Comparison of the Years Ended December 31, 2022 and 2021 included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

Liquidity and Capital Resources

Our principal sources of liquidity are cash and cash equivalents of $38.0 million as of December 31, 2023 and up to $25.0 million of availability under our revolving line of credit pursuant to the 2023 Amended Loan Agreement (defined as the Amended and Restated Loan and Security Agreement, dated as of August 7, 2020 between us and Western Alliance Bank, as Lender, as amended by the Loan and Security Modification Agreement dated as of July 15, 2022, as amended by the Loan and Security Modification Agreement dated as of August 1, 2023, as amended by the Loan and Security Modification Agreement, dated as of on August 7, 2023).

Pursuant to the 2023 Amended Loan Agreement, borrowings under the revolving line of credit cannot exceed 85% of eligible accounts receivable balances, bear interest at the greater of 7.0% or the prime rate as published in The Wall Street Journal and mature on July 15, 2025. In an event of default, as defined in the 2023 Amended Loan Agreement, and until such event is no longer continuing, the annual interest rate to be charged would be the annual rate otherwise applicable to borrowings under the 2023 Amended Loan Agreement plus 5.00%.

Borrowings are collateralized by substantially all of our assets and property. Under the 2023 Amended Loan Agreement, we have agreed to certain affirmative and negative covenants to which we will remain subject until maturity. The covenants include limitations on our ability to incur additional indebtedness and engage in certain fundamental business transactions, such as mergers or acquisitions of other businesses. In addition, under the 2023 Amended Loan Agreement and through the maturity date, we are required to maintain a minimum Adjusted Quick Ratio of 1.10 to 1.00 defined as the ratio of (1) the sum of unrestricted cash and cash equivalents held at the Lender plus (y) net accounts receivable reflected on our balance sheet to (2) current liabilities, including all borrowings outstanding under the 2023 Amended Loan Agreement, but excluding the current portion of deferred revenue (in each case determined in accordance with GAAP). At any time the Adjusted Quick Ratio is less than 1.30 to 1.00 the Lender shall have the ability to use our cash receipts to repay outstanding obligations until such time as the Adjusted Quick Ratio is equal to or greater than 1.30 to 1.00 for two consecutive months. As of December 31, 2023, we were in compliance with these covenants and we had no amounts outstanding under the revolving line of credit.

In addition, we are filing a universal shelf registration statement on Form S-3 with the SEC concurrently with the filing of this Annual Report on Form 10-K, which when declared effective, will register for sale up to $150.0 million of any combination of our common stock, preferred stock, debt securities, warrants, rights or units from time to time and at prices and on terms that we may determine. The net proceeds of any securities we sell under this registration statement may be used for general corporate purposes, including among other possible uses, the acquisition of companies or businesses, repayment and refinancing of debt, working capital and capital expenditures. At this time we have no plans to sell any such securities under this registration statement

Since our inception, we have incurred operating losses and may continue to incur losses in the foreseeable future. We believe our existing cash and cash equivalents will be sufficient to fund our operating expenses and capital expenditure requirements for at least the next 12 months, without considering the borrowing availability under our revolving line of credit. Our future capital requirements may vary materially from those currently planned and will depend on many factors, including our revenue, the timing and extent of spending on business initiatives, purchases of capital equipment to support our growth, sales and marketing activities, impact to our business from our recent restructuring, expansion of our business through acquisitions or our investments in complementary offerings, technologies or businesses, market acceptance of our platform and overall economic conditions. If we do not achieve our revenue goals as planned, we believe that we can reduce our operating costs. If we need additional funds and are unable to obtain funding on a timely basis, we may need to significantly curtail our operations in an effort to provide sufficient funds to continue our operations, which could adversely affect our business prospects.

Cash Flows

The following table shows a summary of our cash flows:

	Year Ended December 31,		
	2023	2022	2021
		(in thousands)	
Net cash provided by (used in) operating activities	$ (2,828)	$ (15,791)	$ 7,189
Net cash provided by (used in) investing activities	9,354	(4,290)	(18,817)
Net cash provided by financing activities	577	15,842	3,615
Effect of exchange rate changes on cash, cash equivalents and restricted cash	18	(27)	(6)
Net increase (decrease) in cash, cash equivalents and restricted cash	$ 7,121	$ (4,266)	$ (8,019)

Operating activities

Operating activities used $2.8 million and $15.8 million of cash during the years ended December 31, 2023 and 2022, respectively. Cash used by operating activities in the year ended December 31, 2023 resulted from our net loss of $51.3 million and net cash used by changes in our operating assets and liabilities of $1.7 million, partially offset by net non-cash charges of $50.1 million, which included a loss on sale of health assets of $19.4 million. Net cash used by changes in our operating assets and liabilities consisted primarily of a $15.0 million decrease in accounts payable and accrued expenses and other current liabilities, partially offset by an $8.2 million decrease in accounts receivable, a $4.2 million decrease in commissions receivable and a $1.0 million decrease in prepaid expenses and other current assets.

Cash used by operating activities in the year ended December 31, 2022 resulted from our net loss of $24.4 million and net cash used by changes in our operating assets and liabilities of $22.8 million, partially offset by net non-cash charges of $31.4 million. Net cash used by changes in our operating assets and liabilities consisted primarily of a $24.2 million increase in commissions receivable, a $2.1 million increase in prepaid expenses and other current assets and a $1.3 million decrease in accounts payable and accrued expenses and other current liabilities, partially offset by a $5.4 million decrease in accounts receivable.

Changes in accounts receivable, prepaid expenses and other current assets and accounts payable and accrued expenses and other current liabilities were generally due to level of activity in our business and timing of customer and vendor invoicing and payments. Collection of commissions receivable depends upon the timing of our receipt of commission payments from insurance carriers. A significant portion of our commissions receivable asset is classified as long term.

Investing activities

Net cash provided by investing activities was $9.4 million for the year ended December 31, 2023, consisting of cash proceeds from the sale of Eversurance LLC of $13.2 million, partially offset by the acquisition of property and equipment of $3.8 million, which included the capitalization of certain software development costs. Net cash used in investing activities was $4.3 million for the year ended December 31, 2022, consisting of cash used to acquire property and equipment, which included the capitalization of software development costs. During each of the years ended December 31, 2023 and 2022, we capitalized $3.6 million of software development costs.

Financing activities

During the years ended December 31, 2023 and 2022, net cash provided by financing activities was $0.6 million and $15.8 million, respectively. Net cash provided by financing activities during the year ended December 31, 2023 consisted of proceeds received from the exercise of common stock options, partially offset by tax withholding payments relating to net share settlements. Net cash provided by financing activities during the year ended December 31, 2022 consisted primarily of $15.0 million of proceeds from the issuance and sale of shares of common stock in a private placement with Recognition Capital, LLC, an entity which is owned and controlled by David Blundin, Chairman of the Board of Directors and co-founder of the Company, and $0.9 million from the exercise of common stock options.

For a discussion of our cash flows for the year ended December 31, 2021, *see* Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Cash Flows included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

Contractual Obligations and Commitments

Our cash flows are dependent on a number of factors in addition to our operational expenditures, including our contractual and other obligations. As a result, our liquidity and capital resources in future periods should be analyzed in conjunction with such factors.

We lease office space in Cambridge, Massachusetts under a non-cancelable operating lease that expires in September 2024. We lease office space in Austin, Texas pursuant to a lease that expires in April 2025. As of December 31, 2023, we were obligated to make total minimum lease payments of $2.2 million under such leases, of which $2.1 million is payable in 2024.

We have outstanding agreements with various vendors for hosting and other technical services. We believe that we will be able to fund these obligations through our existing cash and cash equivalents.

Critical Accounting Policies and Significant Judgments and Estimates

Our consolidated financial statements are prepared in accordance with GAAP. The preparation of our consolidated financial statements and related disclosures requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue, costs and expenses, and the disclosure of contingent assets and liabilities in our consolidated financial statements. We base our estimates on historical experience, known trends and events, and various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates under different assumptions or conditions.

While our significant accounting policies are described in more detail in Note 2 to our audited consolidated financial statements, appearing in Part II, Item 8 of this Annual Report on Form 10-K, we believe that the following accounting policies are those most critical to the judgments and estimates used in the preparation of our consolidated financial statements.

Revenue Recognition

We derive our revenue primarily by selling consumer referrals to our insurance provider customers, including insurance carriers, agents and indirect distributors. We also generate revenue from commission fees for the sale of policies, primarily in our automotive insurance vertical, and prior to our exit from health, in our health insurance vertical. To determine revenue recognition for arrangements that we determine are within the scope of ASC 606 Revenue from Contracts with Customers, or ASC 606, we perform the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) we satisfy a performance obligation.

We only apply the five-step model to contracts when collectibility of the consideration to which we are entitled in exchange for the goods or services we transfer to the customer is determined to be probable. Amounts are recorded as accounts receivable when our right to consideration is unconditional. We do not assess whether a contract has a significant financing component if the expectation at contract inception is that the period between payment by the customer and the transfer of the promised goods or services to the customer will be one year or less.

Referral Revenue

We recognize referral revenue when we satisfy our performance obligations by delivering the referrals to our customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those referrals.

Commission Revenue

Our commission revenue consists of the constrained LTVs of commission payments that we expect to receive in our automotive insurance vertical, and prior to our exit from health, that we expected to receive in our health insurance vertical on the sale of insurance policies to consumers and renewals of such policies. Commission revenue is recognized upon satisfaction of our performance obligation. We consider our performance obligation related to commissions for both the initial policy sale and future renewals of the policy to be satisfied upon submission of the policy application. Therefore, a significant portion of the commission revenue we record upon satisfaction of our performance obligation is paid by our insurance provider customer over a multi-year time frame as policyholders renew and pay the insurance provider for their policies. The current portion of commissions receivable consists of estimated commissions on new policies sold and estimated renewal commissions on policies expected to be renewed within one year, while the non-current portion of commissions receivable are commissions for estimated renewals expected to be renewed beyond one year. Commission revenue represented less than 10% of total revenue for the year ended December 31, 2023.

Commission revenue from auto insurance carriers consists of constrained LTVs of commission payments we expect to receive for selling an insurance policy based on the effective date of the policy. Our estimate of constrained LTVs is based on an analysis of historical commission payment trends for relevant policies to establish an expected lifetime value and incorporates management's judgment in interpreting those trends to calculate LTVs and to apply constraints to such LTVs. The most significant factor impacting historical trends is average policy duration. We apply a constraint to our estimated LTVs to only recognize the amount of variable consideration that we believe is probable that we will be entitled to receive and will not be subject to a significant revenue reversal in the future. To the extent that commission payment trends change or the underlying factors impacting commission payments change, our estimate of constrained LTVs could be materially impacted. To the extent we make changes to our estimates of constrained LTVs, we recognize any material impact of the change to commission revenue in the reporting period in which the change is made, including revisions of estimated lifetime commissions either below or in excess of previously estimated constrained LTVs recognized as an adjustment to revenue and the related contract asset. We recognize revenue for new policies by applying the latest estimated constrained LTV for that product. We had commissions receivable of $12.0 million as of December 31, 2023, of which $4.3 million was classified as current.

Goodwill and Acquired Intangible Assets

We record goodwill when consideration paid in a business acquisition exceeds the value of the net assets acquired. Our estimates of fair value are based upon assumptions believed to be reasonable at that time but that are inherently uncertain and unpredictable. Assumptions may be incomplete or inaccurate, and unanticipated events or circumstances may occur, which may affect the accuracy or validity of such assumptions, estimates or actual results. During the measurement period, which extends no later than one year from the acquisition date, we may record certain adjustments to the carrying value of the assets acquired and liabilities assumed with the corresponding offset to goodwill. After the measurement period, all adjustments are recorded in the consolidated statements of operations and comprehensive loss as operating expenses or income.

Goodwill is not amortized, but rather is tested for impairment annually in the fourth quarter, or more frequently if facts and circumstances warrant a review, such as significant underperformance of the business in relation to expectations, significant negative industry or economic trends and significant changes or planned changes in the use of the assets. We have determined that there is a single reporting unit for the purpose of conducting our goodwill impairment assessment. We assess both the existence of potential impairment and the amount of impairment loss by comparing the fair value of the reporting unit with its carrying amount, including goodwill. Intangible assets are recorded at their estimated fair values at the date of acquisition. We amortize acquired intangible assets over their estimated useful lives based on the pattern of consumption of the economic benefits or, if that pattern cannot be readily determined, on a straight-line basis. To date, we have not recorded any impairments of goodwill or acquired intangible assets.

Valuation of Contingent Consideration

In connection with our acquisitions of Eversurance and PolicyFuel we agreed to issue shares of Class A common stock to the former owners upon the achievement of certain revenue targets. Achievement of revenue targets that result in the issuance of a variable number of shares of Class A common stock are accounted for as a liability. We estimated the fair value of the shares of Class A common stock issuable upon achievement of the targets as of the acquisition date. We remeasure the fair value of the shares of Class A common stock issuable at each subsequent reporting date until the liability is fully settled. We use Monte Carlo simulation models in our estimates. The estimated fair value of the contingent consideration is based upon available information and certain assumptions, known at the time of our estimates, which management believes are reasonable. Changes in the fair value of contingent consideration related to updated assumptions and estimates are recognized as acquisition-related costs.

We used a Monte Carlo simulation model in our estimates of the fair value of the contingent consideration related to the PolicyFuel acquisition that will be settled based on achievement at varying levels of three annual targets. The most significant assumptions and estimates utilized in the model include forecasted revenue (an acquisition specific input) and the market value of our Class A common stock (an observable input). Other assumptions utilized in the model include equity volatility, revenue volatility and discount rate. We issued 62,671 shares of our Class A common stock in December 2022 to settle the first milestone related to the PolicyFuel contingent consideration. The fair value of our contingent consideration liability for the PolicyFuel shares for the second and third milestones was zero as of December 31, 2023.

