

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): March 11, 2021

MediaAlpha, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or other jurisdiction
of incorporation)

001-39671
(Commission
File Number)

85-1854133
(IRS Employer
Identification No.)

700 South Flower Street, Suite 640
Los Angeles, California
(Address of Principal Executive Offices)

90017
(Zip Code)

(213) 316-6256
(Registrant's telephone number, including area code)

(Not Applicable)
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, \$0.01 par value	MAX	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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

ITEM 2.02 – Results of Operations and Financial Condition.

On March 11, 2021, MediaAlpha, Inc. (“MediaAlpha”) issued a press release and an accompanying shareholder letter announcing its financial results as of and for the fourth quarter and full year ended December 31, 2020. Copies of the press release and shareholder letter are furnished as Exhibit 99.1 and Exhibit 99.2, respectively, to this Form 8-K and are incorporated by reference herein.

This information shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

MediaAlpha refers to non-GAAP financial information in the press release and shareholder letter. A reconciliation of these non-GAAP financial measures to the comparable GAAP financial measures is contained in each document.

ITEM 9.01 – Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
<u>99.1</u>	<u>Press release dated March 11, 2021, announcing MediaAlpha, Inc.'s financial results for the fourth quarter and full year ended December 31, 2020.</u>
<u>99.2</u>	<u>Shareholder Letter dated March 11, 2021.</u>

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 hereunto duly authorized.

MediaAlpha, Inc.

Date: March 11, 2021

By: /s/ Lance Martinez

Name: Lance Martinez

Title: General Counsel & Secretary

MEDIAALPHA ANNOUNCES FOURTH QUARTER AND FULL YEAR 2020

FINANCIAL RESULTS

- **Fourth quarter revenue of \$190 million, growing 51% year-over-year; Full year 2020 revenue of \$585 million, growing 43% year-over-year**
 - **Fourth quarter revenue from Property & Casualty grew 97% year-over-year to \$123 million; Full year 2020 revenue from Property & Casualty grew 81% to \$398 million**
- **Fourth quarter Transaction Value reaches a record \$257 million, growing 51% year-over-year; Full year 2020 Transaction Value of \$816 million, growing 46% year-over-year**

Los Angeles, CA (March 11, 2021) – MediaAlpha, Inc. (NYSE: MAX), today announced its financial results for the fourth quarter and full year ended December 31, 2020.

“The resilience of our team amidst the challenges we all faced in 2020 was truly inspiring, and it was a key component of our success in Q4 and the year overall,” said Steve Yi, MediaAlpha Co-founder and CEO. “Our Health insurance vertical delivered record-breaking performance, driven by increased demand from carriers and brokers during the strongest Open Enrollment Period and Annual Enrollment Period we’ve seen. Our Property & Casualty insurance vertical also continued to dominate the industry, as key carriers actually increased their budgets with us in what has historically been a seasonally soft quarter. We enter 2021 energized as to what we can accomplish.”

Fourth Quarter 2020 Financial Results

- Revenue of \$190.2 million, an increase of 51% year-over-year;
- Transaction Value of \$256.9 million, an increase of 51% year-over-year;
- Gross margin of 13.9%, as compared to 16.1% from the same period in 2019;
- Contribution Margin⁽¹⁾ of 16.2%, as compared to 17.0% from the same period in 2019;
- Net income was \$(13.2) million, as compared to \$10.4 million in the fourth quarter of 2019; and
- Adjusted EBITDA⁽¹⁾ was \$18.2 million, compared to Adjusted EBITDA of \$13.9 million in the fourth quarter of 2019

Full Year 2020 Financial Results

- Revenue of \$584.8 million, an increase of 43% year-over-year;
- Transaction Value of \$815.7 million, an increase of 46% year-over-year;
- Gross margin of 14.6%, as compared to 16.0% in 2019;
- Contribution Margin of 15.8%, as compared to 17.0% in 2019;
- Net income was \$10.6 million, as compared to \$17.8 million in 2019; and
- Adjusted EBITDA was \$58.1 million, compared to Adjusted EBITDA of \$42.9 million in 2019

(1)A reconciliation of GAAP to Non-GAAP financial measures has been provided at the end of this press release. An explanation of these measures is also included below under the heading “Non-GAAP Financial Measures.”

