

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2022

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 001-39535

SHARECARE, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

85-1365053

(I.R.S. Employer Identification No.)

255 East Paces Ferry Road NE, Suite 700
Atlanta, Georgia

(Address of Principal Executive Offices)

30305

(Zip Code)

(404) 671-4000

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|--|-------------------|---|
| Common Stock, par value \$0.0001 per share | SHCR | The Nasdaq Stock Market LLC |
| Warrants, each warrant exercisable for one share of common stock, each at an exercise price of \$11.50 per share | SHCRW | The Nasdaq Stock Market LLC |

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-(§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post 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 | <input type="checkbox"/> | Accelerated filer | <input type="checkbox"/> |
| Non-accelerated filer | <input checked="" type="checkbox"/> | Smaller reporting company | <input checked="" type="checkbox"/> |
| | | Emerging growth company | <input checked="" type="checkbox"/> |

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 is a shell company (as defined in Rule 12b-2 of the Act). Yes No

As of May 9, 2022, there were 350,270,350 shares of the registrant's common stock, par value \$0.0001 per share, outstanding.

Sharecare, Inc.

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Part I - Financial Information**ITEM 1. FINANCIAL STATEMENTS**

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

| | As of March 31, 2022 | As of December 31, 2021 |
|--|-------------------------|----------------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 253,306 | \$ 271,105 |
| Accounts receivable, net (net of allowance for doubtful accounts of \$6,740 and \$6,212, respectively) | 95,252 | 103,256 |
| Other receivables | 2,866 | 5,327 |
| Prepaid expenses | 11,659 | 8,819 |
| Other current assets | 2,579 | 2,459 |
| Total current assets | 365,662 | 390,966 |
| Property and equipment, net | 4,404 | 4,534 |
| Other long-term assets | 19,963 | 12,173 |
| Intangible assets, net | 157,160 | 155,086 |
| Goodwill | 192,041 | 192,442 |
| Total assets | \$ 739,230 | \$ 755,201 |
| Liabilities, Redeemable Convertible Preferred Stock and Stockholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 27,320 | \$ 27,155 |
| Accrued expenses and other current liabilities (Note 4) | 54,699 | 51,653 |
| Deferred revenue | 12,503 | 11,655 |
| Contract liabilities, current | 3,061 | 4,597 |
| Debt, current (Note 8) | 584 | — |
| Total current liabilities | 98,167 | 95,060 |
| Contract liabilities, noncurrent | 1,099 | 1,745 |
| Warrant liabilities | 5,229 | 10,820 |
| Long-term debt (Note 8) | — | 419 |
| Other long-term liabilities | 13,725 | 24,116 |
| Total liabilities | 118,220 | 132,160 |
| Commitments and contingencies (Note 11) | | |
| Series A redeemable convertible preferred stock, \$0.0001 par value; 5,000,000 shares authorized; 5,000,000 shares issued and outstanding, aggregate liquidation preference of \$50,000 as of March 31, 2022 and December 31, 2021 | 58,205 | 58,205 |
| Stockholders' equity: | | |
| Common stock \$0.0001 par value; 600,000,000 and 600,000,000 shares authorized; 349,082,480 and 345,788,707 shares issued and outstanding as of March 31, 2022 and December 31, 2021, respectively | 35 | 35 |
| Additional paid-in capital | 1,078,201 | 1,042,164 |
| Accumulated other comprehensive loss | (2,130) | (2,061) |
| Accumulated deficit | (515,314) | (477,113) |
| Total Sharecare stockholders' equity | 560,792 | 563,025 |
| Noncontrolling interest in subsidiaries | 2,013 | 1,811 |
| Total stockholders' equity | 562,805 | 564,836 |
| Total liabilities, redeemable convertible preferred stock and stockholders' equity | \$ 739,230 | \$ 755,201 |

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

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

| | Three Months Ended March 31, | |
|--|---------------------------------|-------------|
| | 2022 | 2021 |
| Revenue | \$ 100,710 | \$ 90,202 |
| Costs and operating expenses: | | |
| Costs of revenue (exclusive of depreciation and amortization below) | 51,492 | 44,394 |
| Sales and marketing | 14,511 | 11,510 |
| Product and technology | 19,420 | 20,454 |
| General and administrative | 55,998 | 19,554 |
| Depreciation and amortization | 9,878 | 6,683 |
| Total costs and operating expenses | 151,299 | 102,595 |
| Loss from operations | (50,589) | (12,393) |
| Other income (expense): | | |
| Interest income | 29 | 8 |
| Interest expense | (492) | (7,010) |
| Other income (expense) | 12,845 | (11,878) |
| Total other income (expense) | 12,382 | (18,880) |
| Loss before income tax expense | (38,207) | (31,273) |
| Income tax expense | (92) | (85) |
| Net loss | (38,299) | (31,358) |
| Net loss attributable to noncontrolling interest in subsidiaries | (98) | (106) |
| Net loss attributable to Sharecare, Inc. | \$ (38,201) | \$ (31,252) |
| Net loss per share attributable to common stockholders, basic and diluted ⁽¹⁾ | \$ (0.11) | \$ (0.14) |
| Weighted-average common shares outstanding, basic and diluted ⁽¹⁾ | 344,891,335 | 223,191,871 |
| Net loss | \$ (38,299) | \$ (31,358) |
| Other comprehensive loss adjustments: | | |
| Foreign currency translation | 231 | (960) |
| Comprehensive loss | (38,068) | (32,318) |
| Comprehensive income (loss) attributable to noncontrolling interest in subsidiaries | 202 | (257) |
| Comprehensive loss attributable to Sharecare, Inc. | \$ (38,270) | \$ (32,061) |

(1) Retroactively restated for the Reverse Recapitalization as a result of the Business Combination as described in Notes 1 and 2.

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

SHARECARE, INC.
CONSOLIDATED STATEMENTS OF REDEEMABLE NONCONTROLLING INTEREST, REDEEMABLE CONVERTIBLE PREFERRED STOCK, AND STOCKHOLDERS' EQUITY (DEFICIT)
(Unaudited)
(In thousands, except share amounts)

| | Redeemable Noncontrolling Interest | Redeemable Convertible Preferred Stock | | Common Stock | | Additional Paid-In Capital | Accumulated Other Comprehensive Loss | Accumulated Deficit | Noncontrolling Interest | Total Stockholders' Equity (Deficit) |
|---|------------------------------------|--|-----------|--------------|--------|----------------------------|--------------------------------------|---------------------|-------------------------|--------------------------------------|
| | | Shares | Amount | Shares | Amount | | | | | |
| Balance at December 31, 2021 | — | 5,000,000 | \$ 58,205 | 345,788,707 | \$ 35 | \$ 1,042,164 | \$ (2,061) | \$ (477,113) | \$ 1,811 | \$ 564,836 |
| Stock options exercised | — | — | — | 2,414,986 | — | 2,337 | — | — | — | 2,337 |
| Common stock issued upon vesting of restricted stock units | — | — | — | 73,617 | — | — | — | — | — | — |
| Issuance of warrants in connection with debt and revenue arrangements | — | — | — | — | — | 19 | — | — | — | 19 |
| Issuance of stock for WhitehatAI earnout | — | — | — | 132,587 | — | — | — | — | — | — |
| Issuance of stock for Doc.ai escrow shares | — | — | — | 677,680 | — | — | — | — | — | — |
| Share-based compensation | — | — | — | — | — | 33,681 | — | — | — | 33,681 |
| Net income (loss) attributable to noncontrolling interest in subsidiaries | — | — | — | — | — | — | — | — | (98) | (98) |
| Currency translation adjustment | — | — | — | — | — | — | (69) | — | 300 | 231 |
| Net income (loss) attributable to Sharecare, Inc. | — | — | — | — | — | — | — | (38,201) | — | (38,201) |
| Other | — | — | — | (5,097) | — | — | — | — | — | — |
| Balance at March 31, 2022 | — | 5,000,000 | \$ 58,205 | 349,082,480 | \$ 35 | \$ 1,078,201 | \$ (2,130) | \$ (515,314) | \$ 2,013 | \$ 562,805 |

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

SHARECARE, INC.
CONSOLIDATED STATEMENTS OF REDEEMABLE NONCONTROLLING INTEREST, REDEEMABLE CONVERTIBLE PREFERRED STOCK, AND STOCKHOLDERS' EQUITY (DEFICIT)
(Unaudited)
(In thousands, except share amounts)

| | Redeemable Noncontrolling Interest | Redeemable Convertible Preferred Stock | | Common Stock | | Additional Paid-In Capital | Accumulated Other Comprehensive Loss | Accumulated Deficit | Noncontrolling Interest | Total Stockholders' Equity (Deficit) |
|---|--|---|-------------|--------------------|--------------|----------------------------------|---|------------------------|----------------------------|---|
| | | Shares | Amount | Shares | Amount | | | | | |
| Balance at December 31, 2020 | \$ 4,000 | — | \$ — | 217,106,957 | \$ 22 | \$ 377,134 | \$ (702) | \$ (392,113) | \$ 2,203 | \$ (13,456) |
| Stock options exercised | — | — | — | 1,425,100 | — | 1,375 | — | — | — | 1,375 |
| Issuance of common stock for doc.ai acquisition | — | — | — | 8,435,301 | 1 | 81,292 | — | — | — | 81,293 |
| Issuance of warrants in connection with debt and revenue arrangements | — | — | — | — | — | 39 | — | — | — | 39 |
| Conversion of warrants to common shares | — | — | — | 672,324 | — | 645 | — | — | — | 645 |
| Share-based compensation | — | — | — | — | — | 12,026 | — | — | — | 12,026 |
| Net income (loss) attributable to noncontrolling interest in subsidiaries | — | — | — | — | — | — | (18) | — | (88) | (106) |
| Currency translation adjustment | — | — | — | — | — | — | (791) | — | (169) | (960) |
| Net income (loss) attributable to Sharecare, Inc. | — | — | — | — | — | — | — | (31,252) | — | (31,252) |
| Other | — | — | — | — | — | (988) | — | — | — | (988) |
| Balance at March 31, 2021 | \$ 4,000 | — | \$ — | 227,639,682 | \$ 23 | \$ 471,523 | \$ (1,511) | \$ (423,365) | \$ 1,946 | \$ 48,616 |

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

SHARECARE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands, except share and per share amounts)

| | Three Months Ended March 31, | |
|---|---------------------------------|------------------|
| | 2022 | 2021 |
| Cash flows from operating activities: | | |
| Net loss | \$ (38,299) | \$ (31,358) |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization expense | 9,878 | 6,683 |
| Non-cash interest expense | 233 | 1,910 |
| Amortization of contract liabilities | (1,095) | (1,401) |
| Accretion of contract liabilities | 220 | 390 |
| Lease right-of-use assets expense | 1,503 | — |
| Change in fair value of warrant liability and contingent consideration | (12,368) | 11,748 |
| Share-based compensation | 33,110 | 12,026 |
| Deferred income taxes | 175 | (29) |
| Other | 846 | (926) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable, net and other receivables | 7,931 | (16,910) |
| Prepaid expenses and other assets | (1,624) | (7,621) |
| Accounts payable and accrued expense | (11,640) | 3,710 |
| Operating lease liabilities | (1,810) | — |
| Deferred revenue | 848 | 17,092 |
| Net cash used in operating activities | (12,092) | (4,686) |
| Cash flows from investing activities: | | |
| Acquisition of doc.ai | — | (2,784) |
| Purchases of property and equipment | (548) | (234) |
| Capitalized internal-use software costs | (7,462) | (6,073) |
| Net cash used in investing activities | (8,010) | (9,091) |
| Cash flows from financing activities: | | |
| Proceeds from issuance of debt | — | 20,000 |
| Repayment of debt | — | (3) |
| Proceeds from exercise of common stock options | 2,337 | 2,020 |
| Payments on financing lease obligations | (84) | (233) |
| Financing costs in conjunction with the issuance of debt | — | (1) |
| Net cash provided by financing activities | 2,253 | 21,783 |
| Effect of exchange rates on cash and cash equivalents | 50 | (122) |
| Net (decrease) increase in cash and cash equivalents | (17,799) | 7,884 |
| Cash and cash equivalents at beginning of period | 271,105 | 22,603 |
| Cash and cash equivalents at end of period | \$ 253,306 | \$ 30,487 |
| Supplemental disclosure of cash flow information: | | |
| Cash paid for interest | \$ 258 | \$ 2,247 |
| Cash paid for income taxes | \$ — | \$ 32 |

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

Sharecare, Inc.
Notes to Unaudited Consolidated Financial Statements
(Unaudited)

1. Nature of Business and Significant Accounting Policies

Nature of Business

Sharecare, Inc. (“Sharecare” or the “Company”) was founded in 2009 to develop an interactive health and wellness platform and began operations in October 2010. Sharecare’s virtual health platform is designed to help people, patients, providers, employers, health plans, government organizations, and communities optimize individual and population-wide well-being by driving positive behavior change. The platform is designed to connect each stakeholder to the health management tools they need to drive engagement, establish sustained participation, increase satisfaction, reduce costs, and improve outcomes. Sharecare bridges scientifically validated clinical programs with content to deliver a personalized experience for its members, beginning with the RealAge® test, Sharecare’s health risk assessment that shows members the true age of their body, capitalizing on people’s innate curiosity of how “young” they are to draw them into the platform. The Sharecare platform provides members with a personalized action plan to guide and educate them on the habits and behaviors making the biggest impact, both positive and negative, on their RealAge. Sharecare provides the resources members need to manage their health through lifestyle or disease management and coaching programs, such as diabetes management and smoking cessation, well-being solutions, such as financial health and anxiety management; care navigation tools such as find-a-doctor, prescription savings, clinical decision support, medical records, home care, and more. Additionally, Sharecare, through its subsidiary Sharecare Health Data Services, LLC (“HDS”), provides secure, automated release of information, audit and business consulting services to streamline the medical records process for medical facilities. Sharecare delivers value via its provider, enterprise, and life sciences channels.

SPAC Transaction

On July 1, 2021, Falcon Capital Acquisition Corp., the Company’s predecessor and a Delaware corporation (“FCAC”), consummated the business combination (the “Business Combination”) pursuant to the terms of the Agreement and Plan of Merger, dated February 12, 2021 (the “Merger Agreement”), with Sharecare, Inc., a Delaware corporation (“Legacy Sharecare”), FCAC Merger Sub Inc., a Delaware corporation and a wholly-owned subsidiary of FCAC (“Merger Sub”), and the stockholder representative. Immediately upon the completion of the Business Combination and the other transactions contemplated by the Merger Agreement (the “Transactions”), Merger Sub merged with and into Legacy Sharecare with Legacy Sharecare surviving the merger as a wholly-owned subsidiary of the Company (as successor to FCAC). In addition, in connection with the consummation of the Business Combination, the Company changed its name to “Sharecare, Inc.” and Legacy Sharecare changed its name to “Sharecare Operating Company, Inc.” The Business Combination is further described in Note 2.