Stock-Based Compensation

We measure stock options and other stock-based awards granted to employees, nonemployees and directors based on their fair value on the date of the grant. We recognize compensation expense of employee awards, net of estimated forfeitures, over the requisite service period, which is generally the vesting period of the respective award. We apply the straight-line method of expense recognition to all employee awards with only service-based vesting conditions and apply the graded-vesting method to all employee awards with both service-based and performance-based vesting conditions, commencing when achievement of the performance condition becomes probable. Compensation expense for nonemployee awards is recognized in the same manner as if we had paid cash for the goods or services received, which is generally the vesting period of the respective award.

We estimate the fair value of stock options with service-based vesting or performance-based vesting granted to employees, nonemployees and directors using the Black Scholes option pricing model, which uses as inputs the fair value of our common stock and assumptions we make for the volatility of our common stock, the expected term of our common stock options, the risk-free interest rate for a period that approximates the expected term of our common stock options, and our expected dividend yield. We measure stock options with market-based vesting based on the fair value on the date of grant using a Monte Carlo simulation model. We estimate the fair value of each RSU based on the market value of our common stock.

Recently Issued Accounting Pronouncements

A description of recently issued accounting pronouncements that may potentially impact our financial position and results of operations is disclosed in Note 2 to our audited consolidated financial statements appearing in Part II, Item 8 of this Annual Report on Form 10-K.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have a credit agreement that provides us with credit at a floating rate of interest. As of December 31, 2023, we had no outstanding borrowings under our credit facility and therefore no material exposure to fluctuations in interest rates.

We contract with vendors in foreign countries and we have foreign subsidiaries. As such, we have exposure to adverse changes in exchange rates of foreign currencies associated with our foreign transactions and our foreign subsidiaries. We believe this exposure to be immaterial. We do not hedge against this exposure to fluctuations in exchange rates.

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

EVERQUOTE, INC.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of EverQuote, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of EverQuote, Inc. and its subsidiaries (the "Company") as of December 31, 2023 and 2022, and the related consolidated statements of operations and comprehensive loss, of stockholders' equity and of cash flows for each of the three years in the period ended December 31, 2023, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

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

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

Critical Audit Matters

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

Revenue Recognition – Revenue from Certain Referrals

As described in Note 2 to the consolidated financial statements, the Company derives its revenue primarily by selling consumer referrals to its insurance provider customers, including insurance carriers, agents and indirect distributors. Revenue from certain referrals makes up the majority of total revenue of $287.9 million. The Company recognizes referral revenue when it satisfies its performance obligations by delivering the referrals to its customers in an amount that reflects the consideration to which it expects to be entitled in exchange for those referrals.

The principal consideration for our determination that performing procedures relating to revenue recognition from certain referrals is a critical audit matter is a high degree of auditor effort in performing procedures related to the Company's revenue recognition from certain referrals.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the referral revenue recognition process. These procedures also included, among others (i) evaluating revenue from certain referral transactions by testing the issuance and settlement of invoices and credit memos; (ii) tracing transactions not settled to a detailed listing of accounts receivable; (iii) confirming a sample of outstanding customer invoice balances at year end and, where applicable, obtaining and inspecting source documents, such as subsequent cash receipts, invoices, and other supporting documentation for confirmations not returned; and (iv) testing the completeness and accuracy of data provided by management.

/s/ PricewaterhouseCoopers LLP

Boston, Massachusetts
February 27, 2024

We have served as the Company's auditor since 2014.

EVERQUOTE, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)

	December 31,	
	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	$ 37,956	$ 30,835
Accounts receivable, net	21,181	29,604
Commissions receivable, current portion	4,349	13,530
Prepaid expenses and other current assets	5,755	7,005
Total current assets	69,241	80,974
Property and equipment, net	5,719	6,460
Goodwill	21,501	21,501
Acquired intangible assets, net	5,188	7,955
Operating lease right-of-use assets	1,617	5,769
Commissions receivable, non-current portion	7,630	33,410
Other assets	29	450
Total assets	$ 110,925	$ 156,519
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 17,202	$ 30,680
Accrued expenses and other current liabilities	8,784	9,924
Deferred revenue	1,872	1,867
Operating lease liabilities	2,090	2,936
Total current liabilities	29,948	45,407
Operating lease liabilities, net of current portion	70	3,501
Other long-term liabilities	—	125
Total liabilities	30,018	49,033
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Preferred stock, $0.001 par value; 10,000,000 shares authorized; no shares issued and outstanding	—	—
Class A common stock, $0.001 par value; 220,000,000 shares authorized; 28,574,239 shares and 26,447,880 shares issued and outstanding at December 31, 2023 and 2022, respectively	29	26
Class B common stock, $0.001 par value; 30,000,000 shares authorized; 5,604,278 shares and 6,139,774 shares issued and outstanding at December 31, 2023 and 2022, respectively	6	6
Additional paid-in capital	294,191	269,521
Accumulated other comprehensive income (loss)	29	(6)
Accumulated deficit	(213,348)	(162,061)
Total stockholders' equity	80,907	107,486
Total liabilities and stockholders' equity	$ 110,925	$ 156,519

The accompanying notes are an integral part of these consolidated financial statements.

EVERQUOTE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(In thousands, except per share amounts)

	Year Ended December 31,		
	2023	2022	2021
Revenue	$ 287,921	$ 404,127	$ 418,515
Cost and operating expenses:			
Cost of revenue	22,455	23,980	23,949
Sales and marketing	240,131	349,255	354,990
Research and development	27,591	31,713	35,732
General and administrative	26,301	28,102	24,703
Restructuring and other charges	23,568	—	—
Acquisition-related costs	(150)	(4,135)	1,065
Total cost and operating expenses	339,896	428,915	440,439
Loss from operations	(51,975)	(24,788)	(21,924)
Other income (expense):			
Interest income	1,251	349	37
Other income (expense), net	14	23	(57)
Total other income (expense), net	1,265	372	(20)
Loss before income taxes	(50,710)	(24,416)	(21,944)
Income tax (expense) benefit	(577)	—	2,510
Net loss	$ (51,287)	$ (24,416)	$ (19,434)
Net loss per share, basic and diluted	$ (1.54)	$ (0.77)	$ (0.67)
Weighted average common shares outstanding, basic and diluted	33,350	31,613	29,088
Comprehensive loss:			
Net loss	$ (51,287)	$ (24,416)	$ (19,434)
Other comprehensive income (loss):			
Foreign currency translation adjustment	35	(16)	17
Comprehensive loss	$ (51,252)	$ (24,432)	$ (19,417)

The accompanying notes are an integral part of these consolidated financial statements.

EVERQUOTE, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except share amounts)

	Class A Common Stock		Class B Common Stock		Additional Paid-in	Accumulated Other Comprehensive	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Income (Loss)	Deficit	Equity
Balances at December 31, 2020	20,784,065	$ 21	7,429,502	$ 7	$ 189,172	$ (7)	$ (118,211)	$ 70,982
Issuance of common stock to settle contingent consideration liability	39,168	—	—	—	—	—	—	—
Issuance of common stock upon exercise of stock options	572,429	1	—	—	3,614	—	—	3,615
Vesting of restricted stock units	1,127,509	1	—	—	—	—	—	1
Stock-based compensation expense	—	—	—	—	29,944	—	—	29,944
Transfer of Class B common stock to Class A common stock	1,021,824	1	(1,021,824)	(1)	—	—	—	—
Foreign currency translation adjustment	—	—	—	—	—	17	—	17
Net loss	—	—	—	—	—	—	(19,434)	(19,434)
Balances at December 31, 2021	23,544,995	24	6,407,678	6	222,730	10	(137,645)	85,125
Private placement of common stock	1,004,016	1	—	—	14,999	—	—	15,000
Issuance of common stock to settle Eversurance contingent consideration liability	58,754	—	—	—	830	—	—	830
Issuance of common stock to settle PolicyFuel contingent consideration liability	62,671	—	—	—	1,059	—	—	1,059
Issuance of common stock upon exercise of stock options	138,816	1	—	—	941	—	—	942
Net issuance of common stock upon vesting of restricted stock units	1,370,724	—	—	—	64	—	—	64
Stock-based compensation expense	—	—	—	—	28,898	—	—	28,898
Transfer of Class B common stock to Class A common stock	267,904	—	(267,904)	—	—	—	—	—
Foreign currency translation adjustment	—	—	—	—	—	(16)	—	(16)
Net loss	—	—	—	—	—	—	(24,416)	(24,416)
Balances at December 31, 2022	26,447,880	26	6,139,774	6	269,521	(6)	(162,061)	107,486
Issuance of common stock upon exercise of stock options	174,777	—	—	—	979	—	—	979
Net issuance of common stock upon vesting of restricted stock units	1,416,086	3	—	—	(405)	—	—	(402)
Stock-based compensation expense	—	—	—	—	24,096	—	—	24,096
Transfer of Class B common stock to Class A common stock	535,496	—	(535,496)	—	—	—	—	—
Foreign currency translation adjustment	—	—	—	—	—	35	—	35
Net loss	—	—	—	—	—	—	(51,287)	(51,287)
Balances at December 31, 2023	28,574,239	$ 29	5,604,278	$ 6	$ 294,191	$ 29	$ (213,348)	$ 80,907

The accompanying notes are an integral part of these consolidated financial statements.

EVERQUOTE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31,		
	2023	2022	2021
Cash flows from operating activities:			
Net loss	$ (51,287)	$ (24,416)	$ (19,434)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization expense	6,196	5,848	5,072
Stock-based compensation expense	24,096	28,986	30,020
Loss on sale of health assets	19,388	—	—
Impairment of right-of-use asset	384	—	—
Change in fair value of contingent consideration liabilities	(150)	(4,135)	196
Deferred taxes	—	—	(2,510)
Provision for (recovery of) bad debt	204	693	(41)
Unrealized foreign currency transaction (gains) losses	21	(9)	24
Changes in operating assets and liabilities, net of effects from acquisition:			
Accounts receivable	8,219	5,362	10,511
Prepaid expenses and other current assets	962	(2,111)	1,801
Commissions receivable, current and non-current	4,176	(24,240)	(16,871)
Operating lease right-of-use assets	2,497	2,613	2,710
Other assets	421	(19)	534
Accounts payable	(13,411)	1,124	(3,968)
Accrued expenses and other current liabilities	(1,543)	(2,375)	2,692
Deferred revenue	5	(229)	227
Operating lease liabilities	(3,006)	(2,883)	(2,840)
Other long-term liabilities	—	—	(934)
Net cash provided by (used in) operating activities	(2,828)	(15,791)	7,189
Cash flows from investing activities:			
Acquisition of property and equipment, including costs capitalized for development of internal-use software	(3,840)	(4,290)	(2,862)
Proceeds from sale of health assets	13,194	—	—
Acquisition of business	—	—	(15,955)
Net cash provided by (used in) investing activities	9,354	(4,290)	(18,817)
Cash flows from financing activities:			
Proceeds from exercise of stock options	979	942	3,615
Proceeds from private placement of common stock	—	15,000	—
Tax withholding payments related to net share settlement	(402)	(100)	—
Net cash provided by financing activities	577	15,842	3,615
Effect of exchange rate changes on cash, cash equivalents and restricted cash	18	(27)	(6)
Net increase (decrease) in cash, cash equivalents and restricted cash	7,121	(4,266)	(8,019)
Cash, cash equivalents and restricted cash at beginning of period	30,835	35,101	43,120
Cash, cash equivalents and restricted cash at end of period	$ 37,956	$ 30,835	$ 35,101
Supplemental disclosure of noncash investing and financing information:			
Acquisition of property and equipment included in accounts payable	$ 25	$ 60	$ 100
Fair value of contingent consideration in connection with acquisition included in liabilities	$ —	$ —	$ 3,784
Issuance of Class A common stock to settle contingent consideration liabilities	$ —	$ 1,889	$ —
Issuance of Class A common stock in settlement of stock-based compensation liability	$ —	$ 164	$ —
Operating lease liabilities arising from obtaining right-of-use assets	$ —	$ 1,096	$ 383
Reconciliation of cash, cash equivalents and restricted cash:			
Cash and cash equivalents	$ 37,956	$ 30,835	$ 34,851
Restricted cash (included in other assets)	—	—	250
Total cash, cash equivalents and restricted cash shown in the statement of cash flows	$ 37,956	$ 30,835	$ 35,101

The accompanying notes are an integral part of these consolidated financial statements.

EVERQUOTE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of the Business and Basis of Presentation

EverQuote, Inc. (the "Company") was incorporated in the state of Delaware in 2008. Through its internet websites, the Company operates an online marketplace for consumers shopping for auto, home and renters and life insurance. The Company generates revenue primarily by selling consumer referrals to insurance provider customers, consisting of carriers and agents, and indirect distributors in the United States. The Company also generates revenue from commission fees paid by insurance provider customers for insurance policies it sells to consumers. In June 2023, the Company committed to exiting its health insurance vertical, and in August 2023, the Company sold health insurance vertical assets by selling its former subsidiary, Eversurance LLC (see Note 16).

The Company is subject to a number of risks and uncertainties common to companies in similar industries and stages of development including, but not limited to, rapid technological changes, competition from substitute products and services from larger companies, protection of proprietary technology, customer concentration, patent litigation, the need to obtain additional financing to support growth and dependence on third parties and key individuals.

The accompanying consolidated financial statements have been prepared on the basis of continuity of operations, realization of assets and the satisfaction of liabilities and commitments in the ordinary course of business. Since inception, the Company has incurred operating losses, including a net loss of $51.3 million for the year ended December 31, 2023. As of December 31, 2023, the Company had an accumulated deficit of $213.3 million. As of the issuance date of these consolidated financial statements, the Company expects that its cash and cash equivalents will be sufficient to fund its operating expenses and capital expenditure requirements for at least the next 12 months from the issuance date of the consolidated financial statements, without considering borrowing availability under the Company's credit facility.

