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

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended June 30, 2022

OR

o **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	**85-1365053**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
255 East Paces Ferry Road NE, Suite 700 Atlanta, Georgia	**30305**
(Address of Principal Executive Offices)	(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 x No o

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 x No o

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	o	Accelerated filer	o
Non-accelerated filer	x	Smaller reporting company	x
		Emerging growth company	x

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. o

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

As of August 8, 2022, there were 352,395,894 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 June 30, 2022	As of December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 211,574	$ 271,105
Accounts receivable, net (net of allowance for doubtful accounts of $7,812 and $6,212, respectively)	98,717	103,256
Other receivables	2,810	5,327
Prepaid expenses	12,330	8,819
Other current assets	2,472	2,459
Total current assets	327,903	390,966
Property and equipment, net	4,924	4,534
Other long-term assets	20,433	12,173
Intangible assets, net	156,509	155,086
Goodwill	191,294	192,442
Total assets	$ 701,063	$ 755,201
Liabilities, Redeemable Convertible Preferred Stock and Stockholders’ Equity		
Current liabilities:		
Accounts payable	$ 21,203	$ 27,155
Accrued expenses and other current liabilities (Note 4)	41,054	51,653
Deferred revenue	11,209	11,655
Contract liabilities, current	2,518	4,597
Debt, current (Note 8)	774	—
Total current liabilities	76,758	95,060
Contract liabilities, noncurrent	768	1,745
Warrant liabilities	3,330	10,820
Long-term debt (Note 8)	—	419
Other long-term liabilities	9,353	24,116
Total liabilities	90,209	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 June 30, 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; 351,926,366 and 345,788,707 shares issued and outstanding as of June 30, 2022 and December 31, 2021, respectively	35	35
Additional paid-in capital	1,098,772	1,042,164
Accumulated other comprehensive loss	(3,170)	(2,061)
Accumulated deficit	(544,339)	(477,113)
Total Sharecare stockholders’ equity	551,298	563,025
Noncontrolling interest in subsidiaries	1,351	1,811
Total stockholders’ equity	552,649	564,836
Total liabilities, redeemable convertible preferred stock and stockholders’ equity	$ 701,063	$ 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 June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenue	$ 103,823	$ 98,459	$ 204,533	$ 188,661
Costs and operating expenses:				
Costs of revenue (exclusive of depreciation and amortization below)	53,238	48,634	104,730	93,028
Sales and marketing	14,155	12,046	28,666	23,556
Product and technology	17,680	15,812	37,101	36,266
General and administrative	43,491	19,197	99,489	38,752
Depreciation and amortization	10,901	7,167	20,778	13,850
Total costs and operating expenses	139,465	102,856	290,764	205,452
Loss from operations	(35,642)	(4,397)	(86,231)	(16,791)
Other income (expense):				
Interest income	102	21	131	29
Interest expense	(539)	(7,095)	(1,031)	(14,105)
Other income (expense)	6,827	(8,851)	19,672	(20,730)
Total other income (expense)	6,390	(15,925)	18,772	(34,806)
Loss before income tax benefit (expense)	(29,252)	(20,322)	(67,459)	(51,597)
Income tax benefit (expense)	(269)	98	(361)	14
Net loss	(29,521)	(20,224)	(67,820)	(51,583)
Net (loss) income attributable to noncontrolling interest in subsidiaries	(496)	24	(594)	(82)
Net loss attributable to Sharecare, Inc.	$ (29,025)	$ (20,248)	$ (67,226)	$ (51,501)
Net loss per share attributable to common stockholders, basic and diluted (1)	$ (0.08)	$ (0.09)	$ (0.19)	$ (0.23)
Weighted-average common shares outstanding, basic and diluted (1)	347,334,401	228,721,591	346,122,333	225,493,435
Net loss	$ (29,521)	$ (20,224)	$ (67,820)	$ (51,583)
Other comprehensive loss adjustments:				
Foreign currency translation	(1,206)	589	(975)	(371)
Comprehensive loss	(30,727)	(19,635)	(68,795)	(51,954)
Comprehensive (loss) income attributable to noncontrolling interest in subsidiaries	(662)	260	(460)	3
Comprehensive loss attributable to Sharecare, Inc.	$ (30,065)	$ (19,895)	$ (68,335)	$ (51,957)

(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**
Stock options exercised	—	—	—	2,497,188	—	2,658	—	—	—	2,658
Common stock issued upon vesting of restricted stock units	—	—	—	346,698	—	—	—	—	—	—
Issuance of warrants in connection with debt and revenue arrangements	—	—	—	—	—	14	—	—	—	14
Share-based compensation	—	—	—	—	—	18,558	—	—	—	18,558
Net income (loss) attributable to noncontrolling interest in subsidiaries	—	—	—	—	—	—	—	—	(496)	(496)
Currency translation adjustment	—	—	—	—	—	—	(1,040)	—	(166)	(1,206)
Net income (loss) attributable to Sharecare, Inc.	—	—	—	—	—	—	—	(29,025)	—	(29,025)
CareLinx working capital adjustment	—	—	—	—	—	(659)	—	—	—	(659)
Balance at June 30, 2022	**$ —**	**5,000,000**	**$ 58,205**	**351,926,366**	**$ 35**	**$ 1,098,772**	**$ (3,170)**	**$ (544,339)**	**$ 1,351**	**$ 552,649**

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**
Stock options exercised	—	—	—	233,372	—	255	—	—	—	255
Conversion of Convertible Warrants to common shares	—	—	—	53,658	—	75	—	—	—	75
Common stock issued to settle contingent consideration from acquisitions in prior years	—	—	—	1,078,213	—	—	—	—	—	—
Share-based compensation	—	—	—	—	—	2,360	—	—	—	2,360
Dissolution of Redeemable NCI for Visualize Health	(4,000)	—	—	895,435	—	4,136	—	—	(136)	4,000
Issuance of Series D redeemable convertible preferred stock, net of issuance costs and antidilution provisions	—	4,453,659	51,754	—	—	—	—	—	—	—
Net income (loss) attributable to non-controlling interest in subsidiaries	—	—	—	—	—	—	—	—	24	24
Currency translation adjustment	—	—	—	—	—	—	353	—	236	589
Net income (loss) attributable to Sharecare, Inc.	—	—	—	—	—	—	—	(20,248)	—	(20,248)
Balance at June 30, 2021	**$ —**	**4,453,659**	**$ 51,754**	**229,900,360**	**$ 23**	**$ 478,349**	**$ (1,158)**	**$ (443,613)**	**$ 2,070**	**$ 35,671**

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)