Financial Outlook

For the first quarter of 2021, MediaAlpha currently expects the following:

- Transaction Value between \$250 - \$260 million, representing 54% year-over-year growth at the midpoint of the guidance range
- Revenue between \$170 - \$175 million, representing 44% year-over-year growth at the midpoint of the guidance range
- Contribution between \$26 - \$28 million, representing 37% year-over-year growth at the midpoint of the guidance range
- Adjusted EBITDA between \$16 - \$17 million, representing 30% year-over-year growth at the midpoint of the guidance range

For the full year 2021, MediaAlpha currently expects the following:

- Transaction Value between \$1,000 - \$1,050 million, representing 26% year-over-year growth at the midpoint of the guidance range
- Revenue between \$700 - \$740 million, representing 23% year-over-year growth at the midpoint of the guidance range
- Contribution between \$108 - \$117 million, representing 21% year-over-year growth at the midpoint of the guidance range
- Adjusted EBITDA between \$64 - \$66 million, representing 12% year-over-year growth at the midpoint of the guidance range

We expect total shares outstanding to be 59.4 million and 64.4 million on a basic and fully diluted basis, respectively, at the end of Q1 2021.

With respect to the Company's projections of Contribution and Adjusted EBITDA under "Financial Discussion – Q1 and FY 2021 Outlook", MediaAlpha is not providing a reconciliation of Contribution or Adjusted EBITDA to the respective GAAP measures because the Company is unable to predict with reasonable certainty the reconciling items that may affect gross profit and net income without unreasonable effort, including equity-based compensation, transaction expenses and income tax expense. These reconciling items are uncertain, depend on various factors and could significantly impact, either individually or in the aggregate, the GAAP measures for the applicable period.

For a detailed explanation of the Company's non-GAAP measures, please refer to the appendix section of this press release.

Conference Call Information

MediaAlpha will host a Q&A conference call today to discuss the Company's fourth quarter and full year 2020 results at 2:00 p.m. Pacific Time (5:00 p.m. Eastern Time). A live audio webcast of the call will be available on the MediaAlpha Investor Relations website at <https://investors.mediaalpha.com>. To register for the webcast, [click here](#). Participants may also dial-in, toll-free, at (833) 350-1346 or internationally at (236) 389-2445 with Conference ID#2458015. An audio replay of the conference call will be available for two weeks following the call and available on the MediaAlpha Investor Relations website at <https://investors.mediaalpha.com>.

We have also posted to our investor relations website a [letter to shareholders](#). We have used, and intend to continue to use, our investor relations website at <https://investors.mediaalpha.com> as a means of disclosing material nonpublic information and for complying with our disclosure obligations under Regulation FD.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our financial outlook for the first quarter and full year 2021. These forward-looking statements reflect our current views with respect to, among other things, future events and our financial performance. These statements are often, but not always, made through the use of words or phrases such as “may,” “should,” “could,” “predict,” “potential,” “believe,” “will likely result,” “expect,” “continue,” “will,” “anticipate,” “seek,” “estimate,” “intend,” “plan,” “projection,” “would,” and “outlook,” or the negative version of those words or other comparable words or phrases of a future or forward-looking nature. These forward-looking statements are not historical facts, and are based on current expectations, estimates and projections about our industry, management’s beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond our control. Accordingly, we caution you that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions and uncertainties that are difficult to predict. Although we believe that the expectations reflected in these forward-looking statements are reasonable as of the date made, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements.

There are or will be important factors that could cause our actual results to differ materially from those indicated in these forward-looking statements, including those more fully described in MediaAlpha’s filings with the Securities and Exchange Commission (“SEC”), including the final prospectus filed with the SEC pursuant to Rule 424(b) promulgated under the Securities Act of 1933, as amended (the “Securities Act”), on October 29, 2020 and the Annual Report on Form 10-K that will be filed following this press release. These factors should not be construed as exhaustive. MediaAlpha disclaims any obligation to update any forward-looking statements to reflect events or circumstances that occur after the date of this shareholder letter.