The Company's consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). Any reference in these notes to applicable guidance is meant to refer to the authoritative GAAP as found in the Accounting Standards Codification ("ASC") and Accounting Standards Update ("ASU") of the Financial Accounting Standards Board ("FASB"). The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. Significant estimates and assumptions reflected in these consolidated financial statements include, but are not limited to, revenue recognition and the valuation of accounts and commissions receivables, the expensing and capitalization of website and software development costs, the valuation of goodwill and acquired intangible assets, the valuation of contingent consideration liabilities, the valuation of stock-based awards and income taxes. The Company bases its estimates on historical experience, known trends and other market-specific or relevant factors that it believes to be reasonable under the circumstances. On an ongoing basis, management evaluates its estimates, as there are changes in circumstances, facts and experience. Changes in estimates are recorded in periods in which they become known. These estimates may change, as new events occur and additional information is obtained and actual results could differ materially from these estimates.

Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less at the date of purchase to be cash equivalents.

Concentrations of Credit Risk and of Significant Customers

Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of cash and cash equivalents and accounts and commissions receivable. The Company maintains its cash and cash equivalents at accredited financial institutions. The Company does not believe that it is subject to unusual credit risk beyond the normal credit risk associated with commercial banking relationships.

The Company sells its consumer referrals to insurance provider customers, consisting of carriers and agents, and indirect distributors in the United States. For the year ended December 31, 2023, one customer represented 18% of total revenue. For the year ended December 31, 2022, two customers represented 21% and 11%, respectively, of total revenue. For the year ended December 31, 2021, one customer represented 16% of total revenue. As of December 31, 2023, one customer accounted for 42% of the total accounts and commissions receivable balance. As of December 31, 2022, one customer accounted for 23% of the total accounts and commissions receivable balance.

Accounts Receivable

The Company provides credit to customers in the ordinary course of business and believes its credit policies are prudent and reflect industry practices and business risk. The Company monitors economic conditions to identify facts or circumstances that may indicate that its receivables are at risk of collection. The Company provides reserves against accounts receivable for estimated losses, if any, that may result from a customer's inability to pay based on the composition of its accounts receivable, current economic conditions, and historical credit loss activity. Amounts determined to be uncollectible are charged or written-off against the reserve. As of December 31, 2023 and 2022, the Company's allowance for credit losses was less than $0.1 million and $0.7 million, respectively. During the year ended December 31, 2023, the Company wrote off $0.9 million of uncollectible accounts. During the years ended December 31, 2022 and 2021, the Company wrote off an insignificant amount of uncollectible accounts.

Revenue Recognition

The Company derives its revenue primarily by selling consumer referrals to its insurance provider customers, including insurance carriers, agents and indirect distributors. The Company also generates revenue from commission fees for the sale of policies, primarily in its automotive insurance vertical, and prior to its exit from health, in its health insurance vertical. To determine revenue recognition for arrangements that the Company determines are within the scope of ASC 606 Revenue from Contracts with Customers ("ASC 606"), the Company performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Company satisfies a performance obligation.

The Company only applies the five-step model to contracts when collectibility of the consideration to which the Company is entitled in exchange for the goods or services it transfers to the customer is determined to be probable. Amounts are recorded as accounts receivable when the Company's right to consideration is unconditional. The Company does not assess whether a contract has a significant financing component if the expectation at contract inception is that the period between payment by the customer and the transfer of the promised goods or services to the customer will be one year or less.

Referral Revenue

The Company recognizes referral revenue when it satisfies its performance obligations by delivering the referrals to its customers in an amount that reflects the consideration to which it expects to be entitled in exchange for those referrals.

Commission Revenue

The Company's commission revenue consists of the estimated constrained lifetime values (the "constrained LTVs") of commission payments that the Company expects to receive in its automotive insurance vertical, and prior to its exit from health, that it expected to receive in its health insurance vertical on the sale of insurance policies to consumers and renewals of such policies. Commission revenue is recognized upon satisfaction of the Company's performance obligation. The Company considers its performance obligation related to commissions for both the initial policy sale and future renewals of the policy to be satisfied upon submission of the policy application. Therefore, a significant portion of the commission revenue the Company records upon satisfaction of its performance obligation is paid by the Company's insurance provider customer over a multi-year time frame as policyholders renew and pay the insurance provider for their policies. The current portion of commissions receivable consists of estimated commissions on new policies sold and estimated renewal commissions on policies expected to be renewed within one year, while the non-current portion of commissions receivable are commissions for estimated renewals expected to be renewed beyond one year. Commission revenue represented less than 10% of total revenue for the year ended December 31, 2023.

Commission revenue from auto insurance carriers consists of constrained LTVs of commission payments the Company expects to receive for selling an insurance policy based on the effective date of the policy. The Company's estimate of constrained LTVs is based on an analysis of historical commission payment trends for relevant policies to establish an expected lifetime value and incorporates management's judgment in interpreting those trends to calculate LTVs and to apply constraints to such LTVs. The most significant factor impacting historical trends is average policy duration. The Company applies a constraint to its estimated LTVs to only recognize the amount of variable consideration that it believes is probable that it will be entitled to receive and will not be subject to a significant revenue reversal in the future. To the extent that commission payment trends change or the underlying factors impacting commission payments change, the Company's estimate of constrained LTVs could be materially impacted. To the extent the Company makes changes to its estimates of constrained LTVs, it recognizes any material impact of the change to commission revenue in the reporting period in which the change is made, including revisions of estimated lifetime commissions either below or in excess of previously estimated constrained LTVs recognized as an adjustment to revenue and the related contract asset. The Company recognizes revenue for new policies by applying the latest estimated constrained LTV for that product.

Prior to the Company's exit from the health insurance vertical, the Company estimated commission revenue for each health insurance product by using a portfolio approach to a group of policies by product type and the application submission date of the relevant policy, which were referred to as "cohorts."

Disaggregated Revenue

The Company presents disaggregated revenue from contracts with customers by distribution channel, as the distribution channel impacts the nature and amount of the Company's revenue, and by vertical market segment. The Company's direct distribution channel consists of insurance carriers and third-party agents. The Company's indirect distribution channel consists of insurance aggregators and media networks who purchase referrals with the intent to resell. Revenue generated via the Company's direct distribution channel is generally higher per referral than revenue generated by the Company's indirect distribution channels and provides the Company with additional insights and data regarding insurance provider demand and referral performance.

Total revenue is comprised of revenue from the following distribution channels:

	Year Ended December 31,		
	2023	2022	2021
Direct channels	81 %	86 %	90 %
Indirect channels	19 %	14 %	10 %
	100 %	100 %	100 %

Total revenue is comprised of revenue from the following insurance verticals (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Automotive	$ 227,505	$ 324,417	$ 330,928
Home and renters	40,889	31,909	37,548
Other	19,527	47,801	50,039
Total Revenue	$ 287,921	$ 404,127	$ 418,515

The Company has elected to apply the practical expedient in ASC 606 to expense incremental direct costs of obtaining a contract, consisting of sales commissions, as incurred as the expected period of benefit of the sales commissions is one year or less. At December 31, 2023 and 2022, the Company had not capitalized any costs to obtain any of its contracts.

Deferred Revenue

Amounts received for referrals prior to satisfying the revenue recognition criteria are recorded as deferred revenue in the accompanying balance sheets. Amounts expected to be recognized as revenue within 12 months of the balance sheet date are classified as current deferred revenue. Deferred revenue was $1.9 million as of December 31, 2023 and 2022, respectively. During the year ended December 31, 2023, the Company recognized revenue of $1.3 million that was included in the contract liability balance (deferred revenue) at December 31, 2022. The Company recognizes deferred revenue by first allocating from the beginning deferred revenue balance to the extent that the beginning deferred revenue balance exceeds the revenue to be recognized. Billings during the period are added to the deferred revenue balance to be recognized in future periods.

Commissions Receivable

Commissions receivable are contract assets that represent estimated variable consideration for commissions to be received from insurance carriers for performance obligations that have been satisfied. The current portion of commissions receivable are estimated commissions expected to be received within one year, while the non-current portion of commissions receivable are expected to be received beyond one year.

The Company assesses impairment for uncollectible consideration when information available indicates it is probable that an asset has been impaired. There were no impairments recorded during the years ended December 31, 2023, 2022 or 2021.

While the Company is exposed to credit losses due to the non-payment by insurance carriers, it considers the risk of this to be remote.

Goodwill and Acquired Intangible Assets

The Company records goodwill when consideration paid in a business acquisition exceeds the value of the net assets acquired. The Company's estimates of fair value are based upon assumptions believed to be reasonable at that time but that are inherently uncertain and unpredictable. Assumptions may be incomplete or inaccurate, and unanticipated events or circumstances may occur, which may affect the accuracy or validity of such assumptions, estimates or actual results. During the measurement period, which extends no later than one year from the acquisition date, the Company may record certain adjustments to the carrying value of the assets acquired and liabilities assumed with the corresponding offset to goodwill. After the measurement period, all adjustments are recorded in the consolidated statements of operations and comprehensive loss as operating expenses or income.

Goodwill is not amortized, but rather is tested for impairment annually in the fourth quarter, or more frequently if facts and circumstances warrant a review, such as significant underperformance of the business in relation to expectations, significant negative industry or economic trends and significant changes or planned changes in the use of the assets. The Company assesses both the existence of potential impairment and the amount of impairment loss by comparing the fair value of the reporting unit with its carrying amount, including goodwill. Intangible assets are recorded at their estimated fair values at the date of acquisition. The Company amortizes acquired intangible assets over their estimated useful lives based on the pattern of consumption of the economic benefits or, if that pattern cannot be readily determined, on a straight-line basis.

Valuation of Contingent Consideration

The Company's two acquisitions in 2021 and 2020 provided for shares of Class A common stock to be issued to former owners of the purchased entities upon the achievement of certain revenue targets (see Note 3). Achievement of revenue targets that result in the issuance of a variable number of shares of Class A common stock are accounted for as a liability. The Company estimates the fair value of the shares of Class A common stock issuable upon achievement of the targets as of the acquisition date. The Company remeasures the fair value of the shares of Class A common stock issuable at each subsequent reporting date until the liability is fully settled. The Company uses Monte Carlo simulation models in its estimates. The estimated fair value of the contingent consideration is based upon available information and certain assumptions, known at the time of its estimates, which management believes are reasonable.

Deferred Financing Costs

The Company capitalizes lender, legal and other third-party fees that are directly associated with obtaining access to capital under credit facilities. Deferred financing costs incurred in connection with obtaining access to capital are recorded in prepaid expenses and other current assets and are amortized over the availability period or term of the credit facility. Deferred financing costs related to a recognized debt liability are recorded as a direct reduction of the carrying amount of the debt liability and amortized to interest expense on an effective interest basis over the repayment term.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization expense is recognized using the straight-line method over the estimated useful life of each asset as follows:

	Estimated Useful Life
Computer equipment	3 years
Software	3 years
Furniture and fixtures	5 years
Leasehold improvements	Shorter of lease term or estimated useful life

Upon retirement or sale, the cost of assets disposed of and the related accumulated depreciation and amortization are removed from the accounts and any resulting gain or loss is included in loss from operations on the statements of operations and comprehensive loss. Expenditures for repairs and maintenance are charged to expense as incurred.

Leases

The Company accounts for leases under ASC Topic 842, Leases ("ASC 842"). In accordance with ASC 842, the Company accounts for a contract as a lease when it has the right to control the asset for a period of time while obtaining substantially all of the asset's economic benefits. The Company determines if an arrangement is a lease or contains an embedded lease at inception. For arrangements that meet the definition of a lease, the Company determines the initial classification and measurement of its right-of-use asset and lease liability at the lease commencement date and thereafter if modified. The lease term includes any renewal options that the Company is reasonably assured to exercise. The present value of lease payments is determined by using the interest rate implicit in the lease, if that rate is readily determinable; otherwise, the Company uses its estimated secured incremental borrowing rate for that lease term. The Company's policy is to not record leases with an original term of 12 months or less on its consolidated balance sheets and recognizes those lease payments in the income statement on a straight-line basis over the lease term. The Company's existing leases are for office space.

In addition to rent, the leases may require the Company to pay additional costs, such as utilities, maintenance and other operating costs, which are generally referred to as non-lease components. The Company has elected to not separate lease and non-lease components. Only the fixed costs for lease components and their associated non-lease components are accounted for as a single lease component and recognized as part of a right-of-use asset and lease liability. Rent expense for operating leases is recognized on a straight-line basis over the reasonably assured lease term based on the total lease payments and is included in operating expense in the consolidated statements of operations and comprehensive loss.

Impairment of Long-Lived Assets

Long-lived assets consist primarily of property and equipment, right-of-use assets and intangible assets with finite lives. Long-lived assets to be held and used are tested for recoverability whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Factors that the Company considers in deciding when to perform an impairment review include significant underperformance of the business in relation to expectations, significant negative industry or economic trends and significant changes or planned changes in the use of the assets. If an impairment review is performed to evaluate a long-lived asset group for recoverability, the Company compares forecasts of undiscounted cash flows expected to result from the use and eventual disposition of the long-lived asset group to its carrying value. An impairment loss would be recognized in loss from operations when estimated undiscounted future cash flows expected to result from the use of an asset group are less than its carrying amount. The impairment loss would be based on the excess of the carrying value of the impaired asset group over its fair value, determined based on discounted cash flows. In connection with its restructuring and exit from the health vertical in 2023, the Company recorded impairments of a right-of-use asset (see Note 16). The Company did not record any impairment losses on long-lived assets during the years ended December 31, 2022 or 2021.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. Financial assets and liabilities carried at fair value are to be classified and disclosed in one of the following three levels of the fair value hierarchy, of which the first two are considered observable and the last is considered unobservable:

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Observable inputs (other than Level 1 quoted prices), such as quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active for identical or similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data.
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to determining the fair value of the assets or liabilities, including pricing models, discounted cash flow methodologies and similar techniques.

The Company's cash equivalents and contingent consideration liabilities are carried at fair value, determined according to the fair value hierarchy described above (see Note 4). The carrying values of the Company's accounts receivable, accounts payable and accrued expenses and other current liabilities approximate their fair values due to the short-term nature of these assets and liabilities. Commissions receivable are recorded at constrained lifetime values.