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Cash flows from operating activities:		
Net loss	$ (67,820)	$ (51,583)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	20,778	13,850
Non-cash interest expense	493	4,141
Amortization of contract liabilities	(2,190)	(2,802)
Accretion of contract liabilities	440	780
Lease right-of-use assets expense	3,017	—
Change in fair value of warrant liability and contingent consideration	(18,742)	21,656
Share-based compensation	51,287	14,386
Deferred income taxes	(592)	291
Other	2,467	(498)
Changes in operating assets and liabilities:		
Accounts receivable, net and other receivables	3,406	(10,865)
Prepaid expenses and other assets	(4,786)	(10,827)
Accounts payable and accrued expense	(27,421)	3,323
Operating lease liabilities	197	—
Deferred revenue	(446)	18,228
Net cash provided by (used in) operating activities	**(39,912)**	**80**
Cash flows from investing activities:		
Acquisition of doc.ai	—	(2,784)
Purchases of property and equipment	(1,066)	(244)
Capitalized internal-use software costs	(23,150)	(15,430)
Net cash used in investing activities	**(24,216)**	**(18,458)**
Cash flows from financing activities:		
Proceeds from issuance of redeemable convertible preferred stock	—	50,000
Proceeds from issuance of debt	—	20,000
Repayment of debt	—	(33,293)
Proceeds from exercise of common stock options	4,996	2,351
Payments on financing lease obligations	(243)	(416)
Financing costs in conjunction with the issuance of debt	—	(1)
Net cash provided by financing activities	**4,753**	**38,641**
Effect of exchange rates on cash and cash equivalents	(156)	(24)
Net (decrease) increase in cash and cash equivalents	(59,531)	20,239
Cash and cash equivalents at beginning of period	271,105	22,603
Cash and cash equivalents at end of period	**$ 211,574**	**$ 42,842**
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 532	$ 6,947
Cash paid for income taxes	$ 23	$ 42
Non-cash investing and financing activities:		
CareLinx working capital adjustment	$ 659	$ —

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 and Consolidation Policy

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;

- 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.

The consolidated financial statements include the accounts of Sharecare, Inc. and its wholly owned subsidiaries. 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 Sheet as of June 30, 2022, the Consolidated Statements of Operations and Comprehensive Loss for the three and six months ended June 30, 2022 and 2021, Consolidated Statements of Redeemable Noncontrolling Interest, Redeemable Convertible Preferred Stock, and Stockholders' Equity (Deficit) for each of the three periods within the six months ended June 30, 2022 and 2021, and Consolidated Statements of Cash Flows for the six months ended June 30, 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 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 June 30, 2022, the Company's consolidated results of operations for the three and six months ended June 30, 2022 and 2021, and cash flows for the six months ended June 30, 2022 and 2021. The results of operations for the three and six months ended June 30, 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 unaudited interim 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.

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 certain acquisitions, the Company has 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 June 30, 2021 included certain office lease agreements prior to the adoption of ASC 842. Amortization of these contract liabilities for the three months ended June 30, 2022 and 2021, was $1.1 million and $1.4 million, respectively, of which $0.4 million and $0.4 million was included within cost of revenues and $0.7 million and $1.0 million was included in general and administrative expenses in the Consolidated Statements of Operations and Comprehensive Loss, respectively. Amortization of these contract liabilities for the six months ended June 30, 2022 and 2021 was $2.2 million and $2.8 million, respectively, of which $0.9 million and $0.9 million was included within cost of revenues and $1.3 million and $1.9 million was included in general and administrative expenses in the Consolidated Statements of Operations and Comprehensive Loss, respectively.

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 June 30, 2022 and December 31, 2021, such fees were $11.2 million and $11.7 million, respectively. The Company recognized $1.7 million of revenue during the three months ended June 30, 2022 that was included in deferred revenue at December 31, 2021. The Company recognized $5.2 million of revenue during the six months ended June 30, 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 June 30, 2022 and December 31, 2021, such fees included within deferred revenue were $3.7 million and $3.9 million, respectively.

In the event performance measures 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 $2.5 million and $3.7 million of revenues recognized during the three months ended June 30, 2022 and 2021, respectively, were performance-based. During the three months ended June 30, 2022, $0.9 million was recognized in revenue that related to services provided prior to December 31, 2021.

Approximately $4.4 million and $5.3 million of revenues recognized during the six months ended June 30, 2022 and 2021, respectively, were performance-based. During the six months ended June 30, 2022, $1.2 million was recognized in revenue that related to services provided prior to December 31, 2021. As of June 30, 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 $5.1 million and $3.3 million, respectively.

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 June 30, 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 $116.0 million. As of June 30, 2022, the Company expects to recognize revenue on approximately 63% 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 June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Enterprise	$ 59,889	$ 60,008	$ 119,660	$ 114,143
Provider	26,402	22,146	51,118	42,155
Life Sciences	17,532	16,305	33,755	32,363
Total Revenue	$ 103,823	$ 98,459	$ 204,533	$ 188,661

Other Expenses

For the three and six months ended June 30, 2022 and 2021, other income (expenses) consisted of the following (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Re-measurement of contingent consideration	$ 4,475	$ (8,522)	$ 11,252	$ (15,499)
Re-measurement of warrant liabilities	1,899	(1,386)	7,490	(6,157)
Other	453	1,057	930	926
Total other income (expenses)	$ 6,827	$ (8,851)	$ 19,672	$ (20,730)

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.

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 June 30, 2022. The Earnout Shares allocated to Legacy Sharecare stockholders 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.

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 June 30, 2022 (in thousands):

	June 30, 2022			
	Level 1	Level 2	Level 3	Total Fair Value
Cash equivalents				
Money market funds	$ 10,650	$ —	$ —	$ 10,650
Total cash equivalents at fair value	$ 10,650	$ —	$ —	$ 10,650
Liabilities				
Warrant liabilities	$ 3,330	$ —	$ —	$ 3,330
Contingent consideration – other liabilities	—	—	740	740
Total liabilities at fair value	$ 3,330	$ —	$ 740	$ 4,070

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 have observable market prices 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 related to acquisitions in prior years. The fair value of the Earnout Shares allocated to Legacy Sharecare stockholders and FCAC Sponsors are 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	(11,252)
June 30, 2022	$ 740

4. Balance Sheet Components

Accrued Expenses and Other Current Liabilities

As of June 30, 2022 and December 31, 2021, accrued expenses and other current liabilities consisted of the following (in thousands):

	June 30, 2022	December 31, 2021
Accrued expenses	$ 14,891	$ 27,050
Accrued compensation	15,285	16,428
Accrued media costs	2,585	4,816
Accrued taxes	1,227	1,396
Operating lease liabilities, current	4,768	—
Accrued other	2,298	1,963
Total accrued expenses and other current liabilities	$ 41,054	$ 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 $64.9 million, consisting of $55.2 million of cash and $9.7 million equity-based consideration, comprised of 1,169,980 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	4,528
Other receivables	59
Prepaid expenses	234
Other current assets	300
Developed technology	14,800
Customer relationships	13,300
Trade name	2,600
Other long-term assets	1,789
Goodwill	31,018
Accrued expenses	(1,371)
Contract liabilities - current	(45)
Noncurrent contract liabilities	(53)
Other long-term liabilities	(2,693)
Total	$ 64,911

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 Sheet at the adoption date. Comparative financial statements of prior periods have not been adjusted to apply the new accounting standard 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 Sheet. 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 June 30, 2022 is as follows (in thousands):

	June 30, 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	$ 12,760	$ 12,330	(430)	(3)%
Other long-term assets	$ 11,932	$ 20,433	8,501	71 %
Total assets	$ 692,992	$ 701,063	8,071	1 %
Accrued expenses and other current liabilities	$ 36,280	$ 41,054	4,774	13 %
Contract liabilities, current	$ 3,066	$ 2,518	(548)	(18)%
Contract liabilities, noncurrent	$ 977	$ 768	(209)	(21)%
Other long-term liabilities	$ 4,992	$ 9,353	4,361	87 %
Total liabilities	$ 81,831	$ 90,209	8,378	10 %

Under Topic 842, the Company determines if an arrangement is a lease at contract 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's 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 on operating leases 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 the three and six months ended June 30, 2022 are as follows (in thousands, except lease term and discount):

	Three Months Ended June 30, 2022	Six Months Ended June 30, 2022
Operating lease costs	$ 1,613	$ 3,217
Variable lease costs	536	1,067
Short-term lease expense	59	101
Total operating lease costs	$ 2,208	$ 4,385
Weighted-average remaining lease term (years):		
Operating leases		2.91
Weighted-average discount rate:		
Operating leases		4.5 %

Operating lease expense was $1.6 million and $3.2 million for the three and six months ended June 30, 2021, respectively, under ASC 840. The Company is also the lessor in three non-cancelable sub-lease agreements with two companies for the Company's Tennessee office space and one company for the CareLinx office space in California. Sublease income for the three and six months ended June 30, 2022 was $0.5 million and $1.0 million, respectively.