Basis of Presentation

The Company’s consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as determined by the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) and pursuant to the regulations of the U.S. Securities and Exchange Commission (“SEC”).

Pursuant to the Merger Agreement, the merger between Merger Sub and Legacy Sharecare was accounted for as a reverse recapitalization in accordance with GAAP (the “Reverse Recapitalization”). Under this method of accounting, FCAC was treated as the “acquired” company and Legacy Sharecare was treated as the acquirer for financial reporting purposes.

Accordingly, for accounting purposes, the Reverse Recapitalization was treated as the equivalent of Legacy Sharecare issuing stock for the net assets of FCAC, accompanied by a recapitalization. The net assets of FCAC are stated at historical cost, with no goodwill or other intangible assets recorded.

Legacy Sharecare was determined to be the accounting acquirer in the Business Combination based on the following predominant factors at the time of the Transactions:

- Legacy Sharecare’s existing stockholders have the greatest voting interest in the Company;
- The largest individual minority stockholder in the Company was a stockholder of Legacy Sharecare;

Sharecare, Inc.
Notes to Unaudited Consolidated Financial Statements
(Unaudited)

- Legacy Sharecare’s directors represent the majority of the new board of directors of the Company;
- Legacy Sharecare’s senior management is the senior management of the Company; and
- Legacy Sharecare is the larger entity based on historical revenue and has the larger employee base.

The consolidated assets, liabilities and results of operations prior to the Reverse Recapitalization are those of Legacy Sharecare. The shares and corresponding capital amounts and losses per share, prior to the Reverse Recapitalization, have been retroactively restated based on shares reflecting the exchange ratio of 71.26 (the “Exchange Ratio”) established in the Business Combination.

Consolidation Policy

The consolidated financial statements include the accounts of Sharecare, Inc. and its wholly owned subsidiaries: Sharecare Operating Company, Inc., Lucid Global, Inc.; Healthways SC LLC; Sharecare Health Data Services, Inc.; HDS; Visualize Health, LLC; MindSciences, Inc.; SC-WHAI, LLC; Sharecare GMBH; Sharecare Digital Health International Limited; Sharecare SAS, a French-based subsidiary; Sharecare Services GMBH; Sharecare Australia Pty Limited, an Australian-based subsidiary; doc.ai, Inc.; CareLinx Inc.; as well as Sharecare Brasil Servicos de Consultoria Ltda, a Brazil-based subsidiary in which Sharecare has a controlling interest. The Company entered into a joint venture with HInsight-Customer Care Holdings (HCA) both the Company and HCA have an ownership in HICCH-SCL, LLC. All intercompany balances and transactions have been eliminated in consolidation.

Segment Information

The Company operates as a single operating segment. The Company’s chief operating decision maker is its chief executive officer, who reviews financial information presented on a consolidated basis for purposes of making operating decisions, assessing financial performance and allocating resources for the entire company.

Unaudited Interim Financial Information

The accompanying interim Consolidated Balance Sheets as of March 31, 2022 and the Consolidated Statements of Operations and Comprehensive Loss, Consolidated Statements of Redeemable Noncontrolling Interest, Redeemable Convertible Preferred Stock, and Stockholders’ Equity (Deficit), and Consolidated Statement of Cash Flows for the three months ended March 31, 2022 and 2021 are unaudited. These unaudited interim consolidated financial statements are presented in accordance with the rules and regulations of the SEC and do not include all disclosures normally required in annual consolidated financial statements prepared in accordance with U.S. GAAP. In management’s opinion, the unaudited interim consolidated financial statements have been prepared on the same basis as the annual financial statements and include all adjustments, which include only normal recurring adjustments, necessary for the fair presentation of the Company’s financial position as of March 31, 2022 and the Company’s consolidated results of operations and cash flows for the three months ended March 31, 2022 and 2021. The results of operations for the three months ended March 31, 2022 are not necessarily indicative of the results to be expected for the full fiscal year or any other future interim or annual periods. The information contained within the unaudited interim consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the Company’s annual financial statements for the year ended December 31, 2021.

Use of Estimates

The preparation of these consolidated financial statements in conformity with GAAP requires the use of management estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates and assumptions reflected in these consolidated financial statements are revenue recognition, the valuation of assets and liabilities acquired in business combinations, the valuation of common stock prior to the Business Combination, stock-based compensation, and income taxes. The Company bases its estimates on historical experience, known trends, and other market-specific or other 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 the period in which they become known. Actual results may differ from those estimates or assumptions.

Sharecare, Inc.
Notes to Unaudited Consolidated Financial Statements
(Unaudited)

Business Combinations

The Company accounts for business acquisitions in accordance with ASC Topic 805, Business Combinations. The Company measures the cost of an acquisition as the aggregate of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree, the liabilities assumed by the acquirer from the acquiree, and the equity instruments issued by the acquirer. Transaction costs directly attributable to the acquisition are expensed as incurred. The Company records goodwill for the excess of (i) the total costs of acquisition and fair value of any noncontrolling interests over (ii) the fair value of the identifiable net assets of the acquired business.

Contract Liabilities

In connection with acquisitions, the Company recognized current and noncurrent contract liabilities, representing off-market values associated with certain wellness program royalty agreements (amortization will continue through 2023). Additionally, the balance as of March 31, 2021 included certain office lease agreements prior to the adoption of ASC 842. Amortization of these contract liabilities was \$1.1 million for three months ended March 31, 2022, of which \$0.4 million was included within cost of revenues and \$0.7 million was included in general and administrative expenses in the Consolidated Statements of Operations and Comprehensive Loss. Amortization of these contract liabilities was \$1.4 million for three months ended March 31, 2021, of which \$0.4 million was included within cost of revenues and \$1.0 million was included in general and administrative expenses in the Consolidated Statements of Operations and Comprehensive Loss.

Deferred Revenue

The Company records contract liabilities pursuant to ASC 606 which consist of deferred revenue and contract billings in excess of earned revenue.

Deferred revenues arise from contracts that permit upfront billing and the collection of fees covering the entire contractual service period, which is generally six to twelve months and in advance of the satisfaction of the performance obligations identified within the related contract. As of March 31, 2022 and December 31, 2021, such fees were \$12.5 million and \$11.7 million, respectively. The Company recognized \$8.1 million of revenue during the three months ended March 31, 2022 that was included in deferred revenue at December 31, 2021.

Revenue Recognition*Performance-Based Revenue*

Certain contracts place a portion of fees at risk based on achieving certain performance metrics, such as customer cost savings, and/or clinical outcomes improvements (performance-based). The Company uses the most likely amount method to estimate variable consideration for these performance guarantees. The Company includes in the transaction price some or all of an amount of variable consideration only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The Company utilizes customer data in order to measure performance. Performance-based fees subject to refund that the Company has not recognized as revenues are generally due to either: (1) data from the customer is insufficient or incomplete to measure performance; or (2) interim performance measures indicate that it is not probable that the Company will meet the relevant performance target(s). As of March 31, 2022 and December 31, 2021, such fees included within deferred revenue were \$4.1 million and \$3.9 million, respectively.

In the event performance levels are not met by the end of the measurement period, typically one year, some or all of the performance-based fees are required to be refunded. During the settlement process under a contract, which generally occurs six to eight months after the end of a contract year, performance-based fees are reconciled and settled. Approximately \$1.9 million and \$1.6 million of revenues recognized during the three months ended March 31, 2022 and 2021, respectively, were performance-based. As of March 31, 2022 and 2021, the cumulative amount of performance-based revenues that had met the criteria for recognition and had been recognized but had not yet been settled with customers, totaled \$4.6 million and \$3.2 million, respectively. During the three months ended March 31, 2022, \$0.3 million was recognized in revenue that related to services provided prior to December 31, 2021.

Sharecare, Inc.
Notes to Unaudited Consolidated Financial Statements
(Unaudited)

Remaining Performance Obligations

Remaining performance obligations represent contracted revenues that are non-cancellable and have not yet been recognized due to unsatisfied or partially satisfied performance obligations. This includes deferred revenues and amounts that will be invoiced and recognized as revenues in future periods. As of March 31, 2022, future estimated revenue related to performance obligations with terms of more than one year that are unsatisfied or partially unsatisfied at the end of the reporting period was approximately \$126.2 million. As of March 31, 2022, the Company expects to recognize revenue on approximately 60% of these unsatisfied performance obligations over the following 24 months and the remainder thereafter.

Disaggregated Revenue

The following table presents the Company's revenues disaggregated by revenue source (in thousands):

| | Three Months Ended March 31, | |
|---------------|---------------------------------|------------------|
| | 2022 | 2021 |
| Enterprise | \$ 59,771 | \$ 54,135 |
| Provider | 24,717 | 20,009 |
| Life Sciences | 16,222 | 16,058 |
| Total Revenue | <u>\$ 100,710</u> | <u>\$ 90,202</u> |

Other Expenses

For the three months ended March 31, 2022 and 2021, other income (expenses) consisted of the following (in thousands):

| | Three Months Ended March 31, | |
|--|---------------------------------|--------------------|
| | 2022 | 2021 |
| Re-measurement of contingent consideration | \$ 6,777 | \$ (6,977) |
| Re-measurement of warrant liabilities | 5,591 | (4,771) |
| Other | 477 | (130) |
| Total other income (expenses) | <u>\$ 12,845</u> | <u>\$ (11,878)</u> |

Accounting Standards Not Yet Adopted

As an emerging growth company ("EGC"), the Jumpstart Our Business Startups Act ("JOBS Act") allows the Company to delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are applicable to private companies (that is, those that have not had a registration statement declared effective under the Securities Act of 1933, as amended (the "Securities Act"), or do not have a class of securities registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act")). The Company has elected to use this extended transition period under the JOBS Act until such time as the Company is no longer considered to be an EGC. The adoption dates discussed below reflect this election.

Credit Losses. In June 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("ASU 2016-13"), which is intended to improve the timing, and enhance the accounting and disclosure, of credit losses on financial assets. This update modified the existing accounting guidance related to the impairment evaluation for available-for-sale debt securities, reinsurance recoverables, and accounts receivables and could result in the creation of an allowance for credit losses as a contra asset account. The ASU requires a cumulative-effect change to retained earnings in the period of adoption, to the extent applicable. The amendments in ASU 2016-13 are effective for fiscal years beginning after December 15, 2022, including interim periods within the fiscal year. The Company is currently evaluating this new standard and the impact it will have on its consolidated financial statements.

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Recently Adopted Accounting Standards

Leases. In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). Lessees are required to recognize most leases on their balance sheet as a right-of-use (“ROU”) asset and a lease liability. For income statement purposes, the FASB retained a dual model, requiring leases to be classified as either operating leases or finance leases. Classification is based on criteria that are largely similar to those applied in prior lease accounting, but without explicit bright lines. Lessor accounting is similar to the current model but updated to align with certain changes to the lessee model and the revenue recognition guidance in ASC 606.

In July 2018, the FASB approved an additional optional transition method by allowing entities to initially apply the new leases standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. As of January 1, 2022, the Company adopted the standard using this optional transition method. The accounting for capital leases remained substantially unchanged. The Company has applied the available package of practical expedients, as well as the election not to apply recognition and measurement requirements to short-term leases. See Note 6 for further details.

2. Business Combination

As discussed in Note 1, on June 29, 2021, FCAC held a special meeting of stockholders (the “Special Meeting”) at which the FCAC stockholders considered and adopted, among other matters, the Merger Agreement. On July 1, 2021, the parties to the Merger Agreement consummated the Transactions, with Legacy Sharecare surviving the merger as a wholly owned subsidiary of the Company.

Shares of Legacy Sharecare common stock issued and outstanding were canceled and converted into the right to receive 71.26 shares of common stock. Unless otherwise stated, the Exchange Ratio has been applied to the number of shares and share prices of Legacy Sharecare throughout these consolidated financial statements.

Prior to the Special Meeting, holders of 19,864,030 shares of FCAC’s Class A common stock sold in FCAC’s initial public offering exercised their right to redeem those shares for cash at a price of approximately \$10.00 per share, for an aggregate redemption price of approximately \$198.6 million. Immediately after giving effect to the Business Combination (including as a result of the redemptions described above), there were 333,875,179 issued and outstanding shares of the Company’s common stock (excluding the Earnout Shares (as defined herein)). In addition, at the closing of the Business Combination, the Company issued 5,000,000 shares of Series A Convertible Preferred Stock (the “Series A Preferred Stock”) upon exchange of the shares of Legacy Sharecare Series D redeemable convertible preferred stock held by one investor in accordance with the terms of the Merger Agreement.

Pursuant to the Merger Agreement, 1,713,000 shares of common stock are held in escrow and shall be released to the sponsor of FCAC (the “Sponsor Earnout Shares”). In addition, 1,500,000 shares of common stock are held in escrow and shall be released to Legacy Sharecare stockholders and option holders (the “Sharecare Earnout Shares” and, together with the Sponsor Earnout Shares, the “Earnout Shares”). The Earnout Shares are subject to release upon achieving certain triggering events as defined in the Merger Agreement. The earnout conditions have not been satisfied as of March 31, 2022. The Earnout Shares allocated to Legacy Sharecare shareholders are accounted for as liability instruments and classified as level 3 instruments that are marked-to-market each reporting period (see Note 3). The Earnout Shares allocated to the Legacy Sharecare option holders are classified as equity instruments and accounted for under ASC 718.

The Business Combination was accounted for as a Reverse Recapitalization, with no goodwill or other intangible assets recorded, in accordance with GAAP. Under this method of accounting, FCAC was treated as the “acquired” company for financial reporting purposes. Accordingly, for accounting purposes, the Business Combination was treated as the equivalent of Legacy Sharecare issuing stock for the net assets of FCAC, accompanied by a recapitalization. The cash of \$146.4 million, which included cash previously held in the FCAC trust (net of redemptions), and working capital accounts of FCAC were recorded at historical cost, which approximates fair value. The Company also assumed the private placement warrants and public warrants (each as defined herein) from FCAC, which were recorded based on the acquisition date fair value (see Note 3). Cash paid for issuance costs and advisory fees were approximately \$54.0 million. Additionally, in connection with the Business Combination, the Company made one-time bonus payments of \$11.6 million to certain executives which has been recorded in General and Administrative expense, and resulted in a reduction in operating cash flows.

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Upon the closing of the Business Combination, the Company's certificate of incorporation was amended and restated to, among other things, increase the total number of authorized shares of all classes of capital stock to 615,000,000 shares, of which 600,000,000 shares are designated as common stock, par value of \$0.0001 per share, and 15,000,000 shares are designated as preferred stock, par value of \$0.0001 per share, including 5,000,000 shares of Series A Preferred Stock.