Non-GAAP Financial Measures and Operating Metrics

This press release includes Adjusted EBITDA, Contribution, and Contribution Margin, which are non-GAAP financial measures. The Company also presents Transaction Value, which is an operating metric not presented in accordance with GAAP. See the appendix for definitions of Adjusted EBITDA, Contribution, Contribution Margin and Transaction Value, as well as reconciliations to the corresponding GAAP financial metrics, as applicable.

We present Transaction Value, Adjusted EBITDA, Contribution, and Contribution Margin because they are used extensively by our management and board of directors to manage our operating performance, including evaluating our operational performance against budget and assessing our overall operating efficiency and operating leverage. Accordingly, the Company believes that Transaction Value, Adjusted EBITDA, Contribution, and Contribution Margin provide useful information to investors and others in understanding and evaluating its operating results in the same manner as its management team and board of directors. Each of Transaction Value, Adjusted EBITDA, Contribution, and Contribution Margin has limitations as a financial measure and investors should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP.

Contacts:

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MediaAlpha, Inc.
Condensed Consolidated Balance Sheets
(In thousands)

	As of December 31,	
	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 23,554	\$ 10,028
Accounts receivable, net of allowance for doubtful accounts	96,295	56,012
Prepaid expenses and other current assets	7,950	1,448
Total current assets	\$ 127,799	\$ 67,488
Property and equipment, net	762	755
Intangible assets, net	15,551	18,752
Goodwill	18,402	18,402
Deferred tax assets	35,210	—
Other non-current assets	16,210	—
Total assets	\$ 213,934	\$ 105,397
Liabilities, Redeemable Class A units and Stockholders'/Members' (Deficit)		
Current liabilities		
Accounts payable	98,249	40,455
Accrued expenses	9,206	6,584
Current portion of long-term debt	—	873
Total current liabilities	\$ 107,455	\$ 47,912
Long-term debt, net of current portion	182,668	96,665
Liabilities under tax receivable agreement	22,498	—
Other long-term liabilities	2,834	319
Total liabilities	\$ 315,455	\$ 144,896
Redeemable Class A units	—	74,097
Stockholders'/members' deficit	\$ (101,521)	\$ (113,596)
Total liabilities and stockholders'/members' deficit	\$ 213,934	\$ 105,397

MediaAlpha, Inc.
Condensed Consolidated Statements of Operations
(In thousands, except per share data and per share amounts)

	Year ended December 31,	
	2020	2019
Revenue	\$ 584,814	\$ 408,005
Cost and operating expenses		
Cost of revenue	499,434	342,909
Sales and marketing	20,483	13,822
Product development	12,449	7,042
General and administrative	32,913	19,391
Total cost and operating expenses	565,279	383,164
Income from operations	19,535	24,841
Other expense	2,302	—
Interest expense	7,938	7,021
Total other expense	10,240	7,021
Income before income taxes	9,295	17,820
Income tax (benefit)	(1,267)	—
Net income	\$ 10,562	\$ 17,820
Net income attributable to MediaAlpha, Inc.	\$ (4,366)	\$ 17,820
Net loss per share of Class A common stock - basic and diluted ⁽¹⁾	\$ (0.14)	—
Weighted average shares of Class A common stock outstanding - basic and diluted ⁽¹⁾	32,134,170	—

(1) Represents net loss per share of Class A common stock and weighted-average shares of Class A common stock outstanding for the portion of the period following the IPO and related pre-IPO reorganization transactions.

MediaAlpha, Inc.
Condensed Consolidated Statements of Cash Flows
(In thousands)