Supplemental cash flow information related to leases for the six months ended June 30, 2022 are as follows (in thousands):

	Six Months Ended June 30, 2022
Cash paid for amounts included in the measurement of lease liabilities:	
Payments for operating leases included in cash from operating activities	$ 3,661
Assets obtained in exchange for lease obligations:	
Operating leases	$ 3,304

Estimated future minimum payment obligations for non-cancelable operating leases are as follows as of June 30, 2022 (in thousands):

Leases:	**Operating Leases**
Remainder of 2022	$ 3,180
2023	3,063
2024	1,215
2025	808
2026	832
2027	733
Thereafter	—
Total undiscounted future cash flows	9,831
Less: Imputed interest	(673)
Present value of lease liabilities	$ 9,158
Lease liabilities, current	4,768
Lease liabilities, noncurrent	4,390
Present value of lease liabilities	$ 9,158

The total future minimum rental payments related to the aforementioned subleases to be received as of June 30, 2022 is $1.8 million.

7. Goodwill and Other Intangible Assets

Intangible assets and the related accumulated amortization for each class of intangible asset as of June 30, 2022 were as follows (in thousands):

	June 30, 2022			
	Cost	**Accumulated Amortization**	**Net**	**Weighted Average Remaining Life**
Definite-lived, intangible assets				
Technology – features/content	$ 68,841	$ (27,658)	$ 41,183	8.8
Trade name	6,392	(4,154)	2,238	5.0
Customer relationships	77,849	(30,509)	47,340	9.5
Internal-use software	143,927	(85,599)	58,328	2.3
Total definite-lived, intangible assets	$ 297,009	$ (147,920)	$ 149,089	
Intangible assets not subject to amortization				
Internal-use software projects in process	$ 2,390	$ —	$ 2,390	
Indefinite-lived, trade names	5,030	—	5,030	
Total intangible assets not subject to amortization	7,420	—	7,420	
Total intangible assets	$ 304,429	$ (147,920)	$ 156,509	

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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 adjustments		(492)
Foreign currency translation adjustment		(656)
June 30, 2022	$	191,294

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.

During the second quarter of 2022, the Company determined a triggering event that required an interim goodwill impairment test as a result of the sustained decline in the Company’s stock price and associated market capitalization. The fair value of the reporting units for goodwill impairment testing was determined using both an income approach and market approach. The income approach was based on discounted projected future (debt-free) cash flows for each reporting unit. The discount rates applied to these cash flows were based on the weighted average cost of capital for each reporting unit, which takes market participant assumptions into consideration. For the market approach, we used both the guideline company and similar transaction methods. The guideline company method analyzes market multiples of revenue and EBITDA for a group of comparable public companies. Under the similar transactions method, valuation multiples are calculated utilizing actual transaction prices and revenue and EBITDA data from target companies deemed similar to the reporting unit. As a result of the interim test, the fair values of each of our reporting units exceeded their respective book values in excess of 10%, and the Company determined there was no impairment. An increase of 100 basis points in the weighted average cost of capital or a decrease of 100 basis points in annual forecasted revenues would result in a 3% and 4% decline in the fair value, respectively of our reporting units which would not result in impairment.

Amortization expense for intangible assets during the three months ended June 30, 2022 and 2021 totaled $10.2 million and $6.6 million, respectively. Amortization expense for intangible assets during the six months ended June 30, 2022 and 2021 totaled $19.4 million and $12.6 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 June 30, 2022 (in thousands):

Year ending December 31:		
Remainder of 2022	$	20,713
2023		37,687
2024		28,191
2025		13,849
2026		11,355
Thereafter		37,294
Total	$	149,089

8. Debt

As of June 30, 2022 and December 31, 2021, debt was comprised of outstanding borrowings of $0.8 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 June 30, 2022 and December 31, 2021, respectively, which are presented as other current assets on the Consolidated Balance Sheets). As of June 30, 2022, $50.3 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 and French operations. For the three months ended June 30, 2022, the Company recognized income tax expense of $0.3 million, primarily due to tax on foreign income and the valuation of the Brazilian deferred tax asset. For the three months ended June 30, 2021, the Company recognized an income tax benefit of $0.1 million, primarily due to tax on foreign income. For the six months ended June 30, 2022, the Company recognized income tax expense of $0.4 million, primarily due to tax on foreign income and the valuation of the Brazilian deferred tax asset. For the six months ended June 30, 2021, the Company recognized income tax benefit of less than $0.1 million, primarily due to tax on foreign income.

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 the date of issuance. Equity warrants generally vest after three years from the date of issuance and have an expiration of seven years from issuance.

As of June 30, 2022, the following warrants to purchase common stock were issued and outstanding:

Classification	Warrants Outstanding	Exercise Price per Share
Equity	1,038,678	$4.21 - $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 June 30, 2022, these agreements provide for the issuance of up to 6,669,631 shares of common stock (including Earnout Shares in connection with the Business Combination) and 4,609,767 warrants to purchase shares of common stock. With respect to these arrangements, there were 112,310 warrants earned but not issued as of June 30, 2022.

Share-based Payments

Stock option and restricted stock unit activity, prices, and values during the six months ended June 30, 2022 is as follows:

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	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	116,623,461	$ 2.81	7.64	$ 300,125	2,179,941	$ 7.39
Granted	344,105	2.13			12,567,189	3.32
Exercised/Released	(4,912,170)	1.02		2,782	(420,315)	5.85
Cancelled/Forfeited	(2,745,989)	3.64			(898,414)	4.75
Outstanding as of June 30, 2022	109,309,407	$ 2.87	7.19	$ 25,694	13,428,401	$ 3.80
Vested and/or exercisable as of June 30, 2022	71,135,030	$ 1.42	6.56	$ 21,578	—	$ —
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 and six months ended June 30, 2022 and 2021 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	**2021**	**2022**	**2021**
Cost of revenues	$ 109	$ 7	$ 227	$ 28
Sales and marketing	981	510	2,525	857
Product and technology	736	1,094	1,763	10,000
General and administrative	16,351	749	46,772	3,501
Total share-based compensation expense	$ 18,177	$ 2,360	$ 51,287	$ 14,386

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 and six months ended June 30, 2022 includes approximately $0.4 million and $1.0 million related to capitalizable internally-developed software activities, respectively.

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.

As of June 30, 2022, the Company has settled all estimated contingent liabilities previously accrued and disclosed in our December 31, 2021 financial statements.