In connection with the Business Combination, FCAC entered into subscription agreements, each dated as of February 12, 2021, with certain investors (the "Investors"), pursuant to which, among other things, FCAC issued and sold, in private placements, an aggregate of 42,560,000 shares of FCAC Class A common stock for \$10.00 per share (the "Private Placement"). The Private Placement closed immediately prior to the Business Combination. The shares of FCAC Class A common stock issued to the Investors became shares of the Company's common stock upon consummation of the Business Combination.

3. Fair Value Measurements

The Company's financial instruments consist of cash equivalents, accounts receivable, accounts payable, accrued liabilities, warrant liabilities, and contingent consideration. Cash equivalents are comprised of money market funds stated at amortized cost, which approximates fair value at the balance sheet dates, due to the short period of time to maturity. Accounts receivable, accounts payable, and accrued liabilities are stated at their carrying value, which approximates fair value due to the short time to the expected settlement date. The warrant liabilities and contingent consideration liabilities relate to previous acquisitions and the Business Combination.

The following tables present the fair value hierarchy for assets and liabilities measured at fair value as of March 31, 2022 (in thousands):

| | March 31, 2022 | | | Total Fair Value |
|--|------------------|-------------|-----------------|------------------|
| | Level 1 | Level 2 | Level 3 | |
| Cash equivalents | | | | |
| Money market funds | \$ 10,671 | \$ — | \$ — | \$ 10,671 |
| Total cash equivalents at fair value | \$ 10,671 | \$ — | \$ — | \$ 10,671 |
| Liabilities | | | | |
| Warrant liabilities | \$ 5,229 | \$ — | \$ — | \$ 5,229 |
| Contingent consideration – other liabilities | — | — | 5,215 | 5,215 |
| Total liabilities at fair value | \$ 5,229 | \$ — | \$ 5,215 | \$ 10,444 |

The warrants included in the units issued in FCAC's initial public offering (the "public warrants") and the warrants issued by FCAC simultaneously with its initial public offering in a private placement (the "private placement warrants"), were both classified within Level 1 as they are publicly traded and had an observable market price in an active market. The public warrants and private placement warrants are both exercisable for one share of common stock at an exercise price of \$11.50.

Contingent consideration was classified within Level 3 as it was valued using certain unobservable inputs. The fair value of the contingent consideration was estimated based on the Company's stock price and number of shares expected to be issued from acquisitions in prior years. The fair value of the Earnout Shares allocated to Legacy Sharecare shareholders and FCAC Sponsors were included in contingent consideration and are estimated using a Monte Carlo simulation with inputs for the Company's stock price, expected volatility, risk-free rate, first and second earnout hurdles and expected term.

The following is a schedule of changes to the contingent consideration — other current liabilities classified as Level 3 for the periods presented (in thousands):

| | |
|--|-----------------|
| December 31, 2021 | \$ 13,897 |
| Settlement of contingent consideration for HDS retained shares | (1,905) |
| Re-measurement of contingent consideration | (6,777) |
| March 31, 2022 | <u>\$ 5,215</u> |

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4. Balance Sheet Components

Accrued Expenses and Other Current Liabilities

As of March 31, 2022 and December 31, 2021, accrued expenses and other current liabilities consisted of the following (in thousands):

| | March 31, 2022 | December 31, 2021 |
|---|-------------------|----------------------|
| Accrued expenses | \$ 27,577 | \$ 27,050 |
| Accrued compensation | 15,034 | 16,428 |
| Accrued media costs | 2,702 | 4,816 |
| Accrued taxes | 1,353 | 1,396 |
| Operating lease liabilities, current | 5,763 | — |
| Accrued other | 2,270 | 1,963 |
| Total accrued expenses and other current liabilities | \$ 54,699 | \$ 51,653 |

5. Acquisitions

CareLinx

On August 11, 2021, the Company acquired all outstanding equity interests of CareLinx Inc. (“CareLinx”). The total preliminary purchase price in connection with the acquisition is \$65.6 million, consisting of \$55.2 million of cash and \$10.4 million equity-based consideration, comprised of 1,262,475 shares of common stock and 295,758 stock options. The preliminary fair value of the assets acquired and liabilities assumed in connection with the acquisition are as follows (in thousands):

| | |
|---------------------------------|------------------|
| Cash | \$ 445 |
| Accounts receivable | 4,204 |
| Other receivables | 59 |
| Prepaid expenses | 234 |
| Other current assets | 344 |
| Developed technology | 14,800 |
| Customer relationships | 13,300 |
| Trade name | 2,600 |
| Other long-term assets | 1,789 |
| Goodwill | 31,312 |
| Accrued expenses | (1,371) |
| Contract liabilities - current | (45) |
| Noncurrent contract liabilities | (53) |
| Other long-term liabilities | (2,048) |
| Total | \$ 65,570 |

The fair value assigned to the developed technology was determined using the relief from royalty method. The fair value of customer relationships was determined using the multi-period excess earnings method, which estimates the direct cash flow expected to be generated from the existing customers acquired. The Company incurred transaction-related expenses of \$1.1 million which were recorded under general and administrative expenses in the Consolidated Statement of Operations and Comprehensive Loss. Goodwill represents the excess of the purchase consideration over the estimated acquisition date fair value of the net tangible and identifiable intangible assets acquired and liabilities assumed. Goodwill also represents the future

benefits as a result of the acquisition that will enhance the Company's services available to both new and existing customers and increase the Company's competitive position. The goodwill resulting from this acquisition is not tax deductible.

The purchase accounting for the CareLinx business combination remains preliminary, with respect to working capital assets and liabilities assumed, and any related goodwill adjustments as management continues to gather and evaluate information about circumstances that existed as of the acquisition date. Additionally, the assessment of the related income tax attributes of the transaction is still in process. The Company will update its disclosures in subsequent financial statements as additional progress is made to account for the transaction.

6. Leases

On January 1, 2022, the Company adopted ASU 2016-02, Leases (Topic 842) using the optional transition method resulting in a cumulative-effect adjustment to the Consolidated Balance Sheets. Comparative financial statements of prior periods have not been adjusted to apply the new method retrospectively. The new method of accounting was applied only to leases that have ongoing minimum lease commitments after January 1, 2022, excluding short-term leases. As of the adoption date, the Company recognized total ROU assets of \$8.1 million, with corresponding lease liabilities of \$9.2 million on the Consolidated Balance Sheets. The adoption did not impact the beginning accumulated deficit, or prior year Consolidated Statements of Operations and Comprehensive Loss and Statements of Cash Flows. Finance leases are immaterial.

The effect of the January 1, 2022 adoption on key financial statement line items as of March 31, 2022 is as follows (in thousands):

| | March 31, 2022 | | | | |
|--|--|---|------------------|-----------------|--|
| Balance Sheet: | Financial position if ASU 2016-02 had not been adopted on January 1, 2022 | As reported under ASU 2016-02 adoption | \$ Change | % Change | |
| Prepaid expenses | \$ 12,078 | \$ 11,659 | (419) | (3)% | |
| Other long-term assets | \$ 12,373 | \$ 19,963 | 7,590 | 61 % | |
| Total assets | \$ 732,059 | \$ 739,230 | 7,171 | 1 % | |
| Accrued expenses and other current liabilities | \$ 48,936 | \$ 54,699 | 5,763 | 12 % | |
| Contract liabilities, current | \$ 3,884 | \$ 3,061 | (823) | (21)% | |
| Contract liabilities, noncurrent | \$ 1,308 | \$ 1,099 | (209) | (16)% | |
| Other long-term liabilities | \$ 11,285 | \$ 13,725 | 2,440 | 22 % | |
| Total liabilities | \$ 111,049 | \$ 118,220 | 7,171 | 6 % | |

Under Topic 842, the Company determines if an arrangement is a lease at inception. Operating lease ROU assets and liabilities are included in other long-term assets, accrued expenses and other current liabilities, and other long-term liabilities in the Consolidated Balance Sheets. Finance lease ROU assets and liabilities are included in property and equipment, accounts payable, and other long-term liabilities in the Consolidated Balance Sheets.

Operating ROU assets and lease liabilities are recognized based on the present value of the future fixed lease payments over the lease term at the commencement date. As most of the Company's leases do not provide an implicit rate, the Company used its quarterly incremental borrowing rate based on the information available that corresponds to each lease commencement date and lease term when determining the present value of future payments for operating leases.

The Company operating leases principally involve office space. The Company leases office space in Sao Paulo, Brazil and Berlin, Germany; and the following states: Arizona, California, Florida, Georgia, Maryland, Massachusetts, New York, North Carolina, Oklahoma, Pennsylvania, Tennessee, and Washington under noncancellable operating leases expiring at various dates through November 2027.

These leases may contain variable non-lease components consisting of common area maintenance, operating expenses, insurance, and similar costs of the office space that we occupy. The Company has adopted the practical expedient to not separate these non-lease components from the lease components and instead account for them as a single lease component for

all of the leases. The operating lease ROU assets include future fixed lease payments made as well as any initial direct costs incurred and exclude lease incentives. Variable lease payments are not included within the operating lease ROU assets or lease liabilities and are expensed in the period in which they are incurred. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. The Company has elected to not record operating lease ROU assets and liabilities for short-term leases that have a term of twelve months or less. Lease expense includes short-term lease cost which is not material to the Consolidated Financial Statements.

The components of operating lease costs, lease term and discount rate for three months ended March 31, 2022 are as follows (in thousands, except lease term and discount):

| | Three Months Ended March 31, 2022 |
|---|--|
| Operating lease costs | \$ 1,591 |
| Variable lease costs | 535 |
| Short-term lease expense | 43 |
| Total operating lease costs | \$ 2,169 |
| Weighted-average remaining lease term (years): | |
| Operating leases | 1.94 |
| Weighted-average discount rate: | |
| Operating leases | 4.5 % |

Operating lease expense was \$1.6 million for the three months ended March 31, 2021, under ASC 840. The Company is also the lessor in three non-cancelable sub-lease agreements with two companies for the Franklin, Tennessee office space and one company for CareLinx office space in California. Sublease income for the three months ended March 31, 2022 was \$0.5 million.

Supplemental cash flow information related to leases for the three months ended March 31, 2022 are as follows (in thousands):

| | Three Months Ended March 31, 2022 |
|--|--|
| Cash paid for amounts included in the measurement of lease liabilities: | |
| Payments for operating leases included in cash from operating activities | \$ 1,896 |
| Assets obtained in exchange for lease obligations: | |
| Operating leases | \$ 849 |

Estimated future minimum payment obligations for non-cancelable operating leases are as follows as of March 31, 2022 (in thousands):

| Leases: | Operating Leases |
|--------------------------------------|-------------------------|
| Remainder of 2022 | \$ 4,767 |
| 2023 | 2,518 |
| 2024 | 661 |
| 2025 | 248 |
| 2026 | 256 |
| 2027 | 241 |
| Thereafter | — |
| Total undiscounted future cash flows | 8,691 |
| Less: Imputed interest | (458) |
| Present value of lease liabilities | <u>\$ 8,233</u> |
| Lease liabilities, current | 5,763 |
| Lease liabilities, noncurrent | 2,470 |
| Present value of lease liabilities | <u>\$ 8,233</u> |

The total future minimum rental payments related to the aforementioned subleases to be received as of March 31, 2022 is \$2.4 million.

7. Goodwill and Other Intangible Assets

Intangible assets and the related accumulated amortization for each class of intangible assets as of March 31, 2022 were as follows (in thousands):

| | March 31, 2022 | | | Weighted Average Remaining Life |
|--|-------------------|-----------------------------|-------------------|--|
| | Cost | Accumulated Amortization | Net | |
| Definite-lived, intangible assets | | | | |
| Technology – features/content | \$ 68,995 | \$ (26,326) | \$ 42,669 | 9.0 |
| Trade name | 6,392 | (4,043) | 2,349 | 5.3 |
| Customer relationships | 77,849 | (28,989) | 48,860 | 9.7 |
| Internal-use software | 132,454 | (78,563) | 53,891 | 2.3 |
| Total definite-lived, intangible assets | <u>\$ 285,690</u> | <u>\$ (137,921)</u> | <u>\$ 147,769</u> | |
| Intangible assets not subject to amortization | | | | |
| Internal-use software projects in process | \$ 4,361 | \$ — | \$ 4,361 | |
| Indefinite-lived, trade names | 5,030 | — | 5,030 | |
| Total intangible assets not subject to amortization | <u>9,391</u> | <u>—</u> | <u>9,391</u> | |
| Total intangible assets | <u>\$ 295,081</u> | <u>\$ (137,921)</u> | <u>\$ 157,160</u> | |

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The following tables set forth the changes in the carrying amount of the Company’s goodwill for the period presented (in thousands):

| | |
|--|-------------------|
| December 31, 2021 | \$ 192,442 |
| Purchase accounting opening balance sheet adjustment | (198) |
| Foreign currency translation adjustment | (203) |
| March 31, 2022 | <u>\$ 192,041</u> |

Goodwill and intangible assets deemed to have indefinite lives are not amortized but are subjected to annual tests of impairment. The Company tests goodwill and indefinite-lived intangible assets for impairment annually in the fourth quarter and between annual tests if an event occurs or circumstances change that would indicate that it is more likely than not that the carrying amount may be impaired. The Company initially evaluates qualitative factors to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the qualitative assessment is not conclusive, a quantitative assessment of the fair value of a reporting unit is performed to test goodwill for impairment using a discounted cash flow analysis. There have been no impairments of goodwill since the Company’s inception.

Amortization expense for intangible assets during the three months ended March 31, 2022 and 2021 totaled \$9.2 million and \$6.0 million, respectively. Amortization expense is included in depreciation and amortization in the Consolidated Statements of Operations and Comprehensive Loss.

The following is a schedule of estimated future amortization expense for intangible assets as of March 31, 2022 (in thousands):

| | |
|--------------------------|-------------------|
| Year ending December 31: | |
| Remainder of 2022 | \$ 28,578 |
| 2023 | 33,844 |
| 2024 | 24,342 |
| 2025 | 12,340 |
| 2026 | 11,359 |
| Thereafter | 37,306 |
| Total | <u>\$ 147,769</u> |

8. Debt

As of March 31, 2022 and December 31, 2021, debt was comprised of outstanding borrowings of \$0.6 million and \$0.4 million, respectively, under the Company’s senior secured revolving credit facility (the “Revolving Facility”) due February 2023. The Revolving Facility is governed by a Credit Agreement, dated as of March 9, 2017 (as amended, the “Senior Secured Credit Agreement”), among the Company, certain subsidiaries of the Company, as borrowers (the “Borrowers”), the lenders named therein and Wells Fargo Bank, National Association, as administrative agent. Borrowings under the Revolving Facility currently bear interest at either a U.S. base rate plus 2.0%, subject to a floor, or a rate based on LIBOR plus 2.75% (inclusive of paid in kind interest; the related deferred financing fees of \$0.2 million and \$0.3 million as of March 31, 2022 and December 31, 2021, respectively, which are presented as other current assets on the Consolidated Balance Sheets). As of March 31, 2022, \$50.5 million was available for borrowing under the Senior Secured Credit Agreement.