	Year ended December 31,	
	2020	2019
Cash Flows from operating activities		
Net income	10,562	\$ 17,820
Adjustments to reconcile net income to net cash provided by operating activities:		
Non-cash equity-based compensation expense	24,745	2,308
Depreciation expense on property and equipment	289	272
Amortization of intangible assets	3,201	5,381
Amortization of deferred debt issuance costs	1,228	665
Loss on extinguishment of debt	1,998	—
Bad debt expense	526	354
Deferred taxes	(545)	—
Tax receivable agreement liability adjustments	413	—
Changes in operating assets and liabilities:		
Accounts receivable	(40,809)	(19,216)
Prepaid expenses and other current assets	(6,482)	(162)
Other assets	(4,375)	—
Accounts payable	57,793	13,441
Accrued expenses	2,866	1,280
Net cash provided by operating activities	<u>51,410</u>	<u>22,143</u>
Cash flows from investing activities		
Purchases of property and equipment	(296)	(146)
Acquisition of intangible assets	—	(148)
Purchase of cost method investment	(10,000)	—
Net cash (used in) investing activities	<u>(10,296)</u>	<u>(294)</u>
Cash flows from financing activities		
Proceeds received from:		
Proceeds from issuance of Class A and Class B common stock, net of underwriter commission	124,179	—
Issuance of long-term debt	210,000	100,000
Proceeds from revolving line of credit	7,500	—
Member contributions	—	62,806
Payments made for:		
Repayments on revolving line of credit	(7,500)	—
Repayments on long-term debt	(123,648)	(15,073)
Debt issuance costs	(4,467)	(2,303)
Redemption of Class B units up to fair value	(1,453)	(4,467)
Payment of IPO costs to third parties	(12,227)	—
Shares withheld for taxes on vesting of restricted stock units	(4,235)	—
Cash paid to retire Class B-1 units at QLH	(84,320)	—
Redemption of Class A units	—	(62,806)
Member distributions	(131,417)	(95,640)
Net cash (used in) financing activities	<u>(27,588)</u>	<u>(17,483)</u>
Net increase (decrease) in cash and cash equivalents	13,526	4,366
Cash and cash equivalents, beginning of period	10,028	5,662
Cash and cash equivalents, end of period	<u>\$ 23,554</u>	<u>\$ 10,028</u>

Transaction Value

We define “Transaction Value” as the total gross dollars transacted by our partners on our platform. Transaction Value is a direct driver of revenue, with differing revenue recognition based on the economic relationship we have with our partners. Our partners use our platform to transact via open and private platform transactions. In our open platform model, revenue recognized represents the Transaction Value and revenue share payments to our supply partners represent costs of revenue. In our private platform model, revenue recognized represents a platform fee billed to the demand partner or supply partner based on an agreed-upon percentage of the Transaction Value for the Consumer Referrals transacted, and accordingly there are no associated costs of revenue. We utilize Transaction Value to assess revenue and to assess the overall level of transaction activity through our platform. We believe it is useful to investors to assess the overall level of activity on our platform and to better understand the sources of our revenue across our different transaction models and verticals.

The following table presents Transaction Value by platform model for the years ended December 31, 2020 and 2019.

(in thousands)	Year Ended December 31,	
	2020	2019
Open platform transactions	\$ 573,242	\$ 399,945
Percentage of total Transaction Value	70.3%	71.4%
Private platform transactions	242,470	160,181
Percentage of total Transaction Value	29.7%	28.6%
Total Transaction Value	\$ 815,712	\$ 560,126

The following table presents Transaction Value by platform model for the three months ended December 31, 2020 and 2019.

(in thousands)	Three Months Ended December 31,	
	2020	2019
Open platform transactions	\$ 187,018	\$ 123,954
Percentage of total Transaction Value	72.8%	73.1%
Private platform transactions	69,880	45,687
Percentage of total Transaction Value	27.2%	26.9%
Total Transaction Value	\$ 256,898	\$ 169,641

The following table presents Transaction Value by vertical for the years ended December 31, 2020 and 2019:

(in thousands)	Year Ended December 31,	
	2020	2019
Property & casualty insurance	\$ 549,916	\$ 322,817
Percentage of total Transaction Value	67.4%	57.6%
Health insurance	175,539	122,320
Percentage of total Transaction Value	21.5%	21.8%
Life insurance	42,206	34,884
Percentage of total Transaction Value	5.2%	6.2%
Other	48,051	80,105
Percentage of total Transaction Value	5.9%	14.3%
Total Transaction Value	\$ 815,712	\$ 560,126

The following table presents Transaction Value by vertical for the three months ended December 31, 2020 and 2019:

	Three Months Ended December 31,	
	2020	2019
(in thousands)		
Property & casualty insurance	\$ 158,961	\$ 89,071
Percentage of total Transaction Value	61.9%	52.5%
Health insurance	76,800	54,151
Percentage of total Transaction Value	29.9%	31.9%
Life insurance	10,489	8,043
Percentage of total Transaction Value	4.1%	4.7%
Other	10,648	18,376
Percentage of total Transaction Value	4.1%	10.8%
Total Transaction Value	\$ 256,898	\$ 169,641

Contribution and Contribution Margin

The following table reconciles Contribution and Contribution Margin with gross profit, the most directly comparable financial measure calculated and presented in accordance with GAAP, for years ended December 31, 2020 and 2019:

	Year Ended December 31,	
	2020	2019
(in thousands)		
Revenue	\$ 584,814	\$ 408,005
Less cost of revenue	(499,434)	(342,909)
Gross profit	\$ 85,380	\$ 65,096
Adjusted to exclude the following (as related to cost of revenue):		
Equity-based compensation	2,809	181
Salaries, wages, and related	2,188	1,471
Internet and hosting	438	520
Amortization	—	511
Depreciation	24	22
Other expenses	284	263
Other services	902	778
Merchant-related fees	585	452
Contribution	\$ 92,610	\$ 69,294
Gross Margin	14.6%	16.0%
Contribution Margin	15.8%	17.0%

The following table reconciles Contribution and Contribution Margin with gross profit, the most directly comparable financial measure calculated and presented in accordance with GAAP, for three months ended December 31, 2020 and 2019:

(in thousands)	Three Months Ended December 31,	
	2020	2019
Revenue	\$ 190,205	\$ 126,148
Less cost of revenue	(163,742)	(105,779)
Gross profit	\$ 26,463	\$ 20,369
Adjusted to exclude the following (as related to cost of revenue):		
Equity-based compensation	2,751	23
Salaries, wages, and related	1,013	444
Internet and hosting	110	127
Amortization	—	—
Depreciation	7	4
Other expenses	79	70
Other services	286	255
Merchant-related fees	138	179
Contribution	\$ 30,847	\$ 21,471
Gross Margin	13.9%	16.1%
Contribution Margin	16.2%	17.0%

Adjusted EBITDA

The following table reconciles Adjusted EBITDA with net income, the most directly comparable financial measure calculated and presented in accordance with GAAP, for the year ended December 31, 2020 and 2019.

(in thousands)	Year ended December 31,	
	2020	2019
Net income	\$ 10,562	\$ 17,820
Equity-based compensation expense	25,536	3,594
Interest expense	7,938	7,021
Income tax (benefit)	(1,267)	—
Depreciation expense on property and equipment	289	272
Amortization of intangible assets	3,201	5,381
Transaction expenses ⁽¹⁾	11,815	8,831
Adjusted EBITDA	\$ 58,074	\$ 42,919

- (1) For the twelve-months ended December 31, 2020, transaction expenses include \$5.9 million in legal, and other consulting fees, \$3.6 million in transaction bonus related to the IPO and related pre-IPO reorganization transactions, \$2.0 million in loss on extinguishment of debt related to the termination of 2019 Credit Facilities, and \$0.3 million related to reversal of tax indemnification receivable created in connection with the pre-IPO reorganization transaction. For the twelve-months ended December 31, 2019, transaction expenses included \$7.2 million in legal, investment banking and other consulting fees and \$1.6 million in transaction bonuses related to a transaction with Insignia in February 2019.

The following table reconciles Adjusted EBITDA with net income, the most directly comparable financial measure calculated and presented in accordance with GAAP, for the three months ended December 31, 2020 and 2019.

(in thousands)	Three Months ended December 31,	
	2020	2019
Net income	\$ (13,238)	\$ 10,377
Equity-based compensation expense	22,983	513
Interest expense	3,094	1,762
Income tax (benefit)	(1,287)	—
Depreciation expense on property and equipment	79	64
Amortization of intangible assets	799	1,223
Transaction expenses ⁽¹⁾	5,767	—
Adjusted EBITDA	\$ 18,197	\$ 13,939

(1) For the three-months ended December 31, 2020, transaction expenses include \$1.8 million in legal, and other consulting fees, \$3.6 million in transaction bonus related to the IPO and related pre-IPO reorganization transactions, and \$0.3 million related to reversal of tax indemnification receivable created in connection with the pre-IPO reorganization transaction.