Segment Information

The Company manages its operations as a single segment for the purposes of assessing performance and making operating decisions. The Company operates an online marketplace for consumers shopping for auto, home and renters and life insurance quotes and generates revenue from referral fees and commission payments. Significantly all of the Company's tangible assets are held in the United States.

Research and Development

Research and development expenses consist primarily of personnel-related expenses (wages, fringe benefit costs and stock-based compensation expense) for product management and software development. Research and development costs are expensed as incurred, except for certain costs which are capitalized in connection with the development of the Company's website and internal-use software.

Costs incurred in the preliminary and post-implementation stages of development are expensed as incurred. Once an application has reached the development stage, internal costs, if direct and incremental, are capitalized until the software is substantially complete and ready for its intended use. Capitalization ceases upon completion of all substantial testing performed to ensure the product is ready for its intended use. The Company also capitalizes costs related to specific upgrades and enhancements of its website and internal-use software when it is probable that the expenditures will result in additional functionality. Maintenance and training costs are expensed as incurred. Capitalized software costs are recorded as part of property and equipment and are amortized on a straight-line basis over an estimated useful life of three years.

Advertising Expense

Advertising expense consists of variable costs that are related to attracting consumers to the Company's marketplace and generating consumer quote requests, including through its verified partner network, and promoting its marketplace to insurance carriers and agents. The Company expenses advertising costs as incurred and such costs are included in sales and marketing expense in the accompanying statements of operations and comprehensive loss. During the years ended December 31, 2023, 2022 and 2021, advertising expense totaled $187.6 million, $275.9 million and $289.0 million, respectively.

Stock-Based Compensation

The Company measures compensation expense for stock options with service-based vesting or performance-based vesting granted to employees, nonemployees and directors based on the fair value on the date of grant using the Black-Scholes option-pricing model. The Company measures compensation expense for stock options with market-based vesting based on the fair value on the date of grant using a Monte Carlo simulation model. The Company measures compensation expense for restricted common stock units based on the fair value on the date of grant using the market value of the Company's common stock. Compensation expense for employee awards is recognized, net of estimated forfeitures, over the requisite service period, which is generally the vesting period of the respective award. The Company uses the straight-line method to record the expense of employee awards with only service-based vesting conditions. The Company uses the graded-vesting method to record the expense of employee awards with both service-based and performance-based vesting conditions, commencing once achievement of the performance condition becomes probable. Compensation expense for nonemployee awards is recognized in the same manner as if the Company had paid cash for the goods or services received, which is generally the vesting period of the respective award.

The Company classifies stock-based compensation expense in its statements of operations and comprehensive loss in the same manner in which the award recipient's payroll costs are classified or in which the award recipient's service payments are classified.

Foreign Currency Translation

The functional currency of the Company's foreign subsidiaries is the currency of the local country. Assets and liabilities of the Company's foreign subsidiaries are translated into U.S. dollars using the period-end exchange rates, and income and expense items are translated into U.S. dollars using average exchange rates in effect during each period. The effects of these foreign currency translation adjustments are included in accumulated other comprehensive loss, a separate component of stockholders' equity. The Company also incurs transaction gains and losses resulting from intercompany transactions as well as transactions with customers or vendors denominated in currencies other than the functional currency of the legal entity in which the transaction is recorded. Foreign currency transaction gains (losses) are included in the consolidated statements of operations and comprehensive loss as a component of other income (expense) and have not been significant.

Comprehensive Loss

Comprehensive loss includes net loss as well as other changes in stockholders' equity that result from transactions and economic events other than those with stockholders. The Company's only element of other comprehensive loss is foreign currency translation adjustments.

Net Income (Loss) per Share

Basic net income (loss) per common share is computed by dividing the net income (loss) by the weighted average number of shares of common stock outstanding for the period. Diluted net income (loss) per common share is computed by dividing net income (loss) by the weighted average number of common shares outstanding for the period, including potential dilutive common shares assuming the dilutive effect of outstanding stock options and unvested restricted stock units. For periods in which the Company reported a net loss, diluted net loss per common share is the same as basic net loss per common share, since dilutive common shares are not assumed to have been issued if their effect is anti-dilutive.

The Company has two classes of common stock outstanding: Class A common stock and Class B common stock. As more fully described in Note 9, the rights of the holders of Class A and Class B common stock are identical, except with respect to voting and conversion. Each share of Class B common stock is convertible into one share of Class A common stock at the option of the holder at any time. The Company allocates undistributed earnings attributable to common stock between the common stock classes on a one-to-one basis when computing net income (loss) per share. As a result, basic and diluted net income (loss) per share of Class A common stock and Class B common stock are equivalent.

The Company excluded the following potential common shares, presented based on amounts outstanding at each period end, from the computation of diluted net loss per share attributable to common stockholders for the periods indicated because including them would have had an anti-dilutive effect:

	December 31,		
	2023	2022	2021
Options to purchase common stock	2,319,725	2,072,238	1,539,573
Unvested restricted stock units	2,086,007	2,511,930	2,798,761
	4,405,732	4,584,168	4,338,334

The table above does not include shares issuable upon settlement of contingent consideration for the Company's acquisitions (see Note 3). Such shares are also not included in the Company's calculation of basic or diluted net loss per common share until issued.

Income Taxes

The Company accounts for income taxes using the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the consolidated financial statements or in the Company's tax returns. Deferred tax assets and liabilities are determined on the basis of the differences between the financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Changes in deferred tax assets and liabilities are recorded in the provision for income taxes. The Company assesses the likelihood that its deferred tax assets will be recovered from future taxable income and, to the extent it believes, based upon the weight of available evidence, that it is more likely than not that all or a portion of the deferred tax assets will not be realized, a valuation allowance is established through a charge to income tax expense. Potential for recovery of deferred tax assets is evaluated by estimating the future taxable profits expected and considering prudent and feasible tax planning strategies.

The Company accounts for uncertainty in income taxes recognized in the consolidated financial statements by applying a two-step process to determine the amount of tax benefit to be recognized. First, the tax position must be evaluated to determine the likelihood that it will be sustained upon external examination by the taxing authorities. If the tax position is deemed more-likely-than-not to be sustained, the tax position is then assessed to determine the amount of benefit to recognize in the consolidated financial statements. The amount of the benefit that may be recognized is the largest amount that has a greater than 50% likelihood of being realized upon ultimate settlement. The provision for income taxes includes the effects of any resulting tax reserves, or unrecognized tax benefits, that are considered appropriate as well as the related net interest and penalties. The Company's policy is to record interest and penalties related to income taxes as part of the tax provision.

Recently Issued Accounting Pronouncements

In June 2022, the FASB issued ASU No. 2022-03, Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions (Topic 820), which clarifies that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The guidance also clarifies that an entity cannot, as a separate unit of account, recognize and measure a contractual sale restriction. The guidance includes disclosure requirements including the fair value of equity securities subject to contractual sale restrictions included in the balance sheet, the nature and remaining duration of the restriction and circumstances that could cause a lapse in the restriction. The amendments in this update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2023, with early adoption permitted. The amendments in this update are to be applied prospectively with any adjustments from the adoption of the amendments recognized in earnings and disclosed on the date of adoption. The adoption of this guidance is not expected to have a material impact on the Company's consolidated financial statements

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which requires public entities to disclose information about their reportable segments' significant expenses and other segment items on an interim and annual basis. Public entities with a single reportable segment are required to apply the disclosure requirements in ASU 2023-07, as well as all existing segment disclosures and reconciliation requirements in ASC 280 on an interim and annual basis. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently assessing the impact of the adoption of this guidance on its consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which requires public entities, on an annual basis, to provide disclosure of specific categories in the rate reconciliation, as well as disclosure of income taxes paid disaggregated by jurisdiction. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently assessing the impact of the adoption of this guidance on its consolidated financial statements.

3. Acquisitions

PolicyFuel

On August 13, 2021, the Company completed the acquisition of Policy Fuel, LLC and its affiliated entities ("PolicyFuel"), a policy-sales-as-a-service provider, with principal offices in Austin and San Antonio, Texas. The PolicyFuel acquisition was accounted for as a purchase of a business under ASC Topic 805, Business Combinations. Under the acquisition method of accounting, the assets and liabilities of PolicyFuel were recorded at their respective fair values as of the acquisition date. The purchase consideration included contingent consideration that could be settled in a variable number of shares of Class A common stock based on the achievement (at varying levels) of each of three twelve-month revenue targets. As achievement of each of the three twelve-month targets results in the issuance of a variable number of shares of Class A common stock, the Company recorded a liability for the fair value of this contingent consideration. The Company estimated the fair value of the contingent consideration liability as of the acquisition date using a Monte Carlo simulation model. The Company remeasures the fair value of the contingent consideration at each subsequent reporting date until the liability is fully settled (see Note 4).

Eversurance

On September 1, 2020, the Company completed the acquisition of Crosspointe Insurance & Financial Services, LLC, a health insurance agency headquartered in Evansville, Indiana. In the third quarter 2021, the Company changed the name of Crosspointe Insurance & Financial Services, LLC to Eversurance, LLC ("Eversurance"). The Eversurance acquisition was accounted for as a purchase of a business under ASC Topic 805, Business Combinations. Under the acquisition method of accounting, the assets and liabilities of Eversurance were recorded as of the acquisition date, at their respective fair values. The purchase consideration included contingent consideration representing the fair value of Class A common stock issuable to the former owners of Eversurance upon achievement of certain revenue targets over three years, the first two annual targets comprised of a fixed number of shares of Class A common stock that could be issued and the third annual target comprised of a variable number of shares of Class A common stock. As achievement of the third annual targets resulted in the issuance of a variable number of shares of Class A common stock, the Company recorded a liability for the fair value of this contingent consideration. The Company estimated the fair value of the contingent consideration liability as of the acquisition date using a Monte Carlo simulation model. The Company remeasured the fair value of the shares of Class A common stock issuable upon the estimated achievement levels of the third annual target at each subsequent reporting date until the liability was fully settled in the fourth quarter of 2022 (see Note 4).

4. Fair Value of Financial Instruments

The following tables present the Company’s fair value hierarchy for its assets and liabilities which are measured at fair value on a recurring basis as of December 31, 2023 and 2022 (in thousands):

	Fair Value Measurements at December 31, 2023 Using:			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents:				
Money market funds	$ 3,210	$ —	$ —	$ 3,210

	Fair Value Measurements at December 31, 2022 Using:			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents:				
Money market funds	$ 15,812	$ —	$ —	$ 15,812
Liabilities:				
Contingent consideration liability associated with acquisition of PolicyFuel included in accrued expense and other current liabilities	—	—	25	25
Contingent consideration liability associated with acquisition of PolicyFuel included in other long-term liabilities	—	—	125	125
	$ —	$ —	$ 150	$ 150

There were no transfers into or out of Level 3 during the years ended December 31, 2023, 2022 or 2021.

Money market funds were valued by the Company based on quoted market prices, which represent a Level 1 measurement within the fair value hierarchy.

Contingent consideration liabilities are valued by the Company using significant inputs not observable in the market, which represents a Level 3 measurement within the fair value hierarchy. The valuation of contingent consideration uses assumptions and estimates to forecast a range of outcomes for the contingent consideration. The Company assesses these assumptions and estimates on a quarterly basis as additional data impacting the assumptions is obtained. Changes in the fair value of contingent consideration related to updated assumptions and estimates are recognized as acquisition-related costs within the consolidated statements of operations and comprehensive loss.

The Company uses a Monte Carlo simulation model in its estimates of the fair value of the contingent consideration liabilities related to the PolicyFuel acquisition in 2021. The most significant assumptions and estimates utilized in the model include forecasted revenue (an acquisition specific input) and the market value of the Company’s Class A common stock (an observable input). Other assumptions utilized in the model include equity volatility, revenue volatility and discount rate. The decrease in fair value of the contingent consideration liability during the year ended December 31, 2023 was due to a change in estimate of forecasted revenue. The decrease in fair value of the contingent consideration liability during the year ended December 31, 2022 was primarily due to a change in estimate of forecasted revenue and the decrease in market value of the Company’s Class A common stock. The increase in the fair value of the contingent consideration liability for the year ended December 31, 2021 was primarily due to a change in estimate of forecasted revenue, partially offset by the decrease in the market value of the Company’s Class A common stock during the year. In December 2022, the Company issued shares of Class A common stock in settlement of the first annual milestone, at which time the fair value of the contingent consideration liability for the first milestone was reclassified to stockholders' equity.

The Company estimated the fair value of the contingent consideration liability related to the Eversurance acquisition in 2020 (see Note 3) using probability of achievement of the revenue target (acquisition specific input) and the market value of the Company’s Class A common stock (observable input). Shares of Class A common stock were issued in December 2022 to settle the third and final milestone at which time the fair value of the contingent consideration liability was reclassified to stockholders' equity.

The following table provides a roll-forward of the aggregate fair values of the Company's contingent consideration liabilities for which fair value is determined by Level 3 inputs (in thousands):

	Contingent Consideration Liabilities
Fair value at December 31, 2021	$ 6,174
Change in fair value of contingent consideration related to Eversurance acquisition	(90)
Contingent consideration related to Eversurance acquisition settled in Class A common stock	(830)
Change in fair value of contingent consideration related to PolicyFuel acquisition	(4,045)
Contingent consideration related to PolicyFuel acquisition settled in Class A common stock	(1,059)
Fair value at December 31, 2022	150
Change in fair value of contingent consideration related to PolicyFuel acquisition	(150)
Fair value at December 31, 2023	$ —

5. Goodwill and Acquired Intangible Assets

Goodwill is not amortized, but instead is reviewed for impairment at least annually or more frequently when events and circumstances occur indicating that the recorded goodwill may be impaired. The Company considers its business to be one reporting unit for purposes of performing its goodwill impairment analysis. To date, the Company has had no impairments to goodwill.

There were no changes to goodwill as of December 31, 2023 or 2022.