See Note 7 Debt to the consolidated financial statements set forth in the Company’s Annual Report on Form 10-K filed with the SEC on March 31, 2022 for additional information.

9. Income Taxes

As a result of the Company’s history of net operating losses, the Company has provided for a full valuation allowance against its deferred tax assets, with the exception of its German French and Brazilian operations. For the three months ended March 31, 2022, the Company recognized income tax expense of \$0.1 million, primarily due to tax on foreign income. For the

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three months ended March 31, 2021, the Company recognized an income tax expense of \$0.1 million, primarily due to tax on separately filed state returns.

10. Common Stock and Stockholders' Equity

Warrants

In connection with debt and equity financings and certain partnership arrangements, the Company may issue warrants. Liability warrants generally vest immediately and are exercisable upon issuance and have an expiration of seven years from issuance. Equity warrants generally vest after three years from the date of issuance and have an expiration of seven years from issuance.

As of March 31, 2022, the following warrants to purchase common stock were issued and outstanding:

| Classification | Warrants Outstanding | Exercise Price per Share |
|----------------|----------------------|--------------------------|
| Equity | 890,732 | \$5.61 |
| Liability | 17,433,334 | \$11.50 |

The Company has also entered into, and may in the future enter into, contractual arrangements with certain customers and other parties and earnout arrangements in connection with acquisitions that, in each case, provide for the issuance of warrants and/or common stock upon achievement of specified milestones (which, at the consummation of the Business Combination, became obligations of the Company). As of March 31, 2022, these agreements provide for the issuance of up to 7,826,442 shares of common stock (including Earnout Shares in connection with the Business Combination) and 4,833,110 warrants to purchase shares of common stock. With respect to these arrangements, there were 232,562 warrants earned but not issued during the three months ended March 31, 2022.

Share-based Payments

Stock option and restricted stock unit activity, prices, and values adjusted by the Exchange Ratio, during the three months ended March 31, 2022 is as follows:

| | Options Outstanding | | | | Restricted Stock Units | |
|---|---------------------|---------------------------------|---|--|-----------------------------------|--|
| | Number of Options | Weighted-Average Exercise Price | Weighted Average Remaining Contractual Term (Years) | Aggregate Intrinsic Value (in thousands) | Number of Plan shares outstanding | Weighted-Average Grant Date Fair Value per share |
| Outstanding as of December 31, 2021 | 116,623,463 | \$ 2.81 | 7.64 | \$ 300,125 | 2,179,941 | \$ 7.39 |
| Granted | 233,377 | 2.46 | | | 7,968,873 | 3.80 |
| Exercised/Released | (2,414,986) | 0.97 | | 3,634 | (73,617) | 4.97 |
| Cancelled/Forfeited | (1,380,862) | 2.24 | | | (363,465) | 5.78 |
| Outstanding as of March 31, 2022 | <u>113,060,992</u> | <u>\$ 2.86</u> | <u>7.44</u> | <u>\$ 105,988</u> | <u>9,711,732</u> | <u>\$ 4.52</u> |
| Vested and/or exercisable as of March 31, 2022 | 73,153,740 | \$ 1.41 | 6.75 | \$ 84,589 | — | \$ — |
| Vested and/or exercisable as of December 31, 2021 | 73,712,795 | \$ 1.33 | 6.91 | \$ 233,440 | — | \$ — |

Share-based compensation expense for employee and nonemployee options and restricted stock units included in the Consolidated Statements of Operations and Comprehensive Loss is as follows for the three months ended March 31, 2022 and 2021 (in thousands):

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| | Three Months Ended March 31, | |
|--|-------------------------------------|------------------|
| | 2022 | 2021 |
| Cost of revenues | \$ 118 | \$ 21 |
| Sales and marketing | 1,544 | 348 |
| Product and technology | 1,027 | 8,906 |
| General and administrative | 30,421 | 2,751 |
| Total share-based compensation expense | <u>\$ 33,110</u> | <u>\$ 12,026</u> |

Additionally, amortization of compensation costs related to share-based payment awards reflected within additional paid-in capital in the Consolidated Statement of Redeemable Noncontrolling Interest, Redeemable Convertible Preferred Stock, and Stockholders' Equity (Deficit) for the three months ended March 31, 2022 includes approximately \$0.6 million related to capitalizable internally developed software activities.

11. Commitments and Contingencies

Legal Matters

From time to time, the Company is subject to litigation in the normal course of business. The Company is of the opinion that, based on the information presently available, the resolution of any such legal matters will not have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows. The Company has accrued for losses that are both probable and estimable.

We are also party to investigations and legal disputes and losses related to certain matters that are reasonably possible, but at this time, we cannot estimate a loss or range of losses.

12. Related-Party Transactions

Sul América Serviços de Saúde S.A. (Sul América), is a customer of and owns a 49% interest in Sharecare Brasil Servicios de Consultoria, Ltda. As of March 31, 2022 and December 31, 2021, \$2.3 million and \$2.0 million, respectively, in receivables were outstanding with Sul América. Revenues recognized for the three month period ended March 31, 2022 and 2021 totaled \$2.6 million and \$3.0 million, respectively.

The Company has a related party that performs sales and sales support services including the collection of outstanding accounts receivable for transactions processed on the Company's behalf. Revenues recognized for the three months ended March 31, 2022 and 2021 totaled \$0 and \$0.3 million, respectively. The Company paid \$0 and less than \$0.1 million for the three months ended March 31, 2022 and 2021, respectively, in connection with these services.

The Series A Preferred Stock is held by a customer that also has an employee serving on our Board of Directors. As of March 31, 2022 and December 31, 2021, \$5.5 million and \$5.0 million, respectively, in receivables were outstanding from this related party. Additionally, as of March 31, 2022 and December 31, 2021, long-term assets included \$5.1 million and \$5.5 million, respectively, of a non-cash payment for up front research and development costs related to the issuance of the Series A Preferred Stock and a related commitment of \$2.5 million per year through 2025 related to research and development activities. The Company also paid \$0.5 million and \$0.4 million related to administration fees and stop-loss coverage for employee health insurance for the three months ended March 31, 2022 and 2021, respectively. Revenues recognized for the three months ended March 31, 2022 and 2021 totaled \$4.9 million and \$0.7 million, respectively.

13. Net Loss Per Share

Net loss per share calculations for all periods prior to the Business Combination have been retrospectively adjusted for the equivalent number of shares outstanding immediately after the Business Combination to effect the Reverse Recapitalization.

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Subsequent to the Business Combination, net loss per share was calculated based on the weighted average number of common stock then outstanding.

Basic and diluted net loss per share attributable to common stockholders was calculated as follows (in thousands, except share and per share amounts):

| | Three Months Ended | |
|---|--------------------|-------------------|
| | March 31, 2022 | March 31, 2021 |
| Numerator | | |
| Net loss | \$ (38,299) | \$ (31,358) |
| Less: Net loss attributable to noncontrolling interest in subsidiaries | 98 | 106 |
| Net loss available to common stockholders | \$ (38,201) | \$ (31,252) |
| Denominator | | |
| Weighted-average common shares outstanding, basic and diluted | 344,891,335 | 223,191,871 |
| Net loss per share attributable to common stockholders, basic and diluted | \$ (0.11) | \$ (0.14) |

The Company's potential dilutive securities, which include stock options and restricted stock units, warrants to purchase common stock, redeemable convertible preferred stock, and contingently issued shares, have been excluded from the computation of diluted net loss per share for the three months ended March 31, 2022 and 2021, as the effect would be to reduce the net loss per share. Therefore, the weighted-average number of common shares outstanding used to calculate both basic and diluted net loss per share attributable to common stockholders is the same. The Company excluded the following potential common shares equivalents 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:

| | Three Months Ended | |
|--|--------------------|-------------------|
| | March 31, 2022 | March 31, 2021 |
| Convertible debt | — | 37,698,664 |
| Stock options and restricted stock units | 44,970,833 | 64,168,915 |
| Warrants to purchase common stock | — | 13,939,595 |
| Redeemable convertible preferred stock | 5,000,000 | — |
| Contingently issued shares | 422,229 | 1,378,853 |
| Total | 50,393,062 | 117,186,027 |

14. Subsequent Events

In accordance with ASC 855, Subsequent Events, the Company evaluated subsequent events through May 12, 2022, the date the consolidated financial statements were available to be issued and, as a result, is reporting the following:

On May 11, 2022, the board authorized a \$50 million share repurchase program. Repurchases under the program may be made in the Company's discretion from time to time in the open market prior to December 31, 2022, in privately negotiated transactions, or otherwise, in accordance with all securities laws and regulations, with the amount and timing of repurchases depending on market conditions and corporate needs. The repurchase program does not obligate the Company to acquire any particular amount of Common Stock and the program may be extended, modified, suspended or discontinued at any time at the Company's discretion. The Company expects to fund repurchases with existing cash and cash equivalents.

On May 11, 2022, the Company and certain subsidiaries of the Company entered into Amendment No. 8 to the Senior Secured Credit Agreement pursuant to which the minimum EBITDA financial covenant contained therein was amended for each fiscal quarter ending during the period from March 31, 2022 through September 30, 2022.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the financial condition and results of operations of Sharecare, Inc. (for purposes of this section, "the Company," "Sharecare," "we," "us" and "our") should be read together with the Company's audited financial statements as of and for the years ended December 31, 2021, 2020 and 2019, together with the related notes thereto, included in our Annual Report on Form 10-K filed with the SEC on March 31, 2022, and Sharecare's unaudited interim financial statements as of March 31, 2022 and for the three months ended March 31, 2022 and 2021, together with the related notes thereto, included elsewhere in this Quarterly Report on Form 10-Q. Actual results may differ materially from those contained in any forward-looking statements.

Cautionary Statement Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q includes forward-looking statements regarding, among other things, the plans, strategies and prospects, both business and financial, of Sharecare. These statements are based on the beliefs and assumptions of our management. Although we believe that our plans, intentions and expectations reflected in or suggested by these forward-looking statements are reasonable, we cannot assure you that we will achieve or realize these plans, intentions or expectations. Forward-looking statements are inherently subject to risks, uncertainties and assumptions. Generally, statements that are not historical facts, including statements concerning possible or assumed future actions, business strategies, events or results of operations, are forward-looking statements. These statements may be preceded by, followed by or include the words "believes," "estimates," "expects," "forecasts," "may," "will," "should," "seeks," "plans," "scheduled," "anticipates," "possible," "continue," "might," "potential" or "intends" or similar expressions. Forward-looking statements contained in this report include, but are not limited to, statements regarding our expectations as to:

- our ability to realize the benefits expected from the Business Combination;
- our business, operations and financial performance, including:
 - expectations with respect to our financial and business performance, including financial projections and business metrics and any underlying assumptions thereunder;
 - future business plans and growth opportunities, including revenue opportunity available from new or existing clients and expectations regarding the enhancement of platform capabilities and addition of new solution offerings;
 - developments and projections relating to our competitors and the digital healthcare industry;
 - the impact of the COVID-19 pandemic on our business and the actions we may take in response thereto;
 - our expectations regarding future acquisitions, partnerships or other relationships with third parties;
 - our future capital requirements and sources and uses of cash, including potential share repurchases and our ability to obtain additional capital in the future and fully access our Revolving Facility; and
 - our ability to recognize performance-based revenue;
- our status as an EGC and our intention to take advantage of accommodations available to EGCs under the JOBS Act;
- our success in retaining or recruiting, or changes required in, our officers key employees or directors, including our ability to increase our headcount as we expand our business; and
- the other estimates and matters described in this Quarterly Reports on Form 10-Q under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations."

These forward-looking statements are based on information available as of the date of this report, and current expectations, forecasts and assumptions, and involve a number of judgments, risks and uncertainties. Important factors could cause actual results to differ materially from those indicated or implied by forward-looking statements include, but are not limited to, those set forth in this report and in the "Risk Factors" section of our Annual Report on Form 10-K filed with the SEC on March 31, 2022. Accordingly, forward-looking statements should not be relied upon as representing our views as of any subsequent date, and we do not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

Should one or more of these risks or uncertainties materialize, or should any of the underlying assumptions prove incorrect, actual results may vary in material respects from those expressed or implied by these forward-looking statements. You should not place undue reliance on these forward-looking statements.

Overview

We are a leading digital healthcare platform company that helps members consolidate and manage various components of their health in one place, regardless of where they are on their health journey. Our comprehensive platform is a health and well-being digital hub that unifies elements of individual and community health into one experience in order to enable members to live better, longer lives. We are driven by our philosophy that we are “All Together Better” as well as our goal to turn individual progress into community transformation. Given a unique blend of expertise across technology, media, and healthcare, we have, through a number of strategic acquisitions and integration of key technologies and capabilities over the last ten years, built our platform into what we believe is the most comprehensive and seamless experience currently available in the digital healthcare space.

Our business combines business-to-business and direct-to-consumer sales models and functions on a more distinctive business-to-business-to-person model. Focusing on the individual, we aim to provide a solution that we believe is more comprehensive than other digital platforms by bringing together scientifically validated clinical programs and engaging content to deliver a personalized experience for our members, whether they come to us by way of the workplace, the exam room, or the living room.

We derive net revenue from multiple stakeholders and while we are focused on the individual’s unique experience, our platform is purpose-built to seamlessly connect stakeholders to the health management tools they need to drive engagement, establish sustained participation, increase satisfaction, reduce costs, and improve outcomes. As we expand our offerings and look to further develop our technologies, we continue to consider the distinct needs of each client channel as well as opportunities to better connect and cross-sell while we grow and integrate our solutions into one seamless platform.

Our one platform can be disaggregated into three client channels:

- **Enterprise:** Our enterprise channel includes a range of clients — from large employers and healthcare systems to government agencies and health plans — that use our platform to engage with their populations, dynamically measure the impact of that engagement, and efficiently deliver health and wellness services.
- **Provider:** Our suite of data- and information-driven solutions for healthcare providers are tailored to improve productivity and efficiency and enhance patient care and management while upholding the latest compliance, security, and privacy standards.
- **Life Sciences:** Our robust platform and suite of digital products and medical expert knowledge provides members with personalized information, programs, and resources to improve their health and well-being, and affords sponsors the opportunity to integrate their brands into Sharecare’s consumer experience in a highly contextual, relevant, and targeted environment.

Recent Developments Affecting Comparability

COVID-19 Impact

The continued global impact of COVID-19 has resulted in various emergency measures to combat the spread of the virus. With the emergence of COVID-19 variants and increased vaccination rates, the status of ongoing measures varies widely depending on the country and locality.