Key business and operating metrics

“Transaction Value” represents the total gross dollars transacted by our partners on our platform. Transaction Value is a direct driver of revenue, with differing revenue recognition based on the economic relationship we have with our partners. We utilize Transaction Value to assess revenue and to assess the overall level of transaction activity through our platform.

“Contribution” represents revenue less revenue share payments and online advertising costs, or, as reported in our consolidated statement of operations, revenue less cost of revenue, as adjusted to exclude the following items from cost of revenue: equity-based compensation; salaries, wages, and related; internet and hosting; amortization; depreciation; other services; and merchant-related fees. “Contribution Margin” represents Contribution expressed as a percentage of revenue for the same period. We use Contribution and Contribution Margin to measure the return on our relationships with our supply partners (excluding certain fixed costs), the financial return on our online advertising, and our operating leverage. We do not use Contribution and Contribution Margin as measures of overall profitability. We present Contribution and Contribution Margin because they are used extensively by our management and board of directors to manage our operating performance, including evaluating our operational performance against budget and assessing our overall operating efficiency and operating leverage.

“Adjusted EBITDA” represents net income excluding interest expense, income tax benefit (expense), depreciation expense on property and equipment, and amortization of intangible assets, as well as equity-based compensation expense and transaction expenses. Adjusted EBITDA is a key measure used by our management to understand and evaluate our operating performance, to establish budgets and to develop operational goals for managing our business. In addition, presenting Adjusted EBITDA provides investors with a metric to evaluate the capital efficiency of our business.



SHAREHOLDER LETTER
Q4 & FULL YEAR 2020



Highlights

- Transaction Value increased 51% year-over-year for the fourth quarter and 46% for the full year ended December 31, 2020.
- Record-breaking performance in our Health insurance vertical driven by increased demand from carriers and brokers during our highest Open Enrollment (OEP) and Annual Enrollment Period (AEP) ever experienced.
- Strong performance in our Property & Casualty insurance vertical driven by an increase in budget allocation from key carriers in what has historically been a seasonally soft quarter.
- Continued to deepen our integrated partnerships with top Property & Casualty insurance carriers while driving growth from our diversified portfolio of supply partners.
- Launched our agent business, gaining adoption from carrier-branded and independent agents, with a focus on product innovation and improved consumer experiences.
- Margins exceeded Q4 2020 guidance range, driven in part by a favorable vertical mix shift. Q4 2020 Contribution Margin of 16.2% was up from 14.3% in Q3 2020.

Q4 2020 Results

	Q4			Year Ended		
	2019	2020	YoY Change	2019	2020	YoY Change
Revenue	\$126.1	\$190.2	50.8%	\$408.0	\$584.8	43.3%
Transaction Value¹	\$169.6	\$256.9	51.4%	\$560.1	\$815.7	45.6%
Gross Profit	\$20.4	\$26.5	29.9%	\$65.1	\$85.4	31.2%
Contribution ¹	\$21.5	\$30.8	43.7%	\$69.3	\$92.6	33.6%
Net Income	\$10.4	(\$13.2)	-227.6%	\$17.8	\$10.6	-40.7%
Adjusted EBITDA ¹	\$13.9	\$18.2	30.5%	\$42.9	\$58.1	35.3%

¹ See “Key Business and Operating Metrics and Non-GAAP Financial Measures” for additional information regarding non-GAAP metrics used in this shareholder letter.

When you close the fourth quarter of any year, you can't help but reflect on not just the quarter's results, but what happened in the year as a whole. And of course, 2020 wasn't just any year—not for us, not for our partners, and not for the world at large.

In terms of our company, if 2020 revealed anything, it was that the foundations of our business are exceptionally strong. This was demonstrated in ways both obvious and less so. An obvious proof point was our outstanding financial performance. We focus on our Transaction Value metric because this is the total amount our partners choose to invest in customer acquisition through our platform. In the fourth quarter of 2020, we realized \$256.9 million in Transaction Value, up 51% from the same period in 2019 and a new quarterly record for the company. This puts our scale in the fourth quarter at nearly three times greater than that reported by our next closest competitor. For 2020 overall, our Transaction Value grew to \$815.7 million, a 46% jump versus the previous year. Given the unprecedented challenges we all faced in 2020, we feel extremely fortunate to have achieved these results and grateful to our partners for continuing to entrust us as stewards of their marketing investments.