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 our wholly owned subsidiary, Sharecare Brasil Servicios de Consultoria, Ltda. As of June 30, 2022 and December 31, 2021, $1.8 million and $2.0 million, respectively, in receivables were outstanding with Sul América. Revenues recognized for the three month period ended June 30, 2022 and 2021 totaled $2.4 million and $3.0 million, respectively. Revenues recognized for the six month period ended June 30, 2022 and 2021 totaled $5.1 million and $6.0 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. For all periods presented, the Company recognized revenues and made payments in amounts less than $0.3 million.

The Series A Preferred Stock is held by a customer that also has an employee serving on our Board of Directors. As of June 30, 2022 and December 31, 2021, $5.6 million and $5.0 million, respectively, in receivables were outstanding from this related party. Additionally, as of June 30, 2022 and December 31, 2021, long-term assets included $4.7 million and $5.5 million, respectively, and current assets included $1.7 million and $1.7 million, respectively, related to a non-cash payment received 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. For the three months ended June 30, 2022 and 2021, the Company paid $0.5 million and $0.4 million related to administration fees and stop-loss coverage for employee health insurance, respectively. For the six months ended June 30, 2022 and 2021, the Company paid $1.0 million and $0.8 million related to administration fees and stop-loss coverage for employee health insurance, respectively. Revenues recognized for the three months ended June 30, 2022 and 2021 totaled $5.6 million and $3.5 million, respectively. Revenues recognized for the six months ended June 30, 2022 and 2021 totaled $10.6 million and $6.9 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. Subsequent to the Business Combination, net loss per share was calculated based on the weighted average number of common stock shares 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 June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Numerator				
Net loss	$ (29,521)	$ (20,224)	$ (67,820)	$ (51,583)
Less: Net loss (income) attributable to noncontrolling interest in subsidiaries	496	(24)	594	82
Net loss available to common stockholders	$ (29,025)	$ (20,248)	$ (67,226)	$ (51,501)
Denominator				
Weighted-average common shares outstanding, basic and diluted	347,334,401	228,721,591	346,122,333	225,493,435
Net loss per share attributable to common stockholders, basic and diluted	$ (0.08)	$ (0.09)	$ (0.19)	$ (0.23)

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 and six months ended June 30, 2022 and 2021, as they are anti-dilutive and 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 June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Convertible debt	—	37,698,664	—	37,698,664
Stock options and restricted stock units	31,929,513	70,284,145	38,209,897	89,079,018
Warrants to purchase common stock	—	12,852,190	—	12,620,228
Redeemable convertible preferred stock	5,000,000	4,111,071	5,000,000	2,066,892
Contingently issued shares	25,675	1,251,981	223,952	1,251,981
Total	36,955,188	126,198,051	43,433,849	142,716,783

14. Subsequent Events

The Company considers events or transactions that occur after the balance sheet date, but before the consolidated financial statements are issued, to provide additional evidence relative to certain estimates or identify matters that require additional disclosures. The Company evaluated subsequent events through, August 10, 2022, the date on which the consolidated financial statements were available to be issued, noting no such material events.

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 June 30, 2022 and for the three and six months ended June 30, 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 opportunities 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 anticipated and future partnerships or other relationships with third parties and future acquisitions, as well as potential strategic reviews we may conduct;
  - 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 Report 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

We continue to closely monitor the impact of the COVID-19 pandemic on all aspects of our business. With the emergence of COVID-19 variants and increased vaccination rates, the status of ongoing measures varies widely depending on the country and locality.

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, 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. 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 service delivery, sales and 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 the fair value of contingent consideration and warrant liabilities.

Results of Operations

Comparison of the Three Months Ended June 30, 2022 and 2021

The following table presents our unaudited Consolidated Statement of Operations for the three-months ended June 30, 2022 and 2021, and the percentage change between the two periods:

	Three Months Ended June 30,			
(in thousands)	**2022**	**2021**	**$ Change**	**% Change**
Revenue	$ 103,823	$ 98,459	$ 5,364	5 %
Costs and operating expenses:				
Costs of revenue (exclusive of amortization and depreciation below)	53,238	48,634	4,604	9 %
Sales and marketing	14,155	12,046	2,109	18 %
Product and technology	17,680	15,812	1,868	12 %
General and administrative	43,491	19,197	24,294	127 %
Depreciation and amortization	10,901	7,167	3,734	52 %
Total costs and operating expenses	139,465	102,856	36,609	36 %
Loss from operations	(35,642)	(4,397)	(31,245)	711 %
Other income (expense):				
Interest income	102	21	81	386 %
Interest expense	(539)	(7,095)	6,556	(92)%
Other income (expense)	6,827	(8,851)	15,678	177 %
Total other income (expense)	6,390	(15,925)	22,315	140 %
Loss before income tax benefit (expense)	(29,252)	(20,322)	(8,930)	44 %
Income tax benefit (expense)	(269)	98	(367)	(374)%
Net loss	(29,521)	(20,224)	(9,297)	46 %
Net income (loss) attributable to noncontrolling interest in subsidiaries	(496)	24	(520)	(2167)%
Net loss attributable to Sharecare, Inc.	$ (29,025)	$ (20,248)	$ (8,777)	43 %

Revenue

Revenue increased $5.4 million, or 5%, from $98.5 million for the three months ended June 30, 2021 to $103.8 million for the three months ended June 30, 2022. Overall, we saw growth from recently acquired product lines as well as organic growth in existing lines for an increase of $16.5 million. Offsetting this growth were negative impacts related to suspended services from health security products of $11.1 million.

The channel revenue changed as follows: enterprise channel decreased by $0.1 million (from $60.0 million for 2021 to $59.9 million for 2022), the provider channel increased by $4.3 million (from $22.1 million for 2021 to $26.4 million for 2022) and the life sciences channel increased by $1.2 million (from $16.3 million for 2021 to $17.5 million for 2022). The enterprise channel was mostly unchanged in total a decrease of 0.2% but included growth in our home health care and AI businesses, offset by the impact of the suspension of health security products. The provider channel increase of 19% was attributable to increased volumes and new customers in the medical record audit product line. The life sciences channel increased 8% from the growth in marketing spend by pharma customers.

Costs of Revenue

Costs of revenue increased $4.6 million, or 9%, from $48.6 million for the three months ended June 30, 2021 to $53.2 million for the three months ended June 30, 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, medical record audits and pharma marketing, offset by a decrease in health security.

Sales and Marketing

Sales and marketing expense increased $2.1 million, or 18%, from $12.0 million for the three months ended June 30, 2021 to $14.2 million for the three months ended June 30, 2022. The increase was attributable to staffing increases of $0.6 million, severance and reorganization costs of $0.4 million, additional marketing sponsorships and advertising costs of $1.0 million, and share-based compensation expense of $0.5 million. The increases were partially offset by reduced external consultant expenses of $0.5 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 increased $1.9 million, or 12%, from $15.8 million for the three months ended June 30, 2021 to $17.7 million for the three months ended June 30, 2022. The increase was attributable to severance and reorganization expense increases of $0.8 million and an increase in new resources related to growth and acquisitions of $1.2 million.