Acquired intangible assets consisted of the following (in thousands):

	Weighted Average Useful Life	December 31, 2023		
		Gross Amount	Accumulated Amortization	Carrying Value
	(in years)			
Customer relationships	9.0	$ 6,600	$ (1,748)	$ 4,852
Developed technology	3.0	1,700	(1,364)	336
Other identifiable intangible assets	2.0	300	(300)	—
		$ 8,600	$ (3,412)	$ 5,188

	Weighted Average Useful Life	December 31, 2022		
		Gross Amount	Accumulated Amortization	Carrying Value
	(in years)			
Customer relationships	7.6	$ 10,200	$ (3,353)	$ 6,847
Developed technology	3.0	1,700	(786)	914
Other identifiable intangible assets	2.8	570	(376)	194
		$ 12,470	$ (4,515)	$ 7,955

In August 2023, the Company sold Eversurance LLC, which included health-related intangible assets with a gross amount of $3.9 million, accumulated amortization of $2.9 million and a carrying value of $1.0 million (see Note 16). Amortization expense for intangible assets for the years ended December 31, 2023, 2022 and 2021 was $1.8 million, $2.3 million and $1.7 million, respectively.

Future amortization expense of the intangible assets as of December 31, 2023, is expected to be as follows (in thousands):

Year Ending December 31,		
2024	$	1,261
2025		651
2026		685
2027		708
2028		697
Thereafter		1,186
	$	5,188

6. Property and Equipment, Net

Property and equipment, net consisted of the following (in thousands):

	December 31,			
	2023		2022	
Computer equipment	$	2,256	$	2,822
Software		15,915		14,733
Furniture and fixtures		1,021		1,221
Leasehold improvements		862		975
		20,054		19,751
Less: Accumulated depreciation and amortization		(14,335)		(13,291)
	$	5,719	$	6,460

Depreciation and amortization expense was $4.4 million, $3.6 million and $3.3 million for the years ended December 31, 2023, 2022 and 2021, respectively. The Company capitalized costs associated with the development of internal use software of $3.6 million, $3.6 million and $2.2 million included in the Software line item above and recorded related amortization expense of $3.7 million, $2.7 million and $2.6 million (included in depreciation and amortization expense) during the years ended December 31, 2023, 2022 and 2021, respectively. The remaining net book value of capitalized software costs was $5.2 million and $5.3 million as of December 31, 2023 and 2022, respectively.

7. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following (in thousands):

	December 31,			
	2023		2022	
Accrued employee compensation and benefits	$	5,188	$	4,254
Accrued advertising expenses		2,285		3,970
Other current liabilities		1,311		1,700
	$	8,784	$	9,924

8. Loan and Security Agreement

On July 15, 2022, the Company executed a Loan and Security Modification Agreement (the "2022 Loan Amendment") to amend its Amended and Restated Loan and Security Agreement, dated as of August 7, 2020 (the "2020 Loan Agreement") with Western Alliance Bank (the "Lender"), to increase the revolving line of credit available thereunder from $25.0 million to $35.0 million, to extend the maturity date of the revolving line of credit from August 2022 to July 2025 and to provide the Company access to a term loan of up to $10.0 million. The 2020 Loan Agreement, as amended by the 2022 Loan Amendment, is referred to as the "2022 Amended Loan Agreement." On August 1, 2023, in connection with the sale of Eversurance LLC (see Note 16), the Company entered into a Loan and Security Modification Agreement (the "2023 Consent and Release"), pursuant to which the Lender consented to the sale of Eversurance LLC and released any security interests it had in the membership interests of Eversurance LLC. On August 7, 2023, the Company executed a Loan and Security Modification Agreement (the "2023 Loan Amendment") to amend the 2022 Amended Loan Agreement to, among other things, eliminate the term loan availability, decrease the revolving line of credit from $35.0 million to $25.0 million, update the interest rate on outstanding borrowings to the greater of 7.0% or the prime rate as published in The Wall Street Journal and update certain financial and other covenants. The 2022 Loan Agreement, as amended by the 2023 Consent and Release and the 2023 Loan Amendment, is referred to as the "2023 Amended Loan Agreement."

Pursuant to the 2023 Loan Amendment the minimum asset coverage ratio, fixed charge coverage ratio and leverage ratio covenants were eliminated and replaced with an adjusted quick ratio covenant. As of the effective date of the 2023 Loan Amendment and through the maturity date, the Company is required to maintain a minimum adjusted quick ratio of 1.10 to 1.00. “Adjusted Quick Ratio” is defined as the ratio of (1) the sum of (x) unrestricted cash and cash equivalents held at the Lender plus (y) net accounts receivable reflected on the Company’s balance sheet to (2) current liabilities, including all borrowings outstanding under the 2023 Amended Loan Agreement, but excluding the current portion of deferred revenue, in each case determined in accordance with GAAP. At any time the Adjusted Quick Ratio is less than 1.30 to 1.00 the Lender shall have the ability to use the Company's cash receipts to repay outstanding obligations until such time as the Adjusted Quick Ratio is equal to or greater than 1.30 to 1.00 for two consecutive months. The Company has agreed to certain other affirmative and negative covenants to which it will remain subject until maturity. Such covenants include limitations on the Company’s ability to incur additional indebtedness, as described below, and engage in certain fundamental business transactions, such as mergers or acquisitions of other businesses.

Pursuant to the 2023 Amended Loan Agreement, borrowings under the revolving line of credit cannot exceed 85% of eligible accounts receivable balances, bear interest at the greater of 7.0% or the prime rate as published in The Wall Street Journal and mature on July 15, 2025. In an event of default, as defined in the 2023 Amended Loan Agreement, and until such event is no longer continuing, the annual interest rate to be charged would be the annual rate otherwise applicable to borrowings under the 2023 Amended Loan Agreement plus 5.00%. Borrowings are collateralized by substantially all of the Company's assets and property. As of December 31, 2023, the Company was in compliance with the covenants in the 2023 Amended Loan Agreement and the Company had no amounts outstanding under the revolving line of credit.

9. Equity

Each share of Class A common stock entitles the holder to one vote for each share on all matters submitted to a vote of the Company’s stockholders at all meetings of stockholders and written actions in lieu of meetings. Each share of Class B common stock entitles the holder to ten votes for each share on all matters submitted to a vote of the Company’s stockholders at all meetings of stockholders and written actions in lieu of meetings.

Holders of both classes of common stock are entitled to receive dividends, when and if declared by the board of directors.

Each share of Class B common stock is convertible into one share of Class A common stock at the option of the holder at any time. Automatic conversion shall occur upon the occurrence of a transfer of such share of Class B common stock or at the date and time, or the occurrence of an event, specified by a vote or written consent of the holders of a majority of the voting power of the then outstanding shares of Class B common stock. A transfer is described as a sale, assignment, transfer, conveyance, hypothecation or disposition of such share or any legal or beneficial interest in such share other than certain permitted transfers as described in the Restated Certificate of Incorporation, including a transfer to a holder of Preferred Stock. Each share of Class B common stock held by a stockholder shall automatically convert into one fully paid and non-assessable share of Class A common stock nine months after the death or incapacity of the holder of such Class B common stock.

During the year ended December 31, 2022, the Company issued 62,671 shares of Class A common stock to the former owners of PolicyFuel upon achievement of the first target of the contingent consideration arrangement (see Note 3). During the year ended December 31, 2022, the Company issued 58,754 shares of Class A common stock to the former owners of Eversurance upon achievement of the third and final target of the contingent consideration arrangement. During the year ended December 31, 2021, the Company issued 39,168 shares of Class A common stock to the former owners of Eversurance upon achievement of the first two targets of the contingent consideration arrangement (see Note 3).

During the year ended December 31, 2022, the Company sold 1,004,016 shares of Class A common stock at a purchase price of $14.94 per share for gross proceeds of $15.0 million in a private placement to a related party (see Note 15).

10. Stock-Based Compensation

2008 and 2018 Plans

The Company has outstanding awards under its 2008 Stock Incentive Plan, as amended (the “2008 Plan”), but is no longer granting awards under this plan. Shares of common stock issued upon exercise of stock options granted prior to September 8, 2017 will be issued as either Class A common stock or Class B common stock. Shares of common stock issued upon exercise of stock options granted after September 8, 2017 will be issued as Class A common stock.

The Company’s 2018 Equity Incentive Plan (the “2018 Plan” and, together with the 2008 Plan, the “Plans”) provides for the grant of incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock awards, restricted stock units, and other stock-based awards. The number of shares initially reserved for issuance under the 2018 Plan is the sum of 2,149,480 shares of Class A common stock, plus the number of shares (up to 5,028,832 shares) equal to the sum of (i) the 583,056 shares of Class A common stock and Class B common stock that were available for grant under the 2008 Plan upon the effectiveness of the 2018 Plan and (ii) the number of shares of Class A common stock and Class B common stock subject to outstanding awards under the 2008 Plan that expire, terminate or are otherwise surrendered, canceled, forfeited or repurchased by the Company at their original issuance price pursuant to a contractual repurchase right (subject, in the case of incentive stock options, to any limitations of the Internal Revenue Code). The number of shares of Class A common stock that may be issued under the 2018 Plan will automatically increase on the first day of each fiscal year until, and including, the fiscal year ending December 31, 2028, equal to the least of (i) 2,500,000 shares of Class A common stock; (ii) 5% of the sum of the number of shares of Class A common stock and Class B common stock outstanding on the first day of such fiscal year; and (iii) an amount determined by the Company’s board of directors. The shares of common stock underlying any awards that are forfeited, canceled, held back upon exercise or settlement of an award to satisfy the exercise price or tax withholding, repurchased or are otherwise terminated by the Company under the 2018 Plan will be added back to the shares of common stock available for issuance under the 2018 Plan. As of December 31, 2023, 1,742,518 shares remained available for future grant under the 2018 Plan. The number of authorized shares reserved for issuance under the 2018 Plan was increased by 1,708,925 shares effective as of January 1, 2024 in accordance with the provisions of the 2018 Plan described above.

Options and restricted stock units (“RSUs”) granted under the Plans vest over periods determined by the board of directors. Options granted under the Plans expire no longer than ten years from the date of the grant. The exercise price for stock options granted is not less than the fair value of common shares based on quoted market prices. Certain of the Company’s RSUs are net settled by withholding shares of the Company’s Class A common stock to cover statutory income taxes.

Stock Option Valuation

The fair value of stock option grants with service-based or performance-based vesting conditions is estimated on the date of grant using the Black Scholes option pricing model. The volatility has been determined using the Company’s traded stock price to estimate expected volatility. The expected term of the Company’s stock options has been determined utilizing the “simplified” method for awards that qualify as “plain-vanilla” options. The risk-free interest rate is determined by reference to the U.S. Treasury yield curve in effect at the time of grant of the award for time periods approximately equal to the expected term of the award. Expected dividend yield is based on the fact that the Company has never paid cash dividends and does not expect to pay any cash dividends in the foreseeable future. The relevant data used to determine the fair value of the stock option grants during the years ended December 31, 2023 and 2022 is as follows, presented on a weighted-average basis:

	Year Ended December 31,	
	2023	2022
Risk-free interest rate	4.0 %	3.2 %
Expected volatility	78.4 %	78.1 %
Expected dividend yield	—	—
Expected term (in years)	5.8	6.1

The grant date fair value of stock options granted during the years ended December 31, 2023 and 2022 was $7.57 and $6.79 per share, respectively. The Company did not grant stock options in the year ended December 31, 2021.

Stock Option Activity

The following table summarizes the Company's option activity since December 31, 2022:

	Number of Shares		Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)		Aggregate Intrinsic Value (in thousands)
Outstanding as of December 31, 2022	2,072,238	$	13.40	5.88	$	10,986
Granted	585,295		10.88			
Exercised	(174,777)		5.60			
Forfeited	(163,031)		9.44			
Outstanding as of December 31, 2023	2,319,725	$	13.63	6.01	$	6,939
Vested and expected to vest as of December 31, 2023	2,164,672	$	14.00	5.82	$	6,315
Options exercisable as of December 31, 2023	1,227,541	$	9.08	4.12	$	4,418

As of December 31, 2023, outstanding options of 1,911,727 were for the purchase of Class A common stock and outstanding options of 407,998 were for the purchase of either Class A common stock or Class B common stock.

The aggregate intrinsic value of stock options is calculated as the difference between the exercise price of the stock options and the fair value of the Company's common stock for those stock options that had strike prices lower than the fair value of the Company's common stock.

The aggregate intrinsic value of options exercised during the years ended December 31, 2023, 2022 and 2021 was $0.9 million, $1.0 million and $12.9 million, respectively.

Restricted Stock Units

The Company has granted RSUs with service-based vesting conditions and with both service-based and performance-based vesting conditions. RSUs with service-based and both service-based and performance-based vesting conditions are valued on the grant date using the grant date market price of the underlying shares.

The following table summarizes the Company's RSU activity since December 31, 2022:

	Number of Shares		Weighted Average Grant-Date Fair Value
Unvested balance December 31, 2022	2,511,930	$	17.48
Granted	1,787,552		9.63
Vested	(1,449,756)		16.28
Forfeited	(763,719)		15.55
Unvested balance December 31, 2023	2,086,007	$	12.29

Inducement Awards

In connection with the acquisition of PolicyFuel in 2021, the Company granted service- and service- and performance-based RSUs to newly hired employees. The RSUs were approved by the Company's board of directors and were granted as an inducement material to the new employees entering into employment with the Company in accordance with Nasdaq Rule 5635(c)(4) (the "Inducement Awards"). The Inducement Awards were granted outside of the 2018 Plan.

Stock-Based Compensation

The Company recorded stock-based compensation expense in the following expense categories of its statements of operations and comprehensive loss (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Cost of revenue	$ 219	$ 281	$ 363
Sales and marketing	8,667	11,018	12,405
Research and development	8,053	10,328	9,551
General and administrative	5,869	7,359	7,701
Restructuring and other charges	1,288	—	—
	$ 24,096	$ 28,986	$ 30,020

As of December 31, 2023, unrecognized compensation expense for RSUs and option awards was $21.9 million, which is expected to be recognized over a weighted average period of 2.0 years.