A less visible indicator of the health of our business is the continued strength of our company culture. Our culture has always been of utmost importance to us, but 2020 revealed just how critical our core values (explained in [the second section of this page](#)) are to our success. As COVID-19 brought sudden upheaval to the industries we serve, we were able to react nimbly to our clients' changing needs, helping them quickly re-deploy their marketing investments. We did this while also making the adjustment to remote work and navigating an aggressive (for us) hiring phase that saw us increase our headcount by 35% in 2020. Add to this the decision to undertake the process of our initial public offering, and it's clear that we were managing through multiple challenges simultaneously, any one of which could test an organization's mettle. I couldn't be prouder of our team and the countless hours they put into laying the foundation upon which our exceptional 2020 results and accomplishments were built. And while culture may seem like a tricky concept to measure, we believe we've found the right metrics. You can read about that in some depth [in this recent blog post](#).

Ultimately, the stability of our business rests on the strength of our partnerships. The commitment we've made to our partners' success, to understanding and anticipating their needs, and consistently prioritizing what's best for them over the long term, has forged strong relationships built on trust and transparency. This was never clearer than in 2020 when our partners turned to MediaAlpha as a trusted customer acquisition channel during a tumultuous time. But how do you measure the depth of your partnerships? Two metrics emerged in 2020 that are good indicators. One has to do with data passing integrations, which are critical to maximizing the capabilities of our technology platform for our partners. It takes time and resources—on both ends—to make these integrations happen, and they're indicative of the commitment that insurance carriers and others make to our platform and our capabilities. In 2020, revenue from partners with data passing integrations increased 103% versus the previous year. The second metric is the number of insurance carriers and brokers that now work with us as both demand and supply partners, meaning they use our technology to acquire new customers as well as to monetize the consumers on their websites who aren't likely to buy a policy by referring them to other carriers who can better serve their needs. This number grew to 35 in 2020. Establishing a carrier-publisher partnership represents the culmination of lengthy discussions across multiple aspects of the carrier organization, sophisticated data modeling and predictive analytics implementations, and, most importantly, the trust that the results will always benefit the carrier's business interests.

Looking ahead to 2021, we remain focused on unlocking deeper opportunities within our core insurance verticals. As we discussed during the IPO process, there is significant opportunity ahead—the insurance industry still allocates only 25% of their budgets to digital channels, while this figure across all other verticals is 56%². With the insurance industry’s digital spend projected to increase to \$16 billion by 2025 (up from \$4 billion in 2019), we remain committed to serving the digital customer acquisition needs of this vertical at all levels. This now includes insurance agents. In the fourth quarter of 2020, we unveiled [MediaAlpha for Agents](#), a product we launched with the mission of reinventing customer acquisition for the agent segment. Our top priority in 2021 for this aspect of our business is getting the product right by continuing to gain a better understanding of the needs of agents. Based on early feedback from our agent partners, we feel very good about our progress.

Eric Hardiman, independent agent – Washington DC

“The lead quality is head and shoulders above the competition, and I’ve used them all. And I’ve never received attention like I have from MediaAlpha’s Client Success Team. They want me to be successful and that partnership is really important.”

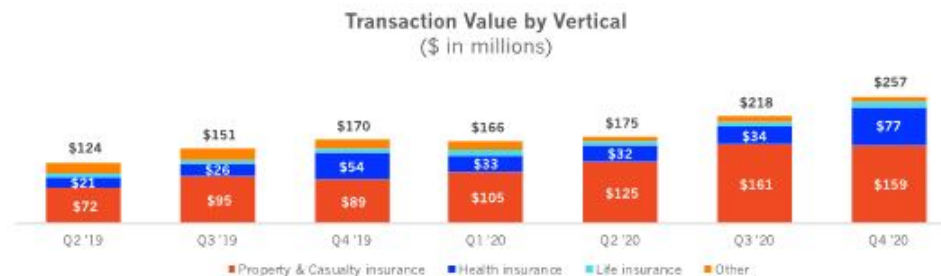
John Pomeroy, Allstate Agent – Congers, NY

“I stand behind MediaAlpha for Agents 100%. The leads information is extremely accurate. I reach 90% of the leads provided and the return on investment is the highest of any lead provider. They have truly raised the bar with quality, truth and transparency.”