General and Administrative

General and administrative expense increased $24.3 million, or 127%, from $19.2 million for the three months ended June 30, 2021 to $43.5 million for the three months ended June 30, 2022. Non-cash share-based compensation expense accounted for $15.6 million of the increase. In addition, non-recurring, reorganization, and severance fees increased by $4.1 million. The other increases are attributable to additional and acquisition-related staffing costs of $1.5 million needed to support growth and public company compliance initiatives, cost increases of $1.1 million tied to increased travel, technology spend and medical claims, along with increased insurance and legal expense of $2.3 million tied to being a public company. Offsetting these increases, was a reduction in facility lease expense attributable to exiting facilities and lease expiration of $0.7 million.

Depreciation and Amortization

Depreciation and amortization increased $3.7 million, or 52%, from $7.2 million for the three months ended June 30, 2021 to $10.9 million for the three months ended June 30, 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 $6.6 million, from $7.1 million for the three months ended June 30, 2021 to $0.5 million for the three months ended June 30, 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 $15.7 million from $8.9 million of expense for the three months ended June 30, 2021 to $6.8 million of income for the three months ended June 30, 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.

Comparison of the Six Months Ended June 30, 2022 and 2021

The following table presents our unaudited Consolidated Statement of Operations for the six-months ended June 30, 2022 and 2021, and the percentage change between the two periods:

	Six Months Ended June 30,			
(in thousands)	**2022**	**2021**	**$ Change**	**% Change**
Revenue	$ 204,533	$ 188,661	$ 15,872	8 %
Costs and operating expenses:				
Costs of revenue (exclusive of amortization and depreciation below)	104,730	93,028	11,702	13 %
Sales and marketing	28,666	23,556	5,110	22 %
Product and technology	37,101	36,266	835	2 %
General and administrative	99,489	38,752	60,737	157 %
Depreciation and amortization	20,778	13,850	6,928	50 %
Total costs and operating expenses	290,764	205,452	85,312	42 %
Loss from operations	(86,231)	(16,791)	(69,440)	414 %
Other income (expense)				
Interest income	131	29	102	352 %
Interest expense	(1,031)	(14,105)	13,074	(93)%
Other income (expense)	19,672	(20,730)	40,402	195 %
Total other income (expense)	18,772	(34,806)	53,578	154 %
Loss before income tax benefit (expense)	(67,459)	(51,597)	(15,862)	31 %
Income tax benefit (expense)	(361)	14	(375)	(2679)%
Net loss	(67,820)	(51,583)	(16,237)	31 %
Net loss attributable to noncontrolling interest in subsidiaries	(594)	(82)	(512)	624 %
Net loss attributable to Sharecare, Inc.	$ (67,226)	$ (51,501)	$ (15,725)	31 %

Revenue

Revenue increased $15.9 million, or 8%, from $188.7 million for the six months ended June 30, 2021 to $204.5 million for the six months ended June 30, 2022, respectively. Overall, we saw growth from recently acquired product lines as well as organic growth in existing lines for an increase of $36.5 million. Offsetting this growth were negative impacts related to suspended services from health security products of $20.6 million.

The channel revenue changed as follows: enterprise channel increased by $5.6 million (from $114.1 million for 2021 to $119.7 million for 2022), the provider channel increased by $8.9 million (from $42.2 million for 2021 to $51.1 million for 2022) and the life sciences channel increased by $1.4 million (from $32.4 million for 2021 to $33.8 million for 2022). The enterprise channel increased by 5%, including growth in our home health care and AI businesses, offset by the impact of the suspension of health security products. The provider channel increase of 21% was attributable to increased volumes and new customers in both the medical record and audit product lines. The life sciences channel increased 4% from the growth in marketing spend by pharma customers.

Costs of Revenue

Costs of revenue increased $11.7 million, or 13%, from $93.0 million for the six months ended June 30, 2021 to $104.7 million for the six months ended June 30, 2022. The increase was primarily due to sales growth. 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, medical record audits and pharma marketing, offset by a decrease in health security.

Sales and Marketing

Sales and marketing expense increased $5.1 million, or 22%, from $23.6 million for the six months ended June 30, 2021 to $28.7 million for the six months ended June 30, 2022. The increase was attributable to staffing increases of $2.0 million, severance and reorganization costs of $0.9 million, additional marketing sponsorships and advertising costs of $1.9 million, increased travel and conference expenses of $0.6 million and share-based compensation expense of $1.6 million. The increases were partially offset by reduced sales consultant expenses of $1.8 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 increased $0.8 million, or 2%, from $36.3 million for the six months ended June 30, 2021 to $37.1 million for the six months ended June 30, 2022. The continued investment in product and tech staffing and outside contract services accounted for $5.1 million of the increase, and platform fees increased by $1.6 million as we deploy new technologies and volumes increase related to the revenue ramp. Severance and reorganization expenses also increased by $2.3 million. Offsetting the increases is a reduction in stock-based compensation expenses of $8.2 million related to the prior year acquisition of doc.ai.

General and Administrative

General and administrative expense increased $60.7 million, or 157%, from $38.8 million for the six months ended June 30, 2021 to $99.5 million for the six months ended June 30, 2022. Non-cash share-based compensation expense accounted for $43.3 million of the increase. In addition, non-recurring, reorganization and severance fees increased by $9.1 million. The other increases are attributable to additional and acquisition-related staffing costs of $5.3 million needed to support growth and public company compliance initiatives, cost increases of $0.9 million tied to increased travel, technology spend and medical claims, along with increased insurance and legal expense of $4.3 million tied to being a public company. Offsetting these increases, we reduced facility lease expense by $1.1 million and outside consulting costs by $1.4 million.

Depreciation and Amortization

Depreciation and amortization increased $6.9 million, or 50%, from $13.9 million for the six months ended June 30, 2021 to $20.8 million for the six months ended June 30, 2022. The increase was related to our continued investment in product enhancements and new products, as well as amortization incurred on recently acquired intangible assets.

Interest Expense

Interest expense decreased $13.1 million, from $14.1 million for the six months ended June 30, 2021 to $1.0 million for the six months ended June 30, 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 $40.4 million, from $20.7 million of expense for the six months ended June 30, 2021 to $19.7 million of income for the six months ended June 30, 2022. This increase is comprised mostly of non-cash, mark-to-market adjustments tied to the change in the per share price of the Company’s common stock.

Non-GAAP Financial Measures

In addition to our financial results determined in accordance with 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 measure 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 (income) expense (non-operating), (vi) share-based compensation, (vii) severance, (viii) warrants issued with revenue contracts, (ix) net costs associated with exiting contracts, and (x) 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 and six months ended June 30, 2022 and 2021 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net loss	$ (29,521)	$ (20,224)	$ (67,820)	$ (51,583)
Add:				
Depreciation and amortization	10,901	7,167	20,778	13,850
Interest income	(102)	(21)	(131)	(29)
Interest expense	539	7,095	1,031	14,105
Income tax (benefit) expense	269	(98)	361	(14)
Other (income) expense	(6,827)	8,851	(19,672)	20,730
Share-based compensation	18,177	2,360	51,287	14,386
Severance	411	200	770	265
Warrants issued with revenue contracts[a]	14	(1)	34	38
Net costs associated with exiting contracts[b]	1,249	—	2,923	—
Transaction and closing costs[c][d]	7,025	1,319	14,397	2,022
Adjusted EBITDA[e]	$ 2,135	$ 6,648	$ 3,958	$ 13,770