11. Income Taxes

The Company has not recorded income tax benefits for net operating losses incurred or research and development tax credits generated, as the Company believed, based upon the weight of available evidence, that it is more likely than not that its net operating loss and tax credit carryforwards will not be realized. The Company's income tax expense for the year ended December 31, 2023 related to foreign and state income taxes. The Company did not record income tax expense for the year ended December 31, 2022, as taxable income was offset by net operating loss carryforwards. During the year ended December 31, 2021, the Company released $2.5 million of its valuation allowance related to the net deferred tax liability recorded as a result of the PolicyFuel acquisition. The Company maintains a valuation allowance on its overall net deferred tax asset as it is deemed more likely than not the net deferred tax asset will not be realized.

A reconciliation of the U.S. federal statutory income tax rate to the Company's effective income tax rate is as follows:

	Year Ended December 31,		
	2023	2022	2021
Federal statutory income tax rate	21.0 %	21.0 %	21.0 %
State taxes, net of federal benefit	6.9	7.3	5.2
Federal and state research and development tax credits	(0.3)	2.3	5.6
Nondeductible items	(0.3)	2.8	(2.0)
Stock-based compensation	(5.8)	(16.0)	10.9
Deferred taxes on acquisition	—	2.5	11.4
Other	1.4	—	0.4
Change in valuation allowance	(24.0)	(19.9)	(41.1)
Effective income tax rate	(1.1) %	— %	11.4 %

Net deferred tax assets as of December 31, 2023 and 2022 consisted of the following (in thousands):

	December 31,	
	2023	2022
Deferred tax assets:		
Net operating loss carryforwards	$ 30,638	$ 24,621
Capitalized research and development	11,793	7,186
Research and development tax credit carryforwards	9,183	7,950
Accrued expenses and other current liabilities	388	307
Property and equipment	293	271
Intangible assets	233	—
Stock-based compensation	2,233	2,593
Operating lease liability	573	1,706
Other	238	156
Total deferred tax assets	55,572	44,790
Valuation allowance	(53,948)	(41,755)
Net deferred tax assets	1,624	3,035
Deferred tax liabilities:		
Capitalized software development costs	(1,195)	(1,313)
Operating lease right-of-use assets	(429)	(1,529)
Intangible assets	—	(193)
Total deferred tax liabilities	(1,624)	(3,035)
Net deferred tax assets and liabilities	$ —	$ —

As of December 31, 2023, the Company had federal net operating loss carryforwards of $113.1 million to offset future taxable income, which do not expire but are limited in their usage to an annual deduction equal to 80% of annual taxable income. As of December 31, 2023, the Company had state net operating loss carryforwards of $106.8 million, which may be available to offset future taxable income and expire at various dates beginning in 2027. As of December 31, 2023, the Company also had federal and state research and development tax credit carryforwards of $5.9 million and $3.9 million, respectively, which may be available to reduce future tax liabilities and expire at various dates beginning in 2030 and 2029, respectively.

Utilization of the U.S. federal and state net operating loss carryforwards and research and development tax credit carryforwards may be subject to a substantial annual limitation under Section 382 and Section 383 of the Internal Revenue Code ("IRC") of 1986, and corresponding provisions of state law, due to ownership changes that have occurred previously or that could occur in the future. In general, an ownership change, as defined by Section 382, results from transactions increasing the ownership of certain stockholders or public groups in the stock of a corporation by more than 50% over a three-year period. In 2019, the Company performed an analysis of the ownership changes as defined within IRC Section 382(g) during the period beginning with the first issuance of the Company's stock on August 8, 2008 through June 30, 2019. It was determined that it is more likely than not that the Company did not undergo an ownership change within the meaning of IRC Section 382(g) during the analysis period. Therefore, net operating losses for that period are not limited and are available to cover future taxable income. The Company has not conducted a study to assess whether a change of control has occurred or whether there have been multiple changes of control since June 30, 2019 due to the significant complexity and cost associated with such a study. If the Company has experienced a change of control, as defined by Section 382, at any time since June 30, 2019, utilization of the net operating loss carryforwards or research and development tax credit carryforwards generated after June 30, 2019 may be subject to an annual limitation, which would be determined by first multiplying the value of the Company's stock at the time of the ownership change by the applicable long-term tax-exempt rate, and then could be subject to additional adjustments, as required. Any limitation may result in expiration of a portion of such net operating loss carryforwards or research and development tax credit carryforwards before utilization.

The Company has evaluated the positive and negative evidence bearing upon its ability to realize the deferred tax assets, which are comprised primarily of net operating loss carryforwards and research and development tax credit carryforwards. Management has considered the Company's history of cumulative net losses incurred since inception and estimated future taxable income and has concluded that it is more likely than not that the Company will not realize the benefits of federal and state deferred tax assets. Accordingly, a full valuation allowance has been established against the net deferred tax assets as of December 31, 2023 and 2022. The Company reevaluates the positive and negative evidence at each reporting period.

The increase in the valuation allowance for deferred tax assets during the year ended December 31, 2023 related primarily to increases in net operating losses and capitalized research and development costs. The increase in the valuation allowance for deferred tax assets during the year ended December 31, 2022 related primarily to capitalized research and development costs due to the new requirement to capitalize research and development costs under IRC Section 174, partially offset by a decrease in net operating loss carryforwards that were used to offset taxable income. The Company generated taxable income for the year ended December 31, 2022 due to the requirement to capitalize research and development costs. The increase in the valuation allowance for deferred tax assets during the year ended December 31, 2021 related primarily to an increase in net operating loss carryforwards and research and development tax credit carryforwards and stock-based compensation expense. The changes in the valuation allowance were as follows (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Valuation allowance as of beginning of year	$ 41,755	$ 36,921	$ 30,558
Decreases recorded to accumulated deficit	—	—	(159)
Decreases recorded as a benefit to income tax provision	—	—	(2,510)
Increases recorded to tax provision	12,193	4,834	9,032
Valuation allowance as of end of year	$ 53,948	$ 41,755	$ 36,921

The Company assesses the uncertainty in its income tax positions to determine whether a tax position of the Company is more likely than not to be sustained upon examination, including resolution of any related appeals of litigation processes, based on the technical merits of the position. For tax positions meeting the more-likely-than-not threshold, the tax amount recognized in the consolidated financial statements is reduced by the largest benefit that has a greater than fifty percent likelihood of being realized upon the ultimate settlement with the relevant taxing authority. No reserve for uncertain tax positions or related interest and penalties has been recorded at December 31, 2023 and 2022.

The Company files tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course of business, the Company is subject to examination by federal and state jurisdictions, where applicable. There are currently no pending tax examinations. The Company is open to future tax examination under statute from 2019 to the present, however, carryforward attributes that were generated prior to January 1, 2020 may still be adjusted upon examination by federal, state or local tax authorities if they either have been or will be used in a future period.

12. Leases

The Company leases office space in Cambridge, Massachusetts under a non-cancelable operating lease that expires in September 2024. The Company also leases office space in Austin, Texas under a non-cancelable operating lease that expires in April 2025. In connection with the acquisition of Eversurance, the Company acquired a ten-year non-cancelable operating lease in Evansville, Indiana that expires in August 2030. In connection with the sale of Eversurance LLC in August 2023, the Evansville, Indiana office lease was transferred to the buyers of Eversurance LLC. The carrying value of the right-of-use asset and related operating lease liability was $1.1 million each as of August 1, 2023, and as a result, there was no loss related to the lease (see Note 16). As part of the Company's restructuring in 2023, the Company subleased a portion of office space in its Cambridge, Massachusetts headquarters for the remaining term of its lease through September 2024 to two third parties for total payments of approximately $0.3 million. In connection with entering into the subleases, the Company recorded an asset impairment of $0.4 million in restructuring and other charges in the consolidated statements of operations and comprehensive loss (see Note 16).

As of December 31, 2023, the Company maintained security deposits of $0.4 million with the landlords of its leases, which amounts were included in prepaid expenses and other current assets on the Company’s consolidated balance sheet. As of December 31, 2022, the Company maintained security deposits of $0.5 million with the landlords of its leases, which amounts were included in other assets on the Company’s consolidated balance sheet.

The components of lease cost under ASC 842 were as follows (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Operating lease cost	$ 2,682	$ 2,896	$ 3,174
Short-term lease cost	318	269	39
Variable lease cost	546	676	596
	$ 3,546	$ 3,841	$ 3,809

Supplemental disclosure of cash flow information related to leases was as follows (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Cash paid for amounts included in the measurement of operating lease liabilities	$ 3,190	$ 3,194	$ 3,271
Operating lease liabilities arising from obtaining right-of-use assets	$ —	$ 1,096	$ 383

The weighted-average remaining lease term and discount rate were as follows:

	December 31,	
	2023	2022
Weighted-average remaining lease term - operating leases (in years)	0.8	2.93
Weighted-average discount rate - operating leases	4.74%	4.59%

Because the interest rate implicit in the lease was not readily determinable, the Company's incremental borrowing rate was used to calculate the present value of the leases. In determining its incremental borrowing rate, the Company considered its credit quality and assessed interest rates available in the market for similar borrowings, adjusted for the impact of collateral over the term of the lease.

Future annual lease payments under the Company’s leases as of December 31, 2023 were as follows (in thousands):

Years ending December 31,	
2024	$ 2,128
2025	70
Total future minimum lease payments	2,198
Less: imputed interest	(38)
Total operating lease liabilities	$ 2,160

Total operating lease liabilities in the table above are classified on the consolidated balance sheet as follows (in thousands):

	December 31, 2023
Current operating lease liabilities	$ 2,090
Operating lease liabilities, net of current portion	70
Total operating lease liabilities	$ 2,160

13. Commitments and Contingencies

Leases

The Company's commitments under its leases are described in Note 12.

Indemnification Agreements

In the normal course of business, the Company may provide indemnification of varying scope and terms to third parties and enters into commitments and guarantees (“Agreements”) under which it may be required to make payments. The duration of these Agreements varies, and in certain cases, is indefinite. Furthermore, many of these Agreements do not limit the Company’s maximum potential payment exposure.

In addition, the Company has entered into indemnification agreements with members of its board of directors and executive officers that will require the Company, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors or officers.

Through December 31, 2023, the Company has not incurred any material costs as a result of such indemnifications. The Company does not believe that the outcome of any claims under indemnification arrangements will have a material effect on its financial position, results of operations or cash flows, and it has not accrued any liabilities related to such obligations in its consolidated financial statements as of December 31, 2023 and 2022.

Legal Proceedings and Other Contingencies

The Company is from time to time subject to various legal proceedings and claims, either asserted or unasserted, which arise in the ordinary course of its business. While the outcome of these other claims cannot be predicted with certainty, management does not believe that the outcome of any of these other legal matters will have a material adverse effect on the Company's consolidated results of operations or financial condition.

14. Retirement Plan

The Company has established a defined-contribution plan under Section 401(k) of the Internal Revenue Code (the "401(k) Plan"). The 401(k) Plan covers all employees who meet defined minimum age and service requirements, and allows participants to defer a portion of their annual compensation on a pre-tax basis. As currently established, the Company is not required to make any contributions to the 401(k) Plan. The Company contributed $0.9 million during each of the years ended December 31, 2023, 2022 and 2021.

15. Related Party Transactions

The Company has, in the ordinary course of business, entered into arrangements with other companies who have shareholders in common with the Company. Pursuant to these arrangements, related-party affiliates receive payments for providing website visitor referrals. During the years ended December 31, 2023, 2022 and 2021, the Company recorded expense of $3.6 million, $8.2 million and $3.5 million, respectively, related to these arrangements. During the years ended December 31, 2023, 2022 and 2021, the Company paid $4.0 million, $7.8 million and $3.8 million, respectively, related to these arrangements. As of December 31, 2023 and 2022, amounts due to related-party affiliates totaled $0.3 million and $0.6 million, respectively, which were included in accounts payable and accrued expenses on the balance sheets.

On February 23, 2022, the Company sold 1,004,016 shares of Class A common stock at a purchase price of $14.94 per share for gross proceeds of $15.0 million in a private placement to Recognition Capital, LLC, an entity which is owned and controlled by David Blundin, Chairman of the board of directors and co-founder of the Company.

16. Restructuring and Other Charges

In June 2023, the Company committed to exiting its health insurance vertical to increase focus on core verticals and implemented a workforce reduction plan (the "Reduction Plan") to improve operating efficiency. The Reduction Plan included the elimination of 175 employees, or approximately 28%, of the Company's workforce. During the year ended December 31, 2023, the Company incurred $4.0 million in severance charges in connection with the workforce reduction, consisting of cash expenditures for employee separation costs of $2.7 million that are expected to be paid through August 2024, and non-cash charges for the modification of certain equity awards of $1.3 million. During the year ended December 31, 2023, the Company recorded a credit of $0.2 million to restructuring and other charges in the accompanying consolidated statements of operations and comprehensive loss related to estimated severance payments that were not made.

In August 2023, the Company sold assets related to its health insurance vertical comprised of all of the issued and outstanding membership interests of Eversurance LLC, a former subsidiary of the Company, to MyPlanAdvocate Insurance Solutions Inc. for cash consideration of $13.2 million. There were no employees of Eversurance LLC at the time of the sale. The assets sold consisted of commissions receivable of $30.8 million, which were expected to be collected over the next seven years, net intangible assets of $1.0 million and other net assets of $0.4 million, including the Company's Evansville, Indiana office lease. The Company incurred $0.4 million of transaction costs in connection with the sale. Accordingly, the Company recognized a loss on sale of assets of $19.4 million during the year ended December 31, 2023, which amount is included in restructuring and other charges in the accompanying consolidated statements of operations and comprehensive loss. The Company also recorded an impairment charge on the right-of-use asset related to its Cambridge, Massachusetts office lease of $0.4 million during the year ended December 31, 2023 in connection with the Company entering into subleases with two third parties for a portion of the office space. The exit of the health insurance vertical and the Reduction Plan are referred to as the Company's recent restructuring, which was completed by September 30, 2023.