While Sharecare is an essential business for its customers, the pandemic has not had a significant negative impact to our consolidated financial position, results of operations, and cash flows related to this matter as a result of the broader economic impact and the prolonged disruption to the economy, customers may be facing liquidity issues and may be slower to pay or altogether withdraw from their commitments; however, the long-term financial impact related to the pandemic remains uncertain.

Given the volatility of the circumstances surrounding the pandemic, Sharecare has evaluated potential risks to its business plan. Further economic slowdown could delay Sharecare’s sales objectives for new business for its digital product; the decline in non-urgent medical appointments could lessen the demand for medical record transfers in the release of information business; and Blue Zone communities may see a decrease in spending due to social distancing. In addition, Sharecare may be impacted by currency fluctuations, as the U.S. Dollar has gained strength during the pandemic, with the biggest impact thus far being to the Brazilian Real.

Key Factors and Trends Affecting our Operating Performance

Our financial condition and results of operations have been, and will continue to be, affected by a number of factors, including our success with respect to the following:

- **Expanding our Footprint.** We believe that our current client base represents a small fraction of potential clients that could benefit from our highly differentiated solutions. We will continue to invest in our sales and marketing efforts and leverage our partner relationships to continue to acquire new clients, including individuals, providers, employers, health plans, government organizations, and communities.
- **Expanding our Existing Client Relationships.** We also believe that there is significant opportunity to generate growth by maintaining and expanding our relationships with existing clients, including:
 - increasing engagement and enrollment of eligible members with our existing enterprise clients through continued sales and marketing efforts, including targeted next-generation digital modeling and marketing, and capitalizing on insights from claims ingestion (the process by which we receive and process information from our clients), population risk stratification and incentives management;
 - promoting our marketplace of existing targeted digital therapeutics to close gaps in care in high-cost areas (with incremental fee per enrollee), which we believe represents a \$1 billion revenue opportunity within our currently contracted clients; and
 - expanding our relationships with our top 25 provider clients with an opportunity to extend our provider products and services to more than 7,000 additional healthcare sites.
- **Offering Additional Solutions.** We believe there is significant opportunity to cross-sell our provider solutions to existing accounts, including deploying our value-based care and payment integrity solutions to approximately 6,000 health system clients.
- **Growing our Platform.** We are constantly evaluating the marketplace for ways to broaden and enhance our client and member experience, improve clinical results, and increase revenue through product innovation, partnerships, and acquisitions. We intend to continue to leverage our expertise through adding digital therapeutics partnerships as well as the acquisition of products and services that are directly relevant to our existing clients. Additionally, we believe our strong and embedded client relationships provide us with unique perspectives into their evolving needs and the needs of their populations.
- **Evolving our Products to Cater to an Evolving Industry.** As the digital healthcare industry grows, we closely monitor evolving consumer trends and organizations' needs so that we may adapt our platform to better suit our clients' demands. Since March 2020, the COVID-19 pandemic greatly accelerated the demand for virtual care solutions and resulted in rapid growth and increased adoption of digital health technologies, which Sharecare was in a unique position to undertake. By building on our deep expertise in handling and managing mass health data, we launched a suite of distinct but complementary digital tools and programs to address the evolving emotional, educational, clinical, and operational challenges introduced by the pandemic. We intend to continue to look for opportunities to leverage our platform and expertise to provide first-mover solutions to evolving and future demands in the digital healthcare industry.
- **Acquisitions.** We believe that our proven track record of successful acquisitions coupled with the flexibility and capabilities of our platform positions us to continue opportunistically pursuing attractive M&A opportunities. We believe this potential is further accentuated by our multiple client channels and constantly expanding member base. Future acquisitions could drive value and growth in a host of ways, including access to new customers and potential cross-sell opportunities; unlocking new customer channels or geographies; adding new solutions to serve our existing client base; and adding new capabilities to enhance our existing solution offering or the efficiency of

our platform. In addition, we believe our acquisition track record demonstrates our ability to realize synergies and optimize performance of potential M&A partners.

Components of Our Results of Operations

Revenue

The enterprise channel provides employers and health plans with health management programs for large populations, including digital engagement, telephonic coaching, incentives, biometrics, digital therapeutics, home health offerings, and subscriptions to the Sharecare platform. Revenue is recognized on a per member per month (“PMPM”) basis or as services are provided. Provider revenue is primarily based on health document requests filled in the health data services business line, as well as subscription fees for various technology related services that assist providers with performance and maximizing reimbursement. Life sciences revenue is generated mostly through ad sponsorships to Sharecare’s extensive member database.

Costs of Revenue

Costs of revenue primarily consists of costs incurred in connection with delivering our various revenue generating activities, including personnel related expenses. Costs are primarily driven by volumes related to requests, engagement, and incentive fulfillment. The major components that make up our cost of revenue are personnel costs to support program delivery as well as customer service along with share-based compensation for employees engaged in delivering products and services to customers, data management fees related to file processing, and variable fees to deliver specific services that may require third party vendors, direct marketing, fulfillment, transaction fees, or other costs that can be reduced to offset a decline in revenue. Because our growth strategy includes substantial opportunity to scale low-personnel cost products, we would anticipate future revenue to grow at a faster rate than cost of revenue as those low-personnel cost products mature. Costs of revenue do not include depreciation or amortization, which are accounted for separately.

Sales and Marketing Expenses

Sales and marketing expenses consist primarily of employee-related expenses, including salaries, benefits, commissions, employment taxes, travel, and share-based compensation costs for our employees engaged in sales, account management, marketing, public relations and related support. In addition, these expenses include marketing sponsorships and engagement marketing spend. These expenses exclude any allocation of occupancy expense and depreciation and amortization.

We expect our sales and marketing expenses to increase as we strategically invest to expand our business. We expect to hire additional sales personnel and related account management, marketing, public relations and related support personnel to capture an increasing amount of our market opportunity and upsell/cross-sell within our existing client base. As we scale our sales and marketing personnel in the short- to medium-term, we expect these expenses to increase in both absolute dollars and as a percentage of revenue.

Product and Technology Expenses

Product and technology expenses include personnel and related expenses for software engineering, information technology infrastructure, business intelligence, technical account management, project management, security, product development and share-based compensation. Product and technology expenses also include indirect hosting and related costs to support our technology, outsourced software, and engineering services. Our technology and development expenses exclude any allocation of occupancy expense and depreciation and amortization.

We expect our technology and development expenses to increase for the foreseeable future as we continue to invest in the development of our technology platform. Our technology and development expenses may fluctuate as a percentage of our total revenue from period to period partially due to the timing and extent of our technology and development expenses.

General and Administrative Expenses

General and administrative expenses include personnel and related expenses for our executive, finance, legal, and human resources departments plus all indirect staff in the divisions not attributable to Sales, Marketing or Product and Technology. They also include professional fees, share-based compensation, rent, utilities and maintenance related costs. Our general and administrative expenses exclude any allocation of depreciation and amortization.

We expect our general and administrative expenses to increase for the foreseeable future following the completion of the Business Combination due to the additional legal, accounting, insurance, investor relations, and other costs that we will incur as a public company, as well as costs associated with continuing to grow our business. Our general and administrative expenses

may fluctuate as a percentage of our total revenue from period to period partially due to the timing and extent of our general and administrative expenses.

Depreciation and Amortization

Depreciation and amortization consists primarily of depreciation of fixed assets, amortization of software, amortization of capitalized software development costs and amortization of acquisition-related intangible assets.

Interest expense

Interest expense primarily relates to interest and fees incurred on our line of credit and the amortization of debt issuance costs.

Other Income (Expense)

Other income (expense) primarily relates to changes in fair value of contingent consideration and warrant liabilities.

Results of Operations

Comparison of the Three Months Ended March 31, 2022 and 2021

The following table presents our unaudited Consolidated Statement of Operations for the three -months ended March 31, 2022 and 2021, and the percentage change between the two periods:

| (in thousands) | Three Months Ended March 31, | | | |
|---|------------------------------|--------------------|-------------------|--------------|
| | 2022 | 2021 | \$ Change | % Change |
| Revenue | \$ 100,710 | \$ 90,202 | \$ 10,508 | 12 % |
| Costs and operating expenses: | | | | |
| Costs of revenue (exclusive of amortization and depreciation below) | 51,492 | 44,394 | 7,098 | 16 % |
| Sales and marketing | 14,511 | 11,510 | 3,001 | 26 % |
| Product and technology | 19,420 | 20,454 | (1,034) | (5)% |
| General and administrative | 55,998 | 19,554 | 36,444 | 186 % |
| Depreciation and amortization | 9,878 | 6,683 | 3,195 | 48 % |
| Total costs and operating expenses | 151,299 | 102,595 | 48,704 | 47 % |
| Loss from operations | (50,589) | (12,393) | (38,196) | 308 % |
| Other income (expense) | | | | |
| Interest income | 29 | 8 | 21 | 263 % |
| Interest expense | (492) | (7,010) | 6,518 | 93 % |
| Other income (expense) | 12,845 | (11,878) | 24,723 | 208 % |
| Total other income (expense) | 12,382 | (18,880) | 31,262 | 166 % |
| Net loss before taxes | (38,207) | (31,273) | (6,934) | (22)% |
| Income tax expense | (92) | (85) | (7) | (8)% |
| Net loss | (38,299) | (31,358) | (6,941) | (22)% |
| Net loss attributable to noncontrolling interest in subsidiaries | (98) | (106) | 8 | (8)% |
| Net loss attributable to Sharecare, Inc. | \$ (38,201) | \$ (31,252) | \$ (6,949) | (22)% |

Revenue

Revenue increased \$10.5 million, or 12%, from \$90.2 million for the three months ended March 31, 2021 to \$100.7 million for the three months ended March 31, 2022. Overall, we saw growth from recently acquired product lines as well as organic growth in existing lines for an increase of \$21.1 million. Offsetting this growth were negative impacts related to

suspended services and the attrition of one contract related to a previous acquisition, accounting for a combined reduction of \$10.6 million.

The channel revenue changed as follows: enterprise channel increased by \$5.6 million (from \$54.1 million for 2021 to \$59.8 million for 2022), the provider channel increased by \$4.7 million (from \$20.0 million for 2021 to \$24.7 million for 2022) and the life sciences channel increased by \$0.2 million (from \$16.1 million for 2021 to \$16.2 million for 2022). Increases in the enterprise channel of 10% were attributable to a combination of new product and client gains in digital and digital therapeutics as well as growth in our home health care and AI businesses, offset by the impact of the suspension of health security products and contract attrition from a previous acquisition. The provider channel increase of 24% was attributable to continued demand recovery compared to the prior year, along with increased volumes and new customers in both the release of information and medical record audit product lines. The life sciences channel increased 1%, in line with expectations.

Costs of Revenue

Costs of revenue increased \$7.1 million, or 16%, from \$44.4 million for the three months ended March 31, 2021 to \$51.5 million for the three months ended March 31, 2022. The increase was due to increased sales. The percentage increase in costs of revenue was higher than the percentage increase in revenue primarily from shifts in product mix, with increases in home health care, release of information and medical record audits, offset by a decrease in health security.

Sales and Marketing

Sales and marketing expense increased \$3.0 million, or 26%, from \$11.5 million for the three months ended March 31, 2021 to \$14.5 million for the three months ended March 31, 2022. The increase was attributable to new headcount costs of \$1.0 million, severance costs of \$0.7 million, additional marketing sponsorships and advertising costs of \$1.4 million, and share-based compensation expense of \$0.9 million. The increases were partially offset by reduced sales consultant expenses of \$1.3 million incurred in 2021 to advance engagement metrics across our client base and support ramping of new business.

Product and Technology

Product and technology expenses decreased \$1.0 million, or 5%, from \$20.5 million for the three months ended March 31, 2021 to \$19.4 million for the three months ended March 31, 2022. The decrease was attributable to reduced share-based compensation expense of \$7.5 million, offset by an increase in new resources costs related to growth and acquisitions of \$2.7 million, platform and development expenses for growth and acquired businesses of \$2.7 million, and additional non-recurring and severance costs of \$1.2 million.

General and Administrative

General and administrative expense increased \$36.4 million, or 186%, from \$19.6 million for the three months ended March 31, 2021 to \$56.0 million for the three months ended March 31, 2022. Non-cash share-based compensation expense accounted for \$27.7 million of the increase. In addition, non-recurring and severance fees increased by \$4.9 million. The other increases are attributable to additional and acquired resources costs of \$2.8 million needed to support growth and public company compliance initiatives, along with increased insurance and legal expense of \$1.6 million tied to being a public company. Offsetting these increases, we reduced facility lease expense by \$0.4 million.

Depreciation and Amortization

Depreciation and amortization increased \$3.2 million, or 48%, from \$6.7 million for the three months ended March 31, 2021 to \$9.9 million for the three months ended March 31, 2022. The increase was primarily related to acquisition-related intangibles as well as placing platform-related developed software into service.

Interest Expense

Interest expense decreased \$6.5 million, from \$7.0 million for the three months ended March 31, 2021 to \$0.5 million for the three months ended March 31, 2022. The decrease is attributable to the retirement of debt in 2021 in connection with the consummation of the Business Combination.

Other Income (Expense)

Other income and expense fluctuated \$24.7 million from \$11.9 million of expense for the three months ended March 31, 2021 to \$12.8 million of income for the three months ended March 31, 2022. This activity was mostly related to non-cash mark-to-market adjustments to contingent consideration and warrant liabilities where the adjustment is tied to the change in the per

share price of the Company's common stock. See Note 1 to Sharecare's consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Non-GAAP Financial Measures

In addition to our financial results determined in accordance with U.S. GAAP, we believe the non-GAAP measures adjusted EBITDA, adjusted net income (loss), and adjusted earnings (loss) per share ("adjusted EPS") are useful in evaluating our operating performance. We use adjusted EBITDA, adjusted net income (loss), and adjusted EPS to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that these non-GAAP financial measures, when taken together with the corresponding GAAP financial measures, provide meaningful supplemental information regarding our performance by excluding certain items that may not be indicative of our business, results of operations, or outlook. In particular, we believe that the use of adjusted EBITDA, adjusted net income (loss), and adjusted EPS is helpful to our investors as they are metrics used by management in assessing the health of our business and our operating performance. However, non-GAAP financial information is presented for supplemental informational purposes only, has limitations as an analytical tool, and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP. In addition, other companies, including companies in our industry, may calculate similarly-titled non-GAAP measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial measures as a tool for comparison. The reconciliations of adjusted EBITDA, adjusted net income (loss), and adjusted EPS to net income (loss), the most directly comparable financial measures stated in accordance with GAAP, are provided below. Investors are encouraged to review the reconciliations and not to rely on any single financial measure to evaluate our business.

Adjusted EBITDA

Adjusted EBITDA is a key performance measure that management uses to assess our operating performance. Because adjusted EBITDA facilitates internal comparisons of our historical operating performance on a more consistent basis, we use this measure for business planning purposes.