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(a) Represents the non-cash value of warrants issued to clients for meeting specific revenue thresholds.
(b) For the six months ended June 30, 2022, previously undisclosed first quarter net costs were included for comparability purposes and to display trends associated with exiting contracts during the period.
(c) For the three months ended June 30, 2022, represents costs related to the Business Combination, transaction and post-closing costs related to acquisitions, and other non-operating, non-recurring costs including $2.7 million of other non-operating, non-recurring costs, $3.1 million of reorganizational costs, and $1.2 million of acquisition-related expense.
(d) For the six months ended June 30, 2022, represents costs related to the Business Combination, transaction and post-closing costs related to acquisitions, and other non-operating, non-recurring costs including $5.9 million of other non-operating, non-recurring costs, $5.3 million of reorganizational costs, and $3.2 million of acquisition-related expense.
(e) 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) net costs associated with exiting contracts, (viii) transaction and closing costs, and (ix) 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 and six months ended June 30, 2022 and 2021 (in thousands, except share numbers and per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net loss attributable to Sharecare, Inc.	$ (29,025)	$ (20,248)	$ (67,226)	$ (51,501)
Add:				
Amortization of acquired intangibles[(a)]	1,631	1,160	3,263	2,228
Amortization of deferred financing fees	70	1,656	138	3,331
Change in fair value of warrant liability and contingent consideration	(6,374)	9,908	(18,742)	21,656
Share-based compensation	18,177	2,360	51,287	14,386
Severance	411	200	770	265
Warrants issued with revenue contracts[(b)]	14	(1)	34	38
Net costs associated with exiting contracts[(c)]	1,249	—	2,923	—
Transaction and closing costs[(d)(e)]	7,025	1,319	14,397	2,022
Adjusted net loss[(f)]	$ (6,822)	$ (3,646)	$ (13,156)	$ (7,575)
Weighted-average common shares outstanding, basic and diluted	347,334,401	228,721,591	346,122,333	225,493,435
Loss per share	$ (0.08)	$ (0.09)	$ (0.19)	$ (0.23)
Adjusted loss per share	$ (0.02)	$ (0.02)	$ (0.04)	$ (0.03)

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(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) For the six months ended June 30, 2022, previously undisclosed first quarter net costs were included for comparability purposes and to display trends associated with exiting contracts during the period.

(d) For the three months ended June 30, 2022, represents costs related to the Business Combination, transaction and post-closing costs related to acquisitions, and other non-operating, non-recurring costs including $2.7 million of other non-operating, non-recurring costs, $3.1 million of reorganizational costs, and $1.2 million of acquisition-related expense.

(e) For the six months ended June 30, 2022, represents costs related to the Business Combination, transaction and post-closing costs related to acquisitions, and other non-operating, non-recurring costs including $5.9 million of other non-operating, non-recurring costs, $5.3 million of reorganizational costs, and $3.2 million of acquisition-related expense.

(f) 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 $211.6 million in cash and cash equivalents as of June 30, 2022. Our principal commitments as of June 30, 2022, consist of operating leases and purchase commitments. The Company maintains its Senior Secured Credit Agreement. As of

June 30, 2022, there was $50.3 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:

	Six Months Ended June 30,	
(in thousands)	**2022**	**2021**
Net cash provided by (used in) operating activities	$ (39,912)	$ 80
Net cash used in investing activities	$ (24,216)	$ (18,458)
Net cash provided by financing activities	$ 4,753	$ 38,641

Operating Activities

Net cash used in operating activities for the six months ended June 30, 2022 was $39.9 million, an increase of $40.0 million from $0.1 million of cash provided by operating activities for the six months ended June 30, 2021. Cash used during this period included the $67.8 million net loss for the six months ended June 30, 2022, offset by non-cash items of $57.0 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 $29.1 million resulted in net cash used. Uses of cash were attributable to the pay down of accounts payable and accrued liabilities in the ordinary course of business (including operating lease liabilities accounted for under ASU 2016-02, Leases) and from the settlement of previously accrued legal expenses, cyclical cash payments related to prepaid assets, and a reduction in deferred revenue. These uses of cash were offset by cash provided by a decrease in accounts receivable.

Investing Activities

Net cash used in investing activities for the six months ended June 30, 2022 was $24.2 million compared to $18.5 million of net cash used in investing activities for the six months ended June 30, 2021. The increase in cash outflows was primarily due to an increase in connection with software development for new products and current product enhancements and purchases of property and equipment offset by prior period cash paid in the acquisition of doc.ai.

Financing Activities

Net cash provided by financing activities for the six months ended June 30, 2022 was $4.8 million, primarily due to cash received from the proceeds from exercised common stock options of $5.0 million.

Net cash provided by financing activities for the six months ended June 30, 2021 was $38.6 million, primarily due to cash received from the issuance of 4,453,750 shares (retroactively restated for the Reverse Recapitalization) of Series D redeemable convertible preferred stock in the amount of $50.0 million, proceeds from the exercise of common stock options and warrants of $2.3 million offset by the net repayment of our Senior Secured Credit Agreement of $13.3 million.

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.

On May 11, 2022, the Company and certain subsidiaries of the Company entered into 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.

The Senior Secured Credit Agreement contains a number of customary affirmative and negative covenants and we were in compliance with those covenants as of June 30, 2022. As of June 30, 2022, there were $0.8 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 June 30, 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 June 30, 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 have implemented new control activities to identify new customer and product offerings prior to contract execution. We have also modified existing controls and enhanced the documentation that evidences a control’s performance specific to contract reviews related to new customers and new product offerings. We have supplemented 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 June 30, 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

Unregistered Sales of Equity Securities

During the six months ended June 30, 2022, the Company issued (i) 132,587 shares of common stock to former owners of WhiteHat.AI in connection with the achievement of certain earnout conditions under the definitive agreement pursuant to which WhiteHat.AI was acquired by Legacy Sharecare in 2020 and (ii) 677,681 shares of common stock that were issued to former owners of doc.ai in connection with the achievement of certain escrow conditions under the definitive agreement pursuant to which doc.ai was acquired by Legacy Sharecare in 2021. The shares were issued to pursuant to and in accordance with the exemption from registration under the Securities Act under Section 4(a)(2).

On April 19, 2022, the Company also issued warrants to purchase 147,946 shares of common stock at an exercise price of $4.21 per share pursuant to a warrant agreement with an enterprise customer, which provides for the issuance of warrants upon the achievement of certain specified contractual milestones. The warrants were issued to pursuant to and in accordance with the exemption from registration under the Securities Act under Section 4(a)(2).

Share Repurchase Program

In May 2022, we announced a repurchase program for up to $50.0 million of the Company's common stock by prior to December 31, 2022. Repurchases may be made at management's discretion from time to time in the open market, 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. During the three months ended June 30, 2022, we did not repurchase any shares of our common stock under the repurchase program.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

On August 5, 2022, the Board of Directors (the "Board") of the Company, upon recommendation of the Company's Compensation and Human Capital Committee, approved the Sharecare, Inc. Non-Employee Director Deferral Plan (the "Plan"), effective August 5, 2022. The Plan allows certain non-employee directors of the Company to elect to defer the receipt/settlement of compensation they receive as directors. This summary is qualified in its entirety by reference to the full text of the Plan, a copy of which is filed as Exhibit 10.2 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 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q, filed with the SEC on May 12, 2022)
10.2*#	Sharecare, Inc. Non-Employee Director Deferral Plan
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

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*	Filed herewith
**	Furnished herewith
#	Indicated a management contract or compensatory plan or arrangement.