The Company's restructuring and other charges and balance of its restructuring liability, which was included in accrued employee compensation and benefits, consisted of the following (in thousands):

	Year Ended December 31, 2023				
	Employee Separation Payments	Non-cash Compensation	Loss on Sale of Health Assets	Asset Impairments	Total
Accrued Balance at December 31, 2022	$ —	$ —	$ —	$ —	$ —
Expense	2,709	1,288	19,388	384	23,769
Payments	(2,142)	—	—	—	(2,142)
Adjustments	(201)	—	—	—	(201)
Non-cash	—	(1,288)	(19,388)	(384)	(21,060)
Accrued Balance at December 31, 2023	$ 366	$ —	$ —	$ —	$ 366

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer (our principal executive officer and principal financial officer, respectively), evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2023. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and our management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of December 31, 2023, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures are effective at the reasonable assurance level.

Internal Control over Financial Reporting

Management’s Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements.

Our management has assessed the effectiveness of our internal control over financial reporting as of December 31, 2023. In making this assessment, management used the criteria described in *Internal Control—Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, our management has concluded that as of December 31, 2023, our internal control over financial reporting is effective, based on the specified criteria.

The effectiveness of our internal control over financial reporting as of December 31, 2023 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which is included herein.

Changes in Internal Control Over Financial Reporting

No changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the three months ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Rule 10b5-1 Trading Plans

The adoption or termination of contracts, instructions or written plans for the purchase or sale of our securities by our Section 16 officers and directors for the three months ended December 31, 2023, each of which is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act ("Rule 10b5-1 Plan"), were as follows:

Name (Title)	Action Taken (Date of Action)	Type of Trading Arrangement	Nature of Trading Arrangement	Duration of Trading Arrangement	Aggregate Number of Securities
Jayme Mendal *(Chief Executive Officer)*	Termination *(November 3, 2023)*	Rule 10b5-1 trading arrangement	Sale	Until May 31, 2024, or such earlier date upon which all transactions are completed or expire without execution	Up to 157,280 shares
Jayme Mendal *(Chief Executive Officer)*	Adoption *(December 15, 2023)*	Rule 10b5-1 trading arrangement	Sale	Until March 19, 2025, or such earlier date upon which all transactions are completed or expire without execution	Up to 73,000 shares
Joseph Sanborn *(Chief Financial Officer)*	Adoption *(December 15, 2023)*	Rule 10b5-1 trading arrangement	Sale	Until June 13, 2024, or such earlier date upon which all transactions are completed or expire without execution	Up to 8,051 shares
David Brainard *(Chief Technology Officer)*	Modification *(December 15, 2023)*	Rule 10b5-1 trading arrangement	Sale	Until December 13, 2024, or such earlier date upon which all transactions are completed or expire without execution	Indeterminable[1]

(1) Mr. Brainard's Rule 10b5-1 Trading Plan provides for the (i) sale of up to 7,073 shares of common stock and (ii) sale of an indeterminable number of shares of common stock from the settlement of restricted stock units ("RSUs"). The shares of common stock in clause (ii) is unknown as the number will vary based on the extent to which vesting conditions of the RSUs are satisfied, the market price of the Company's common stock at the time of settlement and the amount of shares that would otherwise be issuable on each settlement date of a covered RSU that are sold or withheld in an amount sufficient to satisfy applicable tax withholding obligations.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item 10 will be included in our definitive proxy statement to be filed with the SEC with respect to our 2024 Annual Meeting of Stockholders and is incorporated herein by reference.

Our board of directors has adopted a Code of Business Conduct and Ethics applicable to all officers, directors and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. A copy of the code is available at the Investors section of our website, located at investors.everquote.com, under "Corporate Governance—Governance Documents." We intend to make all required disclosures regarding any amendments to, or waivers from, any provisions of the code at the same location of our website.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item 11 will be included under the headings "Directors, Executive Officers and Corporate Governance—Compensation Committee Interlocks and Insider Participation", "Executive Compensation" and "Director Compensation" in our definitive proxy statement to be filed with the SEC with respect to our 2024 Annual Meeting of Stockholders and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item 12 will be included in our definitive proxy statement to be filed with the SEC with respect to our 2024 Annual Meeting of Stockholders and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item 13 will be included in our definitive proxy statement to be filed with the SEC with respect to our 2024 Annual Meeting of Stockholders and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item 14 will be included in our definitive proxy statement to be filed with the SEC with respect to our 2024 Annual Meeting of Stockholders and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) 1. *Financial Statements*

For a list of the financial statements included herein, see Index to Consolidated Financial Statements in this Annual Report on Form 10-K, incorporated into this Item by reference.

2. Financial Statement Schedules

Financial statement schedules have been omitted because they are either not required or not applicable or the information is included in the consolidated financial statements or the notes thereto.

3. Exhibits

See the Exhibit Index in Item 15(b) below.

(b) Exhibit Index.

Exhibit Number	Description
2.1	Purchase and Sale Agreement, dated August 1, 2023, by and between MyPlanAdvocate Insurance Solutions Inc. and the Company (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on August 7, 2023).
3.1	Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K (File No. 001-38549) filed with the SEC on July 2, 2018)
3.2	Amended and Restated Bylaws of the Registrant (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K (File No. 001-38549) filed with the SEC on July 2, 2018)
4.1	Specimen stock certificate evidencing shares of Class A common stock of the Registrant (incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form S-1 (File No. 333-225379) filed with the SEC on June 18, 2018)
4.2	Description of Securities of the Registrant (incorporated by reference to Exhibit 4.2 to the Registrant's Annual Report on Form 10-K (File No. 001-38549) filed with the SEC on February 25, 2022)
9.1	Voting Agreement, dated February 8, 2018, by and among certain stockholders of the Registrant (incorporated by reference to Exhibit 9.1 to the Registrant's Registration Statement on Form S-1 (File No. 333-225379) filed with the SEC on June 1, 2018)
10.1	Amended and Restated Investors' Rights Agreement, dated as of June 30, 2016, by and among the Registrant and the other parties thereto (incorporated by reference to Exhibit 10.1 to the Registrant's Registration Statement on Form S-1 (File No. 333-225379) filed with the SEC on June 1, 2018)
10.2#	Form of Indemnification Agreement between the Registrant and each of its directors and executive officers (incorporated by reference to Exhibit 10.2 to the Registrant's Registration Statement on Form S-1 (File No. 333-225379) filed with the SEC on June 1, 2018)
10.3#	Amended and Restated 2008 Stock Incentive Plan (incorporated by reference to Exhibit 10.3 to the Registrant's Registration Statement on Form S-1 (File No. 333-225379) filed with the SEC on June 1, 2018)
10.4#	Form of Incentive Stock Option Agreement under 2008 Stock Incentive Plan (incorporated by reference to Exhibit 10.4 to the Registrant's Registration Statement on Form S-1 (File No. 333-225379) filed with the SEC on June 1, 2018)
10.5#	Form of Non-Qualified Stock Option Agreement under 2008 Stock Incentive Plan (incorporated by reference to Exhibit 10.5 to the Registrant's Registration Statement on Form S-1 (File No. 333-225379) filed with the SEC on June 1, 2018)
10.6#	Form of Restricted Stock Unit Issuance Agreement under 2008 Stock Incentive Plan (incorporated by reference to Exhibit 10.6 to the Registrant's Registration Statement on Form S-1 (File No. 333-225379) filed with the SEC on June 1, 2018)
10.7#	2018 Equity Incentive Plan (incorporated by reference to Exhibit 10.7 to the Registrant's Registration Statement on Form S-1 (File No. 333-225379) filed with the SEC on June 27, 2018)
10.8#	Form of Stock Option Agreement under 2018 Equity Incentive Plan (incorporated by reference to Exhibit 10.8 to the Registrant's Registration Statement on Form S-1 (File No. 333-225379) filed with the SEC on June 18, 2018)
10.9#	Form of Restricted Stock Unit Agreement under 2018 Equity Incentive Plan (incorporated by reference to Exhibit 10.9 to the Registrant's Registration Statement on Form S-1 (File No. 333-225379) filed with the SEC on June 18, 2018)

Exhibit Number	Description
10.10	Lease, dated as of July 24, 2013, as amended by the First, Second, Third, Fourth, Fifth and Sixth Amendments thereto, by and between BMR-Broadway LLC and the Registrant (incorporated by reference to Exhibit 10.10 to the Registrant's Registration Statement on Form S-1 (File No. 333-225379) filed with the SEC on June 1, 2018)
10.11	Amended and Restated Loan and Security Agreement, dated August 7, 2020, by and between Western Alliance Bank and the Registrant (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q (File No. 001-38549) filed with the SEC on November 6, 2020)
10.12	Loan and Security Modification Agreement, dated July 15, 2022, by and between Western Alliance Bank and the Registrant (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-38549) filed with the SEC on July 19, 2022)
10.13#	Offer Letter, dated as of July 31, 2017, by and between the Registrant and Jayme Mendal (incorporated by reference to Exhibit 10.13 to the Registrant's Registration Statement on Form S-1 (File No. 333-225379) filed with the SEC on June 1, 2018)
10.14#	Offer Letter, dated as of December 23, 2022, by and between the Registrant and Julia Brncic
10.15#	Offer Letter, dated as of November 4, 2019, by and between the Registrant and David Brainard (incorporated by reference to Exhibit 10.15 to the Registrant's Annual Report on Form 10-K (File No. 001-38549) filed with the SEC on February 27, 2023)
10.16	Seventh Amendment to Lease, dated as of September 26, 2018, by and between the Registrant and BMR-Broadway LLC (incorporated by reference to Exhibit 99.1 to the Registrant's Current Report on Form 8-K (File No. 001-38549) filed with the SEC on October 1, 2018)
10.17#	Form of Performance-Based Stock Option Agreement under 2018 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q (File No. 001-38549) filed with the SEC on May 8, 2020)
10.18#	Form of Restricted Stock Unit Agreement under 2018 Equity Incentive Plan (incorporated by reference to Exhibit 99.1 to the Registrant's Current Report on Form 8-K (File No. 001-38549) filed with the SEC on February 15, 2022)
10.19	Securities Purchase Agreement, dated February 22, 2022, by and between EverQuote, Inc. and Recognition Capital, LLC (incorporated by reference to Exhibit 99.1 to the Registrant's Current Report on Form 8-K (File No. 001-38549) filed with the SEC on February 23, 2022)
10.20	Loan and Security Modification Agreement, dated August 1, 2023, by and between Western Alliance Bank and the Company (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K (File No. 001-38549) filed with the SEC on August 7, 2023).
10.21	Loan and Security Modification Agreement, dated August 7, 2023, by and between Western Alliance Bank and the Company (incorporated by reference to Exhibit 99.2 to the Company's Current Report on Form 8-K (File No. 001-38549) filed with the SEC on August 7, 2023).
10.22	Executive Severance Plan, dated November 5, 2023 (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q (File No. 001-38549) filed with the SEC on November 7, 2023).
21.1	Subsidiaries of the Registrant
23.1	Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm
31.1	Certification of Chief Executive Officer of the Registrant Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer of the Registrant Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1†	Certification of Chief Executive Officer of the Registrant Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2†	Certification of Chief Financial Officer of the Registrant Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
97.1	EverQuote, Inc. Dodd-Frank Compensation Recovery Policy
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema with embedded linkbase document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

# Indicates management contract or compensation plan.

† The certifications attached as Exhibits 32.1 and 32.2 that accompany this Annual Report on Form 10-K, are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of EverQuote, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Annual Report on Form 10-K, irrespective of any general incorporation language contained in such filing.

ITEM 16. FORM 10-K SUMMARY

None.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

February 27, 2024

EVERQUOTE, INC.

By: /s/ Jayme Mendal
Jayme Mendal
Chief Executive Officer and President

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Jayme Mendal Jayme Mendal	Chief Executive Officer and President and Director (Principal Executive Officer)	February 27, 2024
/s/ Joseph Sanborn Joseph Sanborn	Chief Financial Officer and Treasurer (Principal Financial Officer)	February 27, 2024
/s/ Jon Ayotte Jon Ayotte	Chief Accounting Officer (Principal Accounting Officer)	February 27, 2024
/s/ David Blundin David Blundin	Chairman of the Board of Directors	February 27, 2024
/s/ Sanju Bansal Sanju Bansal	Director	February 27, 2024
/s/ Paul Deninger Paul Deninger	Director	February 27, 2024
/s/ George Neble George Neble	Director	February 27, 2024
/s/ John Shields John Shields	Director	February 27, 2024
/s/ Mira Wilczek Mira Wilczek	Director	February 27, 2024

EVERQUOTE
210 Broadway, Suite 401
Cambridge, MA 02139
855-522-3444

December 23, 2022

Julia Brncic
[______________]
[______________________]

Re: Offer of Employment by EverQuote, Inc.

Dear Julia,

I am very pleased to confirm my offer to you of employment with EverQuote, Inc. (the "Company") in the position of General Counsel and Corporate Secretary, an exempt position. I look forward to your acceptance of this offer and would like you to start with the Company on January 9, 2023. A summary of the terms of this offer and the benefits currently provided by the Company are as follows:

1. **Salary.** Your annual base salary will be $300,000.00, paid in accordance with EverQuote's standard payroll practices.

2. **Incentive Plan.** In addition to the base salary outlined above, you will also be eligible to participate in the EverQuote Executive Bonus Plan with a target earnings of $200,000.00 annually.

3. **Benefits**. You will be eligible to participate in our standard health insurance and other employee benefit plans established by the Company for its employees. EverQuote has an open paid-time-off policy, in which each employee is afforded the flexibility to take vacation as necessary. We do not limit employee vacation times or sick days – take the time you need to operate at peak performance.

4. **Equity Awards**. A recommendation will be submitted to the board of directors of the Company to grant you 42,500 restricted stock units ("Initial RSUs") and 53,000 stock options ("Initial Stock Options") at an exercise price to be set at the next board of directors meeting. Subject to approval by the board of directors, each of these equity awards will be scheduled to vest over a four-year period, with 25% vesting after 12 months, and an additional 6.25% vesting each quarter thereafter, in each case subject to your continued service. In addition, in the event your position with the Company is terminated, other than "For Cause", within 3 months prior to or 12 months following a "Change of Control" (each as defined in Appendix A) all your unvested Initial RSUs and Initial Stock Options shall then vest.