We calculate adjusted EBITDA as net income (loss) adjusted to exclude (i) depreciation and amortization, (ii) interest income, (iii) interest expense, (iv) income tax (benefit) expense, (v) other expense (income) (non-operating), (vi) share-based compensation, (vii) severance, (viii) warrants issued with revenue contracts, and (ix) transaction and closing costs. We do not view the items excluded as representative of our ongoing operations.

The following table presents a reconciliation of adjusted EBITDA from the most comparable GAAP measure, net loss, for the three months ended March 31, 2022 and 2021 (in thousands):

| | Three Months Ended March 31, | |
|---|---------------------------------|-------------|
| | 2022 | 2021 |
| Net loss | \$ (38,299) | \$ (31,358) |
| Add: | | |
| Depreciation and amortization | 9,878 | 6,683 |
| Interest income | (29) | (8) |
| Interest expense | 492 | 7,010 |
| Income tax expense | 92 | 85 |
| Other (income) expense | (12,845) | 11,878 |
| Share-based compensation | 33,110 | 12,026 |
| Severance | 360 | 65 |
| Warrants issued with revenue contracts ^(a) | 19 | 40 |
| Transaction and closing costs ^(b) | 7,372 | 701 |
| Adjusted EBITDA ^(c) | \$ 150 | \$ 7,122 |

(a) Represents the non-cash value of warrants issued to clients for meeting specific revenue thresholds.

(b) Represents costs related to the Business Combination, transaction and post-closing costs related to acquisitions, and other non-operating non-recurring costs including \$3.2 million of other non-operating non-recurring costs, \$2.2 million of reorganizational costs, and \$2.0 million of acquisition related expense.

(c) Includes non-cash amortization associated with contract liabilities recorded in connection with acquired businesses.

Adjusted Net Income (Loss)

Adjusted net income (loss) is a key performance measure that management uses to assess our operating performance. Because adjusted net income (loss) facilitates internal comparisons of our historical operating performance on a more consistent basis, we use this measure for business planning purposes and to evaluate our performance.

We calculate adjusted net income (loss) as net income (loss) attributable to Sharecare, Inc. adjusted to exclude (i) amortization of acquired intangibles, (ii) amortization of deferred financing fees, (iii) change in fair value of warrant liability and contingent consideration, (iv) share-based compensation, (v) severance, (vi) warrants issued with revenue contracts, (vii) transaction and closing costs, and (viii) the related income tax adjustments. We do not view the items excluded as representative of our ongoing operations.

Adjusted EPS

Adjusted EPS is a key performance measure that management uses to assess our operating performance. Because adjusted EPS facilitates internal comparisons of our historical operating performance on a more consistent basis, we use this measure for business planning purposes and to evaluate our performance.

We calculate Adjusted EPS as adjusted net income (loss), as defined above, divided by the number of weighted average common shares outstanding - basic and diluted. We do not view the items excluded as representative of our ongoing operations.

The following table presents a reconciliation of adjusted net loss and adjusted EPS from the most comparable GAAP measure, net loss, for the three months ended March 31, 2022 and 2021 (in thousands, except share numbers and per share amounts):

| | Three Months Ended | |
|--|---------------------------|-------------------|
| | March 31, 2022 | |
| | 2022 | 2021 |
| Net loss attributable to Sharecare, Inc. | \$ (38,201) | \$ (31,252) |
| Add: | | |
| Amortization of acquired intangibles ^(a) | 1,632 | 1,068 |
| Amortization of deferred financing fees | 69 | 1,656 |
| Change in fair value of warrant liability and contingent consideration | (12,368) | 11,748 |
| Share-based compensation | 33,110 | 12,026 |
| Severance | 360 | 65 |
| Warrants issued with revenue contracts ^(b) | 19 | 40 |
| Transaction and closing costs ^(c) | 7,372 | 701 |
| Adjusted net loss ^(d) | <u>\$ (8,007)</u> | <u>\$ (3,948)</u> |
| Weighted-average common shares outstanding, basic and diluted | 344,891,335 | 223,191,871 |
| Loss per share | <u>\$ (0.11)</u> | <u>\$ (0.14)</u> |
| Adjusted loss per share | <u>\$ (0.02)</u> | <u>\$ (0.02)</u> |

(a) Represents non-cash expenses related to the amortization of intangibles in connection with acquired businesses.

(b) Represents the non-cash value of warrants issued to clients for meeting specific revenue thresholds.

(c) Represents costs related to the Business Combination, transaction and post-closing costs related to acquisitions, and other non-operating non-recurring costs including \$3.2 million of other non-operating non-recurring costs, \$2.2 million of reorganizational costs, and \$2.0 million of acquisition related expense.

(d) The income tax effect of the Company's non-GAAP reconciling items are offset by valuation allowance adjustments of the same amount given that the Company was in a full valuation allowance position for the periods presented.

Liquidity and Capital Resources

We measure liquidity in terms of our ability to fund the cash requirements of our business operations, including working capital and capital expenditure needs, contractual obligations and other commitments, with cash flows from operations and

other sources of funding. Our ability to expand and grow our business will depend on many factors, including our working capital needs and the evolution of our operating cash flows.

We had \$253.3 million in cash and cash equivalents as of March 31, 2022. Our principal commitments as of March 31, 2022, consist of operating leases and purchase commitments. The Company maintains its Senior Secured Credit Agreement. As of March 31, 2022, there was \$50.5 million available for borrowing under the Revolving Facility. See Note 8 to Sharecare's consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

We believe our operating cash flows, together with our cash on hand, which includes the cash we obtained as a result of the Business Combination, will be sufficient to meet our working capital and capital expenditure requirements in the short-term, i.e., the 12 months from the date of this Quarterly Report on Form 10-Q. Our long-term liquidity (i.e., more than 12 months from the date of this Quarterly Report on Form 10-Q) needs include cash necessary to support our business growth and contractual commitments. We believe that the potential financing capital available to us in the future is sufficient to fund our long-term liquidity needs, however, we are continually reviewing our capital resources to determine whether we can meet our short- and long-term goals and we may require additional capital to do so. We may also need additional cash resources due to potential changes in business conditions or other developments, including unanticipated regulatory developments, significant acquisitions, and competitive pressures. We expect our capital expenditures and working capital requirements to continue to increase in the immediate future as we seek to expand our solution offerings. To the extent that our current resources are insufficient to satisfy our cash requirements, we may need to seek additional equity or debt financing. If the needed financing is not available, or if the terms of financing are less desirable than we expect, we may be forced to decrease our level of investment in new product offerings and related marketing initiatives or to scale back our existing operations, which could have an adverse impact on our business and financial prospects.

The following table summarizes our cash flow activities for the periods presented:

| <i>(in thousands)</i> | Three Months Ended March 31, | |
|---|-------------------------------------|-------------|
| | 2022 | 2021 |
| Net cash used in operating activities | \$ (12,092) | \$ (4,686) |
| Net cash used in investing activities | (8,010) | (9,091) |
| Net cash provided by financing activities | 2,253 | 21,783 |

Operating Activities

Net cash used in operating activities for the three months ended March 31, 2022 was \$12.1 million, an increase of \$7.4 million from \$4.7 million of cash used in operating activities for the three months ended March 31, 2021. Cash used during this period included the \$38.3 million net loss for the three months ended March 31, 2022, offset by non-cash items of \$32.5 million, which were primarily attributable to depreciation and amortization expense, amortization of contract liabilities, lease right-of-use assets expense related to the adoption of ASU 2016-02, Leases, change in fair value of warrant liability and contingent consideration, and share-based compensation. Changes in operating assets and liabilities of \$6.3 million resulted in net cash used, primarily attributable to the adoption of ASU 2016-02, Leases, and the related decrease in accounts payable and accrued expenses, the recording of operating lease liabilities due to the adoption of ASU 2016-02, Leases, offset by a decrease in accounts receivable due to increased collections of outstanding receivables. Additionally, the reduction of accounts payable and accrued expenses included the settlement of previously accrued legal expenses.

Investing Activities

Net cash used in investing activities for the three months ended March 31, 2022 was \$8.0 million compared to \$9.1 million of net cash used in investing activities for the three months ended March 31, 2021. The decrease in cash outflows was primarily due to prior period cash paid in the acquisition of doc.ai offset by an increase in the current period in connection with software development for new products and current product enhancements.

Financing Activities

Net cash provided by financing activities for the three months ended March 31, 2022 was \$2.3 million, primarily due to cash received from the proceeds from exercised common stock options of \$2.3 million.

Net cash provided by financing activities for the three months ended March 31, 2021 was \$21.8 million, primarily due to cash received from the draw down on our Senior Secured Credit Agreement and proceeds from the exercise of common stock options.

Contractual Obligations

There were no material changes to contractual obligations since our Annual Report on Form 10-K filed with the SEC on March 31, 2022.

Financing Arrangements

Senior Secured Credit Agreement

In March 2017, we refinanced our existing debt through the execution of the Senior Secured Credit Agreement. The Senior Secured Credit Agreement provides for the Revolving Facility with total commitments of \$60.0 million. Availability under the Revolving Facility is generally subject to a borrowing base based on a percentage of applicable eligible receivables. Borrowings under the Revolving Facility generally bear interest at a rate equal to, at the applicable Borrower's option, either (a) a base rate or (b) a rate based on LIBOR, in each case, plus an applicable margin. The applicable margin is based on a fixed charge coverage ratio and ranges from (i) 1.75% to 2.25% for U.S. base rate loans and (ii) 2.75% to 3.25% for LIBOR. The Senior Secured Credit Agreement matures on February 10, 2023.

The Senior Secured Credit Agreement contains a number of customary affirmative and negative covenants and we were in compliance with those covenants as of March 31, 2022. As of March 31, 2022, there were \$0.6 million of borrowings outstanding under the Revolving Facility.

Critical Accounting Estimates

Our financial statements are prepared in accordance with GAAP. The preparation of the consolidated financial statements in conformity with GAAP requires management to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. We evaluate our significant estimates on an ongoing basis, including, but not limited to, revenue recognition, the valuation of assets and liabilities acquired in business combinations, the valuation of common stock prior to the Business Combination, stock-based compensation, and income taxes. We base our estimates on historical experience, known trends, and other market-specific or other relevant factors that we believe to be reasonable under the circumstances. Changes in estimates are recorded in the period in which they become known. Actual results may differ from those estimates or assumptions.

We believe that the accounting policies described below involve a significant degree of judgment and complexity. Accordingly, we believe these are the most critical to aid in fully understanding and evaluating our consolidated financial condition and results of operations. For further information, see Note 1, to Sharecare's consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Revenue Recognition

Revenue is recognized when control of the promised good or service is transferred to the client, in an amount that reflects the consideration we expect to be entitled to in exchange for that good or service. Sales and usage-based taxes are excluded from revenue. We serve a diverse group of clients. We are the principal in all outstanding revenue arrangements except for CareLinx. CareLinx has B2C and B2B2C service lines for which CareLinx is the agent and we recognize the commission revenue based on the amount billed using the "as-invoiced" practical expedient.

Enterprise Revenue

The enterprise channel provides employers and health plans with health management programs for large populations, including digital engagement, telephonic coaching, incentives, biometrics, digital therapeutics, home care health offerings, and subscriptions to the Sharecare platform. Revenue is recognized on a PMPM basis or as services are provided. Member participation fees are generally determined by multiplying the contractually negotiated member rate by the number of members eligible for services during the month. Member participation rates are established during contract negotiations with clients, often based on a portion of the value the programs are expected to create. Contracts with health plans, health care systems and government organizations generally range from three to five years with several comprehensive strategic agreements extending for longer periods. Contracts with larger employer clients typically have two to four year terms.

Health management program contracts often include a fee for the subscription of the Sharecare digital platform and various other platforms under doc.ai, which may also be sold on a stand-alone basis. These services allow members to access Sharecare's proprietary mobile application with a comprehensive suite of health and wellness management programs, content, and tools. Revenue is recognized on a per member or a fixed fee basis as the services are provided.

Sharecare's Blue Zones Project is a community well-being improvement initiative designed to change the way people experience the world around them by encouraging and promoting better lifestyle choices, such as commuting, eating, and social habits. Because healthier environments naturally nudge people toward healthier choices, Blue Zones Project focuses on influencing the Life Radius®, the area close to home in which people spend 90% of their lives. Blue Zones Project best practices use people, places, and policy as levers to transform those surroundings. These contracts normally include two performance obligations, the discovery period and the subsequent content delivery for each year of engagement. The revenue is recognized based on the relative standalone selling price of the performance obligations evenly over time. These contracts do not include termination clauses and often have two to four year terms.

Sharecare's doc.ai unlocks the value of health data through licensing artificial intelligence modules and through the creation of products for a portfolio of clients including payors, pharma, and providers. These contracts generally include two performance obligations. The software license and maintenance/support are considered one series of distinct performance obligations and professional services is considered a separate distinct performance obligation. Revenue is recognized for all identified performance obligations as services are delivered.

Sharecare's CareLinX is focused on connecting caregivers with facilities or individuals that are in need of additional support. These services are generally considered a series of distinct performance obligations. Revenue is recognized for all identified performance obligations as billed using the "as-invoiced" practical expedient.

Certain contracts place a portion of fees at risk based on achieving certain performance metrics, such as cost savings, and/or clinical outcomes improvements (performance-based). We use the most likely amount method to estimate variable consideration for these performance guarantees. We include in the transaction price some or all of an amount of variable consideration only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. We utilize customer data in order to measure performance.

In the event performance levels are not met by the end of the measurement period, typically one year, some or all of the performance-based fees are required to be refunded. During the settlement process under a contract, which generally occurs six to eight months after the end of a contract year, performance-based fees are reconciled and settled.

Clients are generally billed monthly for the entire amount of the fees contractually due for the prior month's enrollment, which typically includes the amount, if any, that is performance-based and may be subject to refund should performance targets not be met. Fees for participation are typically billed in the month after the services are provided. Deferred revenues arise from contracts that permit upfront billing and collection of fees covering the entire contractual service period, generally six months to a year. A limited number of contracts provide for certain performance-based fees that cannot be billed until after they are reconciled with the client.

Provider Revenue

Our provider channel revenue is primarily based on the volume of health document requests fulfilled and recognized upon satisfactory delivery to the client. In addition, provider revenue is derived from subscription fees for various technology-related services that assist providers with efficiency and productivity and enhanced patient care. Subscription fees are recognized ratably over the contractual period.

Life Sciences Revenue

Our life sciences channel generates revenue mostly through ad sponsorships and content delivery. Content delivery revenue is recognized when the content is delivered to the client. Ad sponsorship revenue is recognized when the contractual page views or impressions are delivered and the transaction has met the criteria for revenue recognition.

Certain customer transactions may contain multiple performance obligations that may include delivery of content, page views, and ad sponsorship over time. To account for each of these elements separately, the delivered elements must be capable of being distinct and must be distinct in the context of the contract. Revenue is allocated based on the stand-alone or unbundled selling price for each performance obligation as the services are provided.