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: August 10, 2022

SHARECARE, INC.

By: /s/ Jeffrey Arnold

Name:	Jeffrey Arnold
Title:	Chief Executive Officer *(Principal Executive Officer)*

By: /s/ Justin Ferrero

Name:	Justin Ferrero
Title:	President and Chief Financial Officer *(Principal Financial Officer)*

SHARECARE, INC.
NON-EMPLOYEE DIRECTOR DEFERRAL PLAN

1. ESTABLISHMENT OF THE PLAN

Sharecare, Inc., a Delaware corporation (the "Company"), hereby establishes this deferred compensation plan to be known as the "Sharecare, Inc. Non-Employee Director Deferral Plan," as amended from time to time (the "Plan") effective August 5, 2022. Exhibit A, which is incorporated by reference, defines certain terms used in the Plan and includes certain operational rules related to those terms.

2. PURPOSE

The purpose of the Plan is to establish the terms and conditions pursuant to which Directors may defer compensation they receive as Directors. The Plan does not authorize or contemplate any additional Stock beyond the Stock authorized under the Equity Plan.

3. ADMINISTRATION

The Plan will be administered by the Administrator. The Administrator has discretionary authority, subject only to the express provisions of the Plan, to administer and interpret the Plan; to prescribe forms, rules and procedures relating to the Plan; and to otherwise do all things necessary or desirable to carry out the purposes of the Plan. Determinations of the Administrator made with respect to the Plan are conclusive and bind all persons.

4. ELIGIBILITY

Except as otherwise determined by the Administrator, each Director is eligible to participate in the Plan.

5. DEFERRAL ELECTIONS

(a) **Election Forms.**

(i) If permitted by the Administrator, a Director may elect to defer receipt of a Director Fee or defer settlement of an Equity Award pursuant to a form approved by the Administrator (an "Election Form").

(ii) The terms and conditions of a Deferral shall be determined by the Administrator and set forth in an Election Form. As determined by the Administrator, an Election Form may provide for a Director to receive distribution of such Director's Deferral at the following times or such other times as are determined by the Administrator and consistent with Section 409A: (A) a specified date that complies with Section 409A; (B) a Director's Separation from Service from the Board; (C) a Director's death or Disability; or (D) a Change of Control. Notwithstanding anything to the contrary, a Director shall not be permitted to elect to defer any Director Fees or Equity Awards unless such election complies with Section 409A.

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(b) **<u>Initial Elections.</u>** Subject to this Section 5(b) and if so determined by the Administrator:

(i) An Election Form shall apply to any Director Fee that is paid or any Equity Award that is granted to a Director for any period of service that commences following the year in which such Election Form is filed.

(ii) A Director who first becomes eligible to participate in the Plan may file an Election Form during the first 30 days of such eligibility; *provided* that such Election Form shall apply only to any Director Fee that is paid or any Equity Award that is granted to such Director for any period of service that commences after the date that such Election Form is filed.

(iii) A Director may file an Election Form to defer the settlement of an Equity Award that is subject to a vesting period of at least 12 months; *provided* that (i) such Election Form is made on or before the thirtieth day after the Director is granted the Equity Award; and (ii) the Election Form is made at least 12 months in advance of the earliest date on which the vesting period of the Equity Award could expire.

(c) **<u>Subsequent Elections.</u>** If permitted by the Administrator, a Director who has an Election Form on file with the Company may file a subsequent Election Form if such subsequent Election Form complies with Section 409A.

6. DISTRIBUTIONS

(a) **<u>Distribution Date.</u>** Subject to this Section 6, distribution of a Director's Accounts will be made to such Director on the date permitted by the Administrator in an Election Form and consistent with Section 409A; *provided*, *however*, that any Cash Account will be distributed in cash and any Stock Account will be distributed in shares of Stock evidenced in such manner as the Administrator determines appropriate, including book-entry registration or delivery of stock certificates.

(b) **<u>Unforeseeable Emergency.</u>** The Administrator, in its sole discretion, may accelerate the distribution of a Director's Deferral if such Director experiences an unforeseeable emergency, *provided* that such distribution complies with Section 409A. To request such a distribution, a Director must file an application with the Administrator and furnish such supporting documentation as the Administrator may require. Such application shall specify the basis for the distribution and the amount to be distributed. If such request is approved by the Administrator, distribution shall be made in a lump sum payment as soon as administratively practicable, but not more than 30 days, following such approval.

(c) **<u>Specified Employee.</u>** If a Director is a "specified employee" under Section 409A at the time of such Director's Separation from Service, any distribution that otherwise would be made to such Director with respect to a Deferral as a result of such Separation from Service shall not be made until the date that is six months after such Separation from Service, or if earlier, upon his or her death, except to the extent that earlier distribution would not result in such Director's incurring interest or additional tax under Section 409A.

7. AMOUNT OF DISTRIBUTION

(a) Any Deferred Fee (to the extent authorized by the Administrator and subsequently elected by the Director) shall be credited to a separate bookkeeping account established and maintained by the Administrator to record a Director's Deferred Fee (a "Cash Account"). Amounts credited to a Director's Cash Account shall accrue interest until the latest practicable date before the Cash Account is distributed to the Director pursuant to Section 6. The Administrator shall have the sole discretion to determine how interest, earnings and losses credited to a Director's Cash Account will be calculated, including, without limitation, by specifying an applicable interest rate, tracking the performance of one or more investment option, index or similar measure, or allowing Directors to allocate their Deferred Fees among a series of hypothetical investment options.

(b) Any Deferred Equity Awards shall be credited to a separate bookkeeping account established and maintained by the Administrator to record a Director's Deferred Equity Awards (a "Stock Account"). Amounts credited to a Director's Stock Account shall not accrue interest or earnings.

(c) Each Deferral shall be fully vested and non-forfeitable at all times from: (i) with respect to a Deferred Fee, the date the Director Fee was scheduled to be paid to such Director; or
(ii) with respect to a Deferred Equity Award, the date on which the Stock covered by the corresponding Equity Award became vested pursuant to the Equity Plan and an applicable award agreement.

(d) If dividends on Stock are paid during any period that a Director holds Stock in a Stock Account, then: (i) the Stock Account will be credited with any stock dividends with respect to the shares of Stock credited to a Director's Stock Account, which stock dividends shall be paid at the same time as the Stock Account is distributed to a Director; and (ii) the Director will be paid any cash dividends with respect to the shares of Stock credited to a Director's Stock Account on the date on which the applicable dividend is paid to stockholders generally or such other date as is determined by the Administrator. Each Stock Account shall be equitably adjusted as determined by the Administrator in the event of any dividend or other distribution (whether in the form of cash, Stock or other securities), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Stock or other securities of the Company, issuance of warrants or other rights to purchase Stock or other securities of the Company, or other similar corporate transaction or event in a manner that is determined by the Administrator to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan.

8. AMENDMENT AND TERMINATION

The Administrator may amend, modify, suspend or terminate the Plan, but no such action may be taken if it would materially and adversely affect the rights of a Director under the Plan without such Director's consent. Unless earlier terminated by action of the Administrator, the Plan will remain in effect until such time as the Company has no further rights or obligations under the Plan. The Administrator further has the right, without a Director's consent, to amend or modify the terms of the Plan and such Director's Deferrals to the extent that the Administrator deems it necessary to avoid adverse or unintended tax consequences to such Director under Section 409A.