5. **Temporary Housing.** To facilitate your onboarding with the Company you will be temporarily assigned to the Company's Cambridge, MA office for the first six months of your employment with the Company. The Company will reimburse or directly pay for housing and furnishings in the Cambridge area (or nearby location) for your six-month temporary assignment.

6. **At Will Employment**. While I look forward to a long and profitable relationship, should you decide to accept this offer, you will be an at-will employee of the Company, which means your employment relationship can be terminated by either of us for any reason, at any time, with or without prior notice and with or without cause. If the Company terminates your employment for any reason other than "For Cause" (as defined in Appendix A) or if you terminate your employment for "Good Reason" (as defined in the Appendix A), you will be eligible to receive severance benefits equal to 6 months base pay, a bonus payment prorated through your date of termination calculated and paid in accordance with the Company's standard bonus procedures, and 6 months of coverage continuation contributions for your then-active medical coverage at the same rate as the Company's standard employer contribution.

7. **Acceptance**. If you decide to accept our offer, please sign the enclosed copy of this letter in the space indicated and return it to me. This offer will expire at 5:00 PM on December 31st, 2022. Before joining the Company you will be required to sign the Company's Standard Agreement Regarding Inventions & Confidentiality. You will also be required to pass a standard background check. Your signature will acknowledge that you have read and understood and agreed to the terms and conditions of this offer letter and the attached documents, if any. Should you have anything else that you wish to discuss, please do not hesitate to call me.

Sincerely,

/s/ Thomas McDermott
12/23/2022

Thomas McDermott
Chief People Officer

I have read and understood the above information and the Company's offer of employment as outlined above and hereby acknowledge, accept and agree to the terms as set forth above. I confirm that, to the best of my knowledge and belief, there is no contractual obligation to any previous employer which would prevent me from giving my full efforts to the Company (other than and to the extent set forth herein) or prevent the Company from benefiting from and retaining exclusive rights to any ideas or products which I may develop during my employment by the Company. I also acknowledge that my employment relationship with the Company is considered to be employment-at-will and may be terminated by either the Company or me, with or without cause or notice.

Signature: /s/ Julia Brncic
Name: Julia Brncic

Date: 12/23/2022

Appendix A
Definitions:

“Board” means the Board of Directors of the Company.

“Change of Control” means the first to occur of any of the following: (i) a merger or consolidation in which (A) the Company is a constituent party, or (B) a subsidiary of the Company is a constituent party and the Company issues shares of its capital stock pursuant to such merger or consolidation, except in the case of either clause (A) or (B) any such merger or consolidation involving the Company or a subsidiary of the Company in which the beneficial owners of the shares of capital stock of the Company outstanding immediately prior to such merger or consolidation continue beneficially to own, immediately following such merger or consolidation, at least a majority by voting power of the capital stock of (x) the surviving or resulting corporation or (y) if the surviving or resulting corporation is a wholly owned subsidiary of another corporation immediately following such merger or consolidation, the parent corporation of such surviving or resulting corporation; (ii) the sale, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, by the Company or a Company subsidiary of all or substantially all the assets of the Company and the Company’s subsidiaries taken as a whole (except in connection with a merger or consolidation not constituting a Change of Control under clause (i) or where such sale, lease, transfer, exclusive license or other disposition is to a wholly owned Company subsidiary); or (iii) the sale or transfer, in a single transaction or series of related transactions, by the stockholders of the Company of more than 50% by voting power of the then-outstanding capital stock of the Company to any Person or entity or group of affiliated Persons or entities.

“Company” means EverQuote, Inc.

“Employee” means Julia Brncic.

“For Cause” means any of the following: (i) Employee’s willful and continued failure to substantially perform the reasonably assigned duties with the Company which are consistent with Employee’s position, other than any such failure resulting from incapacity due to physical or mental illness, after a written notice is delivered to Employee by the Board which specifically identifies the manner in which Employee has not substantially performed the assigned duties and allowing Employee thirty (30) days after receipt by Employee of such notice to cure such failure to perform, (ii) material breach of this or any other written agreement between Employee and the Company which is not cured within thirty (30) days after receipt by the Employee from the Company of written notice of such breach, (iii) any material violation of any written policy of the Company which is not cured within thirty (30) days after receipt by Employee from the Company of written notice of such violation, (iv) Employee’s willful misconduct which is materially and demonstrably injurious to the Company, (v) Employee’s conviction by a court of competent jurisdiction of, or her pleading guilty or nolo contendere to, any felony, or (vi) Employee’s commission of an act of fraud, embezzlement, or misappropriation against the Company or any breach of fiduciary duty or breach of the duty of loyalty, including, but not limited to, the offer, payment, solicitation or acceptance of any unlawful bribe or kickback with respect to the Company’s business. For purposes of this definition, no act, or failure to act, on Employee’s part shall be considered “willful” unless done, or omitted to be done, in knowing bad faith and without reasonable belief that the action or omission was in, or not opposed to, the best interests of the Company. Any act, or failure to act, expressly authorized by a resolution duly adopted by the Board or based upon the written advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, in good faith and in the best interests of the Company. Notwithstanding the foregoing, Employee shall not be deemed to have been terminated For Cause unless and until there shall have been delivered to Employee a copy of a resolution, duly adopted by the Board at a meeting of the Board called and held for such purpose (after reasonable notice to Employee and an opportunity for Employee, together with Employee’s counsel, to be heard before the Board), finding that in the good faith opinion of the Board Employee committed the conduct set forth above in clauses (i), (ii), (iii), (iv), (v) or (vi) of this definition and specifying the particulars thereof in detail.

"Good Reason" means any of the following events, if Employee gives written notice to the Company within thirty (30) days of the applicable event, which notice identifies the applicable event and Employee's belief that such event constitutes grounds that may give rise to a "Good Reason" termination, and the Company fails, within thirty (30) days of receipt of such notice, to cure or rectify the grounds set forth in such notice that may give rise to a "Good Reason" termination: (i) a material violation by the Company of this offer letter; (ii) if Employee is an executive officer of the Company, demotion of Employee, without Employee's prior consent, to a position that does not include significant managerial responsibilities; (iii) reduction of Employee's then-current material responsibilities, which shall include but are not limited to (A) the management of internal and outside legal counsel, (B) the oversight and management of litigation, intellectual property, regulatory and transactional matters, (C) corporate secretarial functions, if and when assumed, and (D) corporate governance and compliance matters; (iv) reduction in Employee's base salary, other than in connection with, and substantially proportionate to, a general salary reduction program that applies to the Company's similar class of officers or employees.

"Person" means an individual, a corporation, an association, a partnership, an estate, a trust and any other entity or organization, other than the Company.

Exhibit 21.1

Subsidiaries of the Registrant

Name	Jurisdiction of Incorporation
EverQuote NI Limited	Northern Ireland
EverQuote India Private Limited	India
Parachute Insurance Services Corp	Texas
One-Eighty Software, Inc.	Delaware
Policy Fuel, LLC	Texas
Kanopy Insurance Center, LLC	Delaware

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-225944, 333-230800, 333-236668, 333-253707, 333-258762, 333-263032 and 333-270043) of EverQuote, Inc. of our report dated February 27, 2024 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Boston, Massachusetts
February 27, 2024

Exhibit 31.1

CERTIFICATIONS

I, Jayme Mendal, certify that:

1. I have reviewed this Annual Report on Form 10-K of EverQuote, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: February 27, 2024

By: /s/ Jayme Mendal
Jayme Mendal
Chief Executive Officer and President
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Joseph Sanborn, certify that:

1. I have reviewed this Annual Report on Form 10-K of EverQuote, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: February 27, 2024

By: /s/ Joseph Sanborn
Joseph Sanborn
Chief Financial Officer and Treasurer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of EverQuote, Inc. (the “Company”) for the fiscal year ended December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, Jayme Mendal, Chief Executive Officer and President of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge on the date hereof:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 27, 2024	By:	/s/ Jayme Mendal
		Jayme Mendal Chief Executive Officer and President (Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of EverQuote, Inc. (the "Company") for the fiscal year ended December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Joseph Sanborn, Chief Financial Officer and Treasurer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge on the date hereof:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 27, 2024	By:	/s/ Joseph Sanborn
		Joseph Sanborn Chief Financial Officer and Treasurer (Principal Financial Officer)

Exhibit 97.1

EVERQUOTE, INC.

Dodd-Frank Compensation Recovery Policy

This Compensation Recovery Policy (this "Policy") is adopted by EverQuote, Inc. (the "Company") in accordance with Nasdaq Listing Rule 5608 ("Rule 5608"), which implements Rule 10D-1 under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (as promulgated pursuant to Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010). This Policy is effective as of October 2, 2023 (the "Effective Date").

1. Definitions

(a) **"Accounting Restatement"** means a requirement that the Company prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the U.S. federal securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period. Changes to the Company's financial statements that do not represent error corrections are not an Accounting Restatement, including: (A) retrospective application of a change in accounting principle; (B) retrospective revision to reportable segment information due to a change in the structure of the Company's internal organization; (C) retrospective reclassification due to a discontinued operation; (D) retrospective application of a change in reporting entity, such as from a reorganization of entities under common control; and (E) retrospective revision for stock splits, reverse stock splits, stock dividends or other changes in capital structure.

(b) **"Committee"** means the Compensation Committee of the Company's Board of Directors (the "Board").

(c) **"Covered Person"** means a person who served as an Executive Officer at any time during the performance period for the applicable Incentive-Based Compensation.

(d) **"Erroneously Awarded Compensation"** means the amount of Incentive-Based Compensation that was Received that exceeds the amount of Incentive-Based Compensation that otherwise would have been Received had the amount of Incentive-Based Compensation been determined based on the restated amounts, computed without regard to any taxes paid by the Covered Person or by the Company on the Covered Person's behalf. For Incentive-Based Compensation based on stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in an Accounting Restatement, the amount of Erroneously Awarded Compensation will be based on a reasonable estimate by the Committee of the effect of the Accounting Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was Received. The Company will maintain documentation of the determination of that reasonable estimate and provide such documentation to Nasdaq.

(e) **“Executive Officer”** means the Company’s officers as defined in Rule 16a-1(f) under the Exchange Act.

(f) **“Financial Reporting Measures”** means (A) measures that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures that are derived wholly or in part from such measures (whether or not such measures are presented within the Company’s financial statements or included in a filing made with the U.S. Securities and Exchange Commission), (B) stock price and (C) total shareholder return.

(g) **“Incentive-Based Compensation”** means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

(h) Incentive-Based Compensation is deemed to be **“Received”** in the Company’s fiscal period during which the Financial Reporting Measure specified in the applicable Incentive-Based Compensation award is attained, even if the payment or grant of the Incentive-Based Compensation occurs after the end of that period or is subject to additional time-based vesting requirements.

(i) **“Recovery Period”** means the three completed fiscal years immediately preceding the earlier of: (A) the date the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement; or (B) the date a court, regulator, or other legally authorized body directs the Company to prepare an Accounting Restatement. In addition, if there is a change in the Company’s fiscal year end, the Recovery Period will also include any transition period to the extent required by Rule 5608.

2. Recovery of Erroneously Awarded Compensation

Subject to the terms of this Policy and the requirements of Rule 5608, if the Company is required to prepare an Accounting Restatement, the Company will attempt to recover, reasonably promptly from each Covered Person, any Erroneously Awarded Compensation that was Received by such Covered Person during the Recovery Period pursuant to Incentive-Based Compensation that is subject to this Policy.

3. Interpretation and Administration

(a) Role of the Committee. This Policy will be interpreted by the Committee in a manner that is consistent with Rule 5608 and any other applicable law and will otherwise be interpreted in the business judgment of the Committee. All decisions and interpretations of the Committee that are consistent with Rule 5608 will be final and binding.

(b) Compensation Not Subject to this Policy. This Policy does not apply to Incentive-Based Compensation that was Received before the Effective Date. With respect to any Covered Person, this Policy does not apply to Incentive-Based Compensation that was Received by such Covered Person before beginning service as an Executive Officer.

(c) Determination of Means of Recovery. Subject to the requirement that recovery be made reasonably promptly, the Committee will determine the appropriate means of recovery, which may vary between Covered Persons or based on the nature of the applicable Incentive-Based Compensation, and which may involve, without limitation, establishing a deferred repayment plan or setting off against current or future compensation otherwise payable to the Covered Person. Recovery of Erroneously Awarded Compensation will be made without regard to income taxes paid by the Covered Person or by the Company on the Covered Person's behalf in connection with such Erroneously Awarded Compensation.

(d) Determination That Recovery is Impracticable. The Company is not required to recover Erroneously Awarded Compensation if a determination is made by the Committee that either (A) after the Company has made and documented a reasonable attempt to recover such Erroneously Awarded Compensation, the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered or (B) recovery of such Erroneously Awarded Compensation would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the registrant, to fail to meet the requirements of Section 401(a)(13) or 411(a) of the Internal Revenue Code and regulations thereunder.

(e) No Indemnification or Company-Paid Insurance. The Company will not indemnify any Covered Person against the loss of Erroneously Awarded Compensation and will not pay or reimburse any Covered Person for the purchase of a third-party insurance policy to fund potential recovery obligations.

(f) Interaction with Other Clawback Provisions. The Company will be deemed to have recovered Erroneously Awarded Compensation in accordance with this Policy to the extent the Company actually receives such amounts pursuant to any other Company policy, program or agreement, pursuant to Section 304 of the Sarbanes-Oxley Act or otherwise.

(g) No Limitation on Other Remedies. Nothing in this Policy will be deemed to limit the Company's right to terminate employment of any Covered Person, to seek recovery of other compensation paid to a Covered Person, or to pursue other rights or remedies available to the Company under applicable law.

Adopted by the Board on October 23, 2023.