Business Combinations

We account for business acquisitions in accordance with ASC Topic 805, Business Combinations. We measure the cost of an acquisition as the aggregate of the acquisition date fair values of the assets transferred and liabilities assumed and equity instruments issued. Transaction costs directly attributable to the acquisition are expensed as incurred. We record goodwill for

the excess of (i) the total costs of acquisition and fair value of any noncontrolling interests over (ii) the fair value of the identifiable net assets of the acquired business.

The acquisition method of accounting requires us to exercise judgment and make estimates and assumptions based on available information regarding the fair values of the elements of a business combination as of the date of acquisition, including the fair values of identifiable intangible assets, deferred tax asset valuation allowances, liabilities related to uncertain tax positions, and contingencies. We must also refine these estimates within a one-year measurement period, to reflect any new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts recognized as of that date. Estimates and assumptions that we must make in estimating the fair value of future acquired technology, user lists, and other identifiable intangible assets include future cash flows that we expect to generate from the acquired assets. If the subsequent actual results and updated projections of the underlying business activity change compared with the assumptions and projections used to develop these values, we could record impairment charges. In addition, we have estimated the economic lives of certain acquired assets and these lives are used to calculate depreciation and amortization expense. If our estimates of the economic lives change, depreciation or amortization expenses could be accelerated or slowed, which could materially impact our results of operation.

New Accounting Pronouncements

See Note 1, to Sharecare's consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Emerging Growth Company Accounting Election

Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can choose not to take advantage of the extended transition period and comply with the requirements that apply to non-emerging growth companies, and any such election to not take advantage of the extended transition period is irrevocable. Following the consummation of the Business Combination, we expect to remain an emerging growth company at least through the end of the 2022 fiscal year and expect to continue to take advantage of the benefits of the extended transition period. This may make it difficult or impossible to compare our financial results with the financial results of another public company that is either not an emerging growth company or is an emerging growth company that has chosen not to take advantage of the extended transition period exemptions for emerging growth companies because of the potential differences in accounting standards used.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have in the past and may in the future be exposed to certain market risks, including interest rate, foreign currency exchange, and financial instrument risks, in the ordinary course of our business. Currently, these risks are not material to our financial condition or results of operations, but they may be in the future.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in company reports filed or submitted under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer (who serves as our Principal Executive Officer) and Chief Financial Officer (who serves as our Principal Financial Officer), as appropriate, to allow timely decisions regarding required disclosure.

Evaluation of Disclosure Controls and Procedures

As required by Rules 13a-15 and 15d-15 under the Exchange Act, our Chief Executive Officer and Chief Financial Officer carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2022. Based upon their evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were not effective as of March 31, 2022, due solely to the material weakness in our internal control over financial reporting related to the review of a unique contract for a new product offering to a new customer. Notwithstanding this material weakness described further below, management believes that the financial statements included in this Quarterly Report on Form 10-Q present fairly in all material respects our financial position, results of operations and cash flows for the periods presented.

Remediation Measures

Management is implementing remediation steps to address the material weakness regarding the review of a unique contract for a new product offering to a new customer. Specifically, we are identifying new control activities, modifying existing controls, and enhancing the documentation that evidences a control's performance specific to contract reviews related to new customers and new product offerings. We are supplementing our internal accounting resources with additional external accounting and finance resources. Additionally, we have engaged a professional accounting services firm to assist us with our documentation and assessment of our internal controls over financial reporting with respect to our compliance with Section 404 of the Sarbanes-Oxley Act.

Limitations on Effectiveness of Controls and Procedures

Our management, including our principal executive officer and principal financial officer, do not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Due to inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Changes in Internal Control over Financial Reporting

Except as described above, there have been no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Rule 13a-15 of the SEC that occurred during our last quarter ended March 31, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II - Other Information

ITEM 1. LEGAL PROCEEDINGS

From time-to-time, we may be subject to various legal proceedings and claims that arise in the normal course of our business activities. Although the results of these legal proceedings, claims, and investigations cannot be predicted with certainty, we do not believe that the final outcome of any matters that we, or any of our subsidiaries, are currently involved in are reasonably likely to have a material adverse effect on our business, financial condition or results of operations. Regardless of final outcomes, however, any such proceedings, claims and investigations may nonetheless impose a significant burden on management and employees and be costly to defend, with unfavorable preliminary or interim rulings.

The section entitled “Legal Matters” in Note 11 to Sharecare’s consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q is incorporated by reference herein.

ITEM 1A. RISK FACTORS

Factors that could cause our actual results to differ materially from those in this Quarterly Report are any of the risks described in our Annual Report on Form 10-K filed with the SEC on March 31, 2022. Any of these factors could result in a significant or material adverse effect on our results of operations or financial condition. Additional risk factors not presently known to us or that we currently deem immaterial may also impair our business or results of operations.

As of the date of this Quarterly Report on Form 10-Q, there have been no material changes to the risk factors disclosed in our Annual Report on Form 10-K filed with the SEC on March 31, 2022. However, we may disclose changes to such factors or disclose additional factors from time to time in our future filings with the SEC.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

On May 11, 2022, the Company and certain subsidiaries of the Company entered into Amendment No. 8 to the Senior Secured Credit Agreement (the “Amendment”) pursuant to which the minimum EBITDA financial covenant contained therein was amended for each fiscal quarter ending during the period from March 31, 2022 through September 30, 2022 to account for the budgeted phasing of 2022 interim quarterly budgets. This summary is qualified in its entirety by reference to the full text of the Amendment, a copy of which is filed as Exhibit 10.1 to this Quarterly Report on Form 10-Q Report and incorporated herein by reference.

ITEM 6. EXHIBITS

| Exhibit | Description |
|----------|---|
| 10.1* | Amendment Number Eight to Credit Agreement, dated as of May 11, 2022, relating to Credit Agreement, dated as of March 9, 2017, by and among Wells Fargo Bank, National Association, as Administrative Agent, the Lenders party thereto from time to time, and Sharecare Operating Company, Inc. f/k/a Sharecare, Inc. and certain subsidiaries of Sharecare, Inc., as Borrowers |
| 31.1** | Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 31.2** | Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 32.1** | Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 32.2** | Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 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 Document |
| 101.CAL* | Inline XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF* | Inline XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB* | Inline XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE* | Inline XBRL Taxonomy Extension Presentation Linkbase Document |
| 104 | The cover page for the Company's Quarterly Report on Form 10-Q has been formatted in Inline XBRL and contained in Exhibit 101 |

Filed herewith
Furnished herewith

SIGNATURES

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

Dated: May 12, 2022

SHARECARE, INC.

By: /s/ Jeffrey Arnold

| | |
|--------|--|
| Name: | Jeffrey Arnold |
| Title: | Chief Executive Officer (<i>Principal Executive Officer</i>) |

By: /s/ Justin Ferrero

| | |
|--------|--|
| Name: | Justin Ferrero |
| Title: | President and Chief Financial Officer (<i>Principal Financial Officer</i>) |

AMENDMENT NUMBER EIGHT TO CREDIT AGREEMENT

THIS AMENDMENT NUMBER EIGHT TO CREDIT AGREEMENT (this “**Amendment**”), dated as of May 11, 2022, is entered into by and among **SHARECARE, INC.** (formerly known as Falcon Acquisition Corp.), a Delaware corporation (“**Holdings**”), **SHARECARE OPERATING COMPANY, INC.** (formerly known as Sharecare, Inc.), a Delaware corporation (“**Parent**”), the Subsidiaries of Parent identified on the signature pages hereof as “**Borrowers**” (such Subsidiaries, together with Parent, are referred to hereinafter each individually as a “**Borrower**” and individually and collectively, jointly and severally, “**Borrowers**”), the lenders identified on the signature pages hereof (such lenders, and the other lenders party to the below-defined Credit Agreement, together with their respective successors and permitted assigns, each individually, a “**Lender**”, and collectively, the “**Lenders**”), and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association, as administrative agent for the Lenders and the Bank Product Providers (in such capacity, together with its successors and assigns in such capacity, “**Agent**”), and in light of the following:

WITNESSETH

WHEREAS, Holdings, Borrowers, Lenders, and Agent are parties to that certain Credit Agreement, dated as of March 9, 2017 (as amended, restated, supplemented, or otherwise modified from time to time, the “**Credit Agreement**”);

WHEREAS, Borrowers have requested that Agent and Lenders make certain amendments to the Credit Agreement; and

WHEREAS, upon the terms and conditions set forth herein, Agent and Lenders are willing to consent to such amendments to the Credit Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **Defined Terms.** All initially capitalized terms used herein (including the preamble and recitals hereof) without definition shall have the meanings ascribed thereto in the Credit Agreement, as amended hereby.
2. **Amendments to Credit Agreement.** Subject to the satisfaction (or waiver in writing by Agent) of the conditions precedent set forth in **Section 3** hereof, Section 7(a) of the Credit Agreement shall be amended and restated in its entirety as follows:

“(a) **Minimum EBITDA.** For each fiscal quarter ending during the period from March 31, 2022 through the Covenant Adjustment Date, achieve EBITDA of at least the required amount set forth in the following table for the applicable period set forth opposite thereto:

| Applicable Amount | Applicable Period |
|-------------------|--|
| \$14,000,000 | For the four fiscal quarter period ending March 31, 2022 |
| \$10,000,000 | For the four fiscal quarter period ending June 30, 2022 |
| \$16,300,000 | For the four fiscal quarter period ending September 30, |

| | |
|--------------|--|
| | 2022 |
| \$25,000,000 | For the four fiscal quarter period ending December 31, 2022 and each fiscal quarter thereafter |

3. Conditions Precedent to Amendment. The satisfaction (or waiver in writing by Agent) of each of the following shall constitute conditions precedent to the effectiveness of the Amendment (such date being the "Amendment Effective Date"):

(a) Agent shall have received this Amendment, duly executed by each of the Loan Parties and each Lender.

(b) After giving effect to this Amendment, the representations and warranties contained herein, in the Credit Agreement, and in the other Loan Documents, in each case shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) on and as of the date hereof, as though made on and as of such date (except to the extent that such representations and warranties relate solely to an earlier date, in which case such representations and warranties shall continue to be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) as of such earlier date).

(c) No injunction, writ, restraining order, or other order of any nature prohibiting, directly or indirectly, the consummation of the transactions contemplated herein shall have been issued and remain in force by any Governmental Authority against any Loan Party, Agent, any other member of the Lender Group, or any Bank Product Provider.

(d) No Event of Default shall have occurred and be continuing as of the Amendment Effective Date, nor shall any Event of Default result from the transactions contemplated herein.

4. Representations and Warranties. Each Loan Party hereby represents and warrants to Agent and each other member of the Lender Group as follows:

(a) It (i) is duly organized and existing and in good standing under the laws of the jurisdiction of its organization, (ii) is qualified to do business in any state where the failure to be so qualified could reasonably be expected to result in a Material Adverse Effect, and (iii) has all requisite power and authority to own and operate its properties, to carry on its business as now conducted and as proposed to be conducted, to enter into this Amendment and the other Loan Documents to which it is a party and to carry out the transactions contemplated hereby and thereby.

(b) The execution, delivery, and performance by it of this Amendment and the performance by it of each Loan Document to which it is or will be a party, in each case, (i) have been duly authorized by all necessary action, (ii) do not and will not (A) violate any material provision of federal, state or local law or regulation applicable to it or its Subsidiaries, the Governing Documents of it or its Subsidiaries, or any order, judgment, or decree of any court or other Governmental Authority binding on it or its Subsidiaries, (B) conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under any Material Contract of it or its Subsidiaries where any such conflict, breach or default could individually or in the aggregate reasonably be expected to have a Material Adverse Effect, (C) result in or require the creation or imposition of any Lien of any nature

whatsoever upon any assets of any Loan Party, other than Permitted Liens, or (D) require any approval of any holder of Equity Interests of a Loan Party or any approval or consent of any Person under any Material Contract of any Loan Party, other than consents or approvals that have been obtained and that are still in force and effect and except, in the case of material agreements, for consents or approvals, the failure to obtain could not individually or in the aggregate reasonably be expected to cause a Material Adverse Effect.

(c) No registration with, consent, or approval of, or notice to, or other action with or by, any Governmental Authority is required in connection with the execution, delivery and performance by it of this Amendment or any other Loan Document to which it is or will be a party.

(d) This Amendment is, and each other Loan Document to which it is or will be a party, when executed and delivered by each Person that is a party thereto, will be the legally valid and binding obligation of such Person, enforceable against such Person in accordance with its respective terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally.

(e) No injunction, writ, restraining order, or other order of any nature prohibiting, directly or indirectly, the consummation of the transactions contemplated herein has been issued and remains in force by any Governmental Authority against any Borrower, any Guarantor, Agent, any member of the Lender Group, or any Bank Product Provider.

(f) No Event of Default has occurred and is continuing as of the date of the effectiveness of this Amendment, and no condition exists which constitutes an Event of Default.

(g) The representations and warranties set forth in this Amendment, the Credit Agreement, as amended by this Amendment and after giving effect to this Amendment, and the other Loan Documents to which it is a party are true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) on and as of the date hereof, as though made on and as of such date (except to the extent that such representations and warranties relate solely to an earlier date, in which case such representations and warranties shall continue to be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) as of such earlier date).

(h) This Amendment has been entered into without force or duress, of the free will of each Loan Party, and the decision of each Loan Party to enter into this Amendment is a fully informed decision and such Person is aware of all legal and other ramifications of each decision.

(i) It has read and understands this Amendment, has consulted with and been represented by independent legal counsel of its own choosing in negotiations for and the preparation of this Amendment, has read this Amendment in full and final form, and has been advised by its counsel of its rights and obligations hereunder.

5. Payment of Costs and Fees. Borrowers shall jointly and severally pay to Agent and each Lender all Lender Group Expenses (including, without limitation, the reasonable fees and expenses of any attorneys retained by Agent or any Lender) in connection with the preparation, negotiation, execution and delivery of this Amendment and any documents and instruments relating hereto.