9. MISCELLANEOUS

(a) **Transferability.** Except as provided by the Administrator, no Deferral and no right under any Deferral, shall be assignable, alienable, saleable or transferable by a Director other than by will or by the laws of descent and distribution; *provided, however*, that, if so determined by the Administrator, a Director may, in the manner established by the Administrator, designate a beneficiary or beneficiaries to exercise the rights of the Director with respect to a Deferral on the death of the Director. Each Deferral, and each right under any Deferral, shall be exercisable, during the Director's lifetime, only by the Director or, if permissible under applicable law, by the Director's guardian or legal representative. No Deferral, and no right under any Deferral, may be pledged, alienated, attached or otherwise encumbered, and any purported pledge, alienation, attachment or encumbrance thereof shall be void and unenforceable against the Company or any subsidiary.

(b) **Restrictions on Issuance of Stock.** All Stock or other securities delivered under the Plan shall be subject to such stop transfer orders and other restrictions as the Administrator may deem advisable under the Plan, the Equity Plan or the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange on which such Stock or other securities are then listed, and any applicable federal, state or local securities laws, and the Administrator may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(c) **No Rights to Participation.** No Director or other person shall have any claim to be entitled to make a deferral under the Plan, and there is no obligation for uniformity of treatment of Directors or beneficiaries under the Plan. The terms and conditions of deferrals under the Plan need not be the same with respect to each Director.

(d) **Withholding.** The Company or any subsidiary shall be authorized to withhold from any Deferral the amount (in cash, shares of Stock or other securities) of taxes required or permitted to be withheld (but not in excess of the maximum withholding amount consistent with a Deferral being subject to equity accounting treatment under Financial Accounting Standards Board Accounting Standards Codification Topic 718, if applicable) in respect of such Deferral and to take such other action as may be necessary or appropriate in the opinion of the Company or subsidiary to satisfy withholding taxes.

(e) **No Right to Continued Service**. The opportunity to make a Deferral under the Plan shall not be construed as giving a Director the right to be retained in the service of the Board or the Company. A Director's Deferral under the Plan is not intended to confer any rights on such Director except as set forth in the Plan. The Company expressly reserves the right at any time to replace or not to renominate a Director without any liability for any claim against the Company for any payment or distribution except to the extent provided for in the Plan.

(f) **Rights as a Stockholder**. A Director will have no rights as a stockholder unless and until such Director becomes the holder of record of Stock in connection with the distribution of his or her Stock Account.

(g) **Governing Law.** The validity, construction and effect of the Plan and any rules and regulations relating to the Plan shall be determined in accordance with the laws of the State of Delaware and applicable federal law without regard to conflict of law.

(h) **Severability.** If any provision of the Plan or any Election Form is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction, or as to any person, or would disqualify the Plan or any Deferral under any law deemed applicable by the Administrator, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Administrator, materially altering the intent of the Plan or such Deferral, such provision shall be stricken as to such jurisdiction, person or Deferral, and the remainder of the Plan and such Election Form shall remain in full force and effect.

(i) **Unfunded Status of the Plan.** The Company’s obligations under the Plan are unfunded, and no Director will have any right to specific assets of the Company in respect of any Deferral. Directors who participate in the Plan will be general unsecured creditors of the Company with respect to any amounts due or payable under the Plan.

(j) **Section 409A.** With respect to Deferrals that are subject to Section 409A, the Plan is intended to comply with the requirements of Section 409A, and the provisions of the Plan and any Election Form shall be interpreted in a manner that satisfies the requirements of Section 409A, and the Plan shall be operated accordingly. If any provision of the Plan or any Election Form would otherwise frustrate or conflict with this intent, such provision will be interpreted and deemed amended so as to avoid such conflict. Notwithstanding anything to the contrary in the Plan, neither the Company, nor any of its subsidiaries, nor the Administrator, nor any person acting on behalf of the Company, any of its subsidiaries, or the Administrator, will be liable to any Director, to the estate or beneficiary of any Director, or to any other person by reason of any acceleration of income, any additional tax, or any penalty, interest or other liability asserted by reason of the Plan or a Deferral failing to satisfy the requirements of Section 409A.

EXHIBIT A DEFINITION OF TERMS

The following terms, when used in the Plan, have the meanings and are subject to the provisions set forth below:

“**Account**”: Collectively, a Director’s Cash Account and Stock Account.

“**Administrator**”: The Compensation Committee, except with respect to such matters that are not delegated to the Compensation Committee by the Board (whether pursuant to committee charter or otherwise). The Compensation Committee (or the Board, with respect to such matters over which it retains authority under the Plan or otherwise) may delegate (i) to one or more of its members (or one or more other members of the Board) such of its duties, powers and responsibilities as it may determine; and (ii) to such employees or other persons as it determines such ministerial tasks as it deems appropriate. For purposes of the Plan, the term “Administrator” will include the Board, the Compensation Committee, and the person or persons delegated authority under the Plan to the extent of such delegation, as applicable.

“**Board**”: The board of directors of the Company.

“**Change of Control**”: A “change in ownership,” a “change in effective control” or a “change in the ownership of a substantial portion of the assets” of the Company within the meaning of Section 409A.

“**Code**”: The U.S. Internal Revenue Code of 1986, as from time to time amended and in effect, or any successor statute as from time to time in effect, including any applicable regulations and formal guidance issued thereunder.

“**Deferral**”: A Deferred Fee or a Deferred Equity Award.

“**Deferred Equity Award**”: An Equity Award that may be deferred under the Plan, as determined by the Administrator, and that is deferred by a Director pursuant to Section 5.

“**Deferred Fee**”: A Director Fee that may be deferred under the Plan, as determined by the Administrator, and is deferred by a Director pursuant to Section 5.

“**Director**”: A member of the Board who is not employed by the Company or any of its subsidiaries.

“**Director Fee**”: Any cash compensation, such as a cash retainer, committee fee, chairperson fee or meeting fee, payable by the Company to a Director for service on the Board.

“**Disability**”: Either (i) the Social Security Administration determines that a Director is totally disabled; or (ii) a Director incurs a mental or physical impairment that would qualify the Director for long-term disability benefits under a Company-sponsored long-term disability program, provided that the definition of “disability” applied under such long-term disability program complies with Section 409A.

“**Equity Award**”: An award granted to a Director under the Equity Plan.

"**Equity Plan**": The Sharecare, Inc. 2021 Omnibus Incentive Plan, as amended from time to time.

"**Section 409A**": Section 409A of the Code and any regulations or other formal guidance promulgated thereunder.

"**Separation from Service**": A Director's separation from service with the Company and its subsidiaries within the meaning of Section 409A.

"**Stock**": The Company's Common Stock, par value $0.0001 per share.

Exhibit 31.1

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: August 10, 2022

/s/ Jeffrey T. Arnold

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

Exhibit 31.2

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: August 10, 2022

/s/ Justin Ferrero

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

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Sharecare, Inc. (the "Company") on Form 10-Q for the quarterly period ended June 30, 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: August 10, 2022

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

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Sharecare, Inc. (the "Company") on Form 10-Q for the quarterly period ended June 30, 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: August 10, 2022

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