6. Release.

(a) Effective on the date hereof, each Borrower and each Guarantor, for itself and on behalf of its successors, assigns, and officers, directors, employees, agents and attorneys, and any Person acting for or on behalf of, or claiming through it, hereby waives, releases, remises and forever discharges Agent and each Lender, each of their respective Affiliates, and each of their respective successors in title, past, present and future officers, directors, employees, limited partners, general partners, investors, attorneys, assigns, subsidiaries, shareholders, trustees, agents and other professionals and all other persons and entities to whom any member of the Lenders would be liable if such persons or entities were found to be liable to such Borrower or such Guarantor (each a "Releasee" and collectively, the "Releasees"), from any and all past, present and future claims, suits, liens, lawsuits, adverse consequences, amounts paid in settlement, debts, deficiencies, diminution in value, disbursements, demands, obligations, liabilities, causes of action, damages, losses, costs and expenses of any kind or character, whether based in equity, law, contract, tort, implied or express warranty, strict liability, criminal or civil statute or common law (each a "Claim" and collectively, the "Claims"), whether known or unknown, fixed or contingent, direct, indirect, or derivative, asserted or unasserted, matured or unmatured, foreseen or unforeseen, past or present, liquidated or unliquidated, suspected or unsuspected, which such Borrower or such Guarantor ever had from the beginning of the world, now has, or might hereafter have against any such Releasee which relates, directly or indirectly to the Credit Agreement, any other Loan Document, or to any acts or omissions of any such Releasee with respect to the Credit Agreement or any other Loan Document, or to the lender-borrower relationship evidenced by the Loan Documents, except for the duties and obligations set forth in this Amendment. As to each and every Claim released hereunder, each Borrower and each Guarantor hereby represents that it has received the advice of legal counsel with regard to the releases contained herein, and having been so advised, specifically waives the benefit of the provisions of Section 1542 of the Civil Code of California which provides as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

As to each and every Claim released hereunder, each Borrower and each Guarantor also waives the benefit of each other similar provision of applicable federal or state law (including without limitation the laws of the state of New York), if any, pertaining to general releases after having been advised by its legal counsel with respect thereto.

Each Borrower and each Guarantor acknowledges that it may hereafter discover facts different from or in addition to those now known or believed to be true with respect to such Claims and agrees that this instrument shall be and remain effective in all respects notwithstanding any such differences or additional facts. Each Borrower and each Guarantor understands, acknowledges and agrees that the release set forth above may be pleaded as a full and complete defense and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of such release.

(b) Each Borrower and each Guarantor, for itself and on behalf of its successors, assigns, and officers, directors, employees, agents and attorneys, and any Person acting for or on behalf of, or claiming through it, hereby absolutely, unconditionally and irrevocably, covenants and agrees with and in favor of each Releasee above that it will not sue (at law, in equity, in any regulatory proceeding or otherwise) any Releasee on the basis of any Claim released, remised and discharged by such Person pursuant to the above release. Each Borrower and each Guarantor further agrees that it shall not dispute the validity or enforceability of the Credit Agreement or any of the other Loan Documents or any of its obligations thereunder, or the validity, priority, enforceability or the extent of Agent's Lien on any item of Collateral under the Credit Agreement or the other Loan Documents. If any Borrower, any Guarantor, or

any of their respective successors, assigns, or officers, directors, employees, agents or attorneys, or any Person acting for or on behalf of, or claiming through it violate the foregoing covenant, such Person, for itself and its successors, assigns and legal representatives, agrees to pay, in addition to such other damages as any Releasee may sustain as a result of such violation, all attorneys' fees and costs incurred by such Releasee as a result of such violation.

7. **CHOICE OF LAW AND VENUE; JURY TRIAL WAIVER; JUDICIAL REFERENCE PROVISION.** THIS AMENDMENT SHALL BE SUBJECT TO THE PROVISIONS REGARDING CHOICE OF LAW AND VENUE, JURY TRIAL WAIVER AND JUDICIAL REFERENCE PROVISION SET FORTH IN SECTION 12 OF THE CREDIT AGREEMENT, AND SUCH PROVISIONS ARE INCORPORATED HEREIN BY THIS REFERENCE, *MUTATIS MUTANDIS*.

8. Amendments. This Amendment cannot be altered, amended, changed or modified in any respect except in accordance with Section 14.1 of the Credit Agreement.

9. Counterpart Execution. This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Amendment. Execution of any such counterpart may be by means of (a) an electronic signature that complies with the federal Electronic Signatures in Global and National Commerce Act, as in effect from time to time, state enactments of the Uniform Electronic Transactions Act, as in effect from time to time, or any other relevant and applicable electronic signatures law; (b) an original manual signature; or (c) a faxed, scanned, or photocopied manual signature. Each electronic signature or faxed, scanned, or photocopied manual signature shall for all purposes have the same validity, legal effect, and admissibility in evidence as an original manual signature. Agent reserves the right, in its discretion, to accept, deny, or condition acceptance of any electronic signature on this Amendment. Any party delivering an executed counterpart of this Amendment by faxed, scanned or photocopied manual signature shall also deliver an original manually executed counterpart, but the failure to deliver an original manually executed counterpart shall not affect the validity, enforceability, and binding effect of this Amendment.

10. Further Assurances. Borrowers shall execute and deliver all agreements, documents and instruments, in form and substance satisfactory to Agent, and take all actions as Agent may reasonably request from time to time to perfect and maintain the perfection and priority of the security interests of Agent in the Collateral and to consummate fully the transactions contemplated under this Amendment and the other Loan Documents.

11. Effect on Loan Documents.

(a) The Credit Agreement, as amended hereby, and each of the other Loan Documents, as amended as of the date hereof, shall be and remain in full force and effect in accordance with their respective terms and hereby are ratified and confirmed in all respects. The execution, delivery, and performance of this Amendment shall not operate, except as expressly set forth herein, as a modification or waiver of any right, power, or remedy of Agent or any Lender under the Credit Agreement or any other Loan Document. Except for the amendments to the Credit Agreement expressly set forth herein, the Credit Agreement and the other Loan Documents shall remain unchanged and in full force and effect. The amendments, waivers, consents and modifications set forth herein are limited to the specifics hereof (including facts or occurrences on which the same are based), shall not apply with respect to any facts or occurrences other than those on which the same are based, shall neither excuse any future non-compliance with the Loan Documents nor operate as a waiver of any Default or Event of Default,

shall not operate as a consent to any further waiver, consent or amendment or other matter under the Loan Documents, and shall not be construed as an indication that any future waiver or amendment of covenants or any other provision of the Credit Agreement will be agreed to, it being understood that the granting or denying of any waiver or amendment which may hereafter be requested by any Borrower remains in the sole and absolute discretion of Agent and Lenders. To the extent that any terms or provisions of this Amendment conflict with those of the Credit Agreement or the other Loan Documents, the terms and provisions of this Amendment shall control.

(b) Upon and after the effectiveness of this Amendment, each reference in the Credit Agreement to “this Agreement”, “hereunder”, “herein”, “hereof” or words of like import referring to the Credit Agreement, and each reference in the other Loan Documents to “the Credit Agreement”, “thereunder”, “therein”, “thereof” or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement as modified and amended hereby.

(c) To the extent that any of the terms and conditions in any of the Loan Documents shall contradict or be in conflict with any of the terms or conditions of the Credit Agreement, after giving effect to this Amendment, such terms and conditions are hereby deemed modified or amended accordingly to reflect the terms and conditions of the Credit Agreement as modified or amended hereby.

(d) This Amendment is a Loan Document.

(e) Unless the context of this Amendment clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, the terms “includes” and “including” are not limiting, and the term “or” has, except where otherwise indicated, the inclusive meaning represented by the phrase “and/or”. The words “hereof,” “herein,” “hereby,” “hereunder,” and similar terms in this Amendment refer to this Amendment as a whole and not to any particular provision of this Amendment. Section, subsection, clause, schedule, and exhibit references herein are to this Amendment unless otherwise specified. Any reference in this Amendment to any agreement, instrument, or document shall include all alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements, thereto and thereof, as applicable (subject to any restrictions on such alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements set forth herein). The words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties. Any reference herein to any Person shall be construed to include such Person’s successors and assigns.

12. Entire Agreement. This Amendment, and the terms and provisions hereof, the Credit Agreement and the other Loan Documents constitute the entire understanding and agreement between the parties hereto with respect to the subject matter hereof and supersede any and all prior or contemporaneous amendments or understandings with respect to the subject matter hereof, whether express or implied, oral or written.

13. Integration. This Amendment, together with the other Loan Documents, incorporates all negotiations of the parties hereto with respect to the subject matter hereof and is the final expression and agreement of the parties hereto with respect to the subject matter hereof.

14. Reaffirmation of Obligations. Each Loan Party hereby (a) acknowledges and reaffirms its obligations owing to Agent, each member of the Lender Group, and the Bank Product Providers under each Loan Document to which it is a party, and (b) agrees that each of the Loan Documents to which it is a party is and shall remain in full force and effect. Each Loan Party hereby (i) further ratifies and reaffirms the validity and enforceability of all of the Liens and security interests heretofore granted,

pursuant to and in connection with the Guaranty and Security Agreement or any other Loan Document to Agent, on behalf and for the benefit of each member of the Lender Group and each Bank Product Provider, as collateral security for the obligations under the Loan Documents in accordance with their respective terms, and (ii) acknowledges that all of such Liens and security interests, and all Collateral heretofore pledged as security for such obligations, continue to be and remain collateral for such obligations from and after the date hereof (including, without limitation, from after giving effect to this Amendment).

15. Ratification. Each Loan Party hereby restates, ratifies and reaffirms each and every term and condition set forth in the Credit Agreement and the Loan Documents effective as of the date hereof and as modified hereby.

16. Severability. In case any provision in this Amendment shall be invalid, illegal or unenforceable, such provision shall be severable from the remainder of this Amendment and the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

[Signature pages follow]

IN WITNESS WHEREOF, the parties have entered into this Amendment as of the date first above written.

“Holdings”

SHARECARE, INC.,



a Delaware corporation

By: __ Name: Colin Daniel
Title: Chief Administrative Officer

“Borrowers”

SHARECARE OPERATING COMPANY, INC.,



a Delaware corporation

By: __ Name: Colin Daniel
Title: EVP, Finance and HR

LUCID GLOBAL, INC.,



a Delaware corporation

By: __ Name: Colin Daniel
Title: EVP, Finance and HR

HEALTHWAYS SC, LLC,



a Delaware limited liability company

By: __ Name: Colin Daniel

[SIGNATURE PAGE TO AMENDMENT NUMBER EIGHT TO CREDIT AGREEMENT]

Title: EVP, Finance and HR

[SIGNATURE PAGE TO AMENDMENT NUMBER EIGHT TO CREDIT AGREEMENT]

SHARECARE HEALTH DATA SERVICES, INC.



(formerly known as Bactes Imaging Solutions, Inc.), a
Delaware corporation

By: __ Name: Colin Daniel
Title: EVP, Finance and HR

SHARECARE HEALTH DATA SERVICES, LLC



(formerly known as Bactes Imaging Solutions, LLC), a
Delaware limited liability company

By: __ Name: Colin Daniel
Title: EVP, Finance and HR



VISUALIZE HEALTH, LLC (formerly known as New VH,
LLC), a Delaware limited liability company

By: __ Name: Colin Daniel
Title: EVP, Finance and HR

MINDSCIENCES, INC.,



a Delaware corporation

By: __ Name: Colin Daniel
Title: EVP, Finance and HR



SC-WHAI, LLC,
a Delaware limited liability company

By: Name: Colin Daniel
Title: EVP, Finance and HR

[SIGNATURE PAGE TO AMENDMENT NUMBER EIGHT TO CREDIT AGREEMENT]

CARELINX INC.,



a Delaware corporation

By: __ Name: Colin Daniel
Title: EVP, Finance and HR



SHARECARE HAWKINS, LLC,
a Delaware limited liability company

By: __ Name: Colin Daniel
Title: EVP, Finance and HR

SHARECARE AI, INC.,



a Delaware corporation

By: __ Name: Colin Daniel
Title: EVP, Finance and HR

SHARECARE CL, LLC,



a Delaware limited liability company

By: __ Name: Colin Daniel
Title: EVP, Finance and HR

SHARECARE ACO 1, LLC,

Colin Daniel

a Delaware limited liability company

By: __ Name: Colin Daniel
Title: EVP, Finance and HR

[SIGNATURE PAGE TO AMENDMENT NUMBER EIGHT TO CREDIT AGREEMENT]

SHARECARE ACO 2, LLC,

Colin Daniel

a Delaware limited liability company

By:
Name: Colin Daniel
Title: EVP, Finance and HR

SHARECARE ACO 3, LLC,

Colin Daniel

a Delaware limited liability company

By:
Name: Colin Daniel
Title: EVP, Finance and HR

SHARECARE ACO 4, LLC,

Colin Daniel

a Delaware limited liability company

By:
Name: Colin Daniel
Title: EVP, Finance and HR

SHARECARE ACO 5, LLC,

Colin Daniel

a Delaware limited liability company

By:
Name: Colin Daniel
Title: EVP, Finance and HR

SHARECARE ACO 6, LLC,



a Delaware limited liability company

_____By:

Name: Colin Daniel

Title: EVP, Finance and HR

[SIGNATURE PAGE TO AMENDMENT NUMBER EIGHT TO CREDIT AGREEMENT]

SHARECARE ACO 7, LLC,



a Delaware limited liability company

By: __ Name: Colin Daniel
Title: EVP, Finance and HR

SHARECARE ACO 8, LLC,



a Delaware limited liability company

By: __ Name: Colin Daniel
Title: EVP, Finance and HR

SHARECARE ACO 9, LLC,



a Delaware limited liability company

By: __ Name: Colin Daniel
Title: EVP, Finance and HR

SHARECARE ACO 10, LLC,



a Delaware limited liability company

By: __ Name: Colin Daniel
Title: EVP, Finance and HR

"Agent" and "Lender"

**WELLS FARGO BANK, NATIONAL
ASSOCIATION**, a national banking association

By: ;

Name: ,\e;1\,) SJill,;

Title: /)Jr/ff-01Z/1:tJ2 C,11;1Jf+NO/

[SIGNATURE PAGE TO AMENDMENT NUMBER EIGHT TO CREDIT AGREEMENT]

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO EXCHANGE ACT RULE 13a-14(a) AS
ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Jeffrey T. Arnold, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sharecare, 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)) 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 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.

Dated: May 12, 2022

/s/ Jeffrey T. Arnold

Jeffrey T. Arnold
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO EXCHANGE ACT RULE 13a-14(a) AS
ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Justin Ferrero, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sharecare, 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)) 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 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.

Dated: May 12, 2022

/s/ Justin Ferrero

Justin Ferrero
President and Chief Financial Officer
(Principal Financial Officer)

**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 Quarterly Report of Sharecare, Inc. (the "Company") on Form 10-Q for the quarterly period ended March 31, 2022, as filed with the Securities and Exchange Commission (the "Report"), I, Jeffrey T. Arnold, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as added by §906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. To my knowledge, the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

Date: May 12, 2022

By: /s/ Jeffrey T. Arnold
Jeffrey T. Arnold
Chief Executive Officer
(Principal Executive Officer)

**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 Quarterly Report of Sharecare, Inc. (the "Company") on Form 10-Q for the quarterly period ended March 31, 2022, as filed with the Securities and Exchange Commission (the "Report"), I, Justin Ferrero, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as added by §906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. To my knowledge, the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

Date: May 12, 2022

By: /s/ Justin Ferrero
Justin Ferrero
President and Chief Financial
Officer
(Principal Financial Officer)