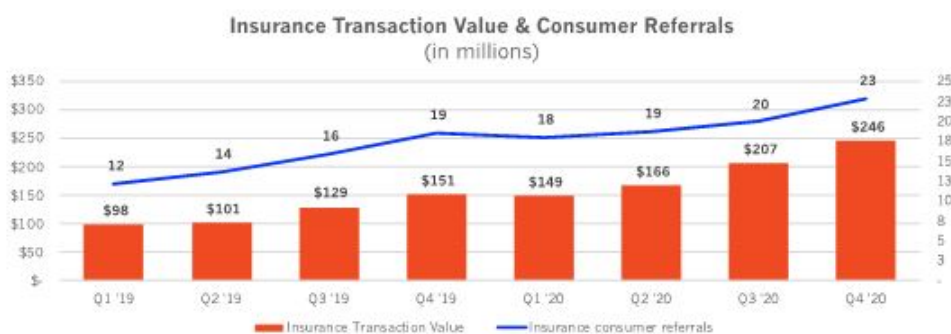
² Source: S&P Global Market Intelligence; CMS; William Blair.

Financial Discussion - Transaction Value and Revenue Metrics

We delivered strong financial results in Q4 2020, generating Transaction Value of \$256.9 million, an increase of 51% from the fourth quarter of 2019. For the full year 2020, we generated Transaction Value of \$815.7 million, an increase of 46% from 2019. Transaction Value represents the total gross investment in customer acquisition executed by our partners on our platform and is one of the key metrics that reflects our ability to drive value for our partners and increase our share of wallet as budgets increasingly move online.



Overall, Transaction Value generated from our insurance verticals grew to \$246.3 million in Q4 2020, up 63% year-over-year on strong demand from agent-based carriers in our Property & Casualty insurance vertical and a record open enrollment period in our Health insurance vertical. For the full year 2020, Transaction Value generated from our insurance verticals grew to \$767.7 million, up 60% year-over-year. This was driven by the twin COVID-related effects of a profitable environment for auto insurance carriers and the acceleration of marketing budgets from offline to online.



We generated \$190.2 million of total revenue in the fourth quarter of 2020, up 51% year-over-year, driven by strong results in our insurance verticals. For the full year 2020, total revenue was \$584.8 million, up 43% compared to the previous year.



Revenue from our Property & Casualty insurance vertical grew 97% year-over-year to \$122.9 million in Q4 2020, driven by favorable trends in the auto insurance sector with increased budgets led by agent-based carriers and increased supply from key partners. For the full year 2020, revenue from our Property & Casualty insurance vertical grew 81% year-over-year to \$397.7 million from \$219.5 million in 2019.

Revenue from our Health insurance vertical grew 30% year-over-year to \$58.4 million in Q4 2020, driven by increased adoption of the DTC distribution channel and higher investments from our demand partners during the exceptionally strong OEP and AEP. For the full year 2020, revenue from our Health insurance vertical grew 34% year-over-year to \$139.8 million.

Revenue from our Life insurance vertical declined to \$6.0 million in Q4 2020, compared to \$7.5 million last year, driven by certain supply partners migrating to our private platform where Transaction Value converts to GAAP revenue at a fractional rate (see "Transaction Value" below). For the full year 2020, revenue from our Life insurance vertical decreased 8% from \$33.0 million to \$30.3 million as key supply partners transitioned from open to private platform partnerships. Transaction Value generated from our Life insurance vertical grew 30% to \$10.5 million in Q4 2020, compared to \$8.0 million in Q4 2019 due to strong gains led by carriers and brokers and contribution from key supply partners in spite of a contracting budgetary environment driven by low interest rates and COVID-19. For the full year 2020, Transaction Value generated from our Life insurance vertical grew 21% to \$42.2 million from \$34.9 million in 2019.

Our Other vertical, which consists of travel, education, and consumer finance generated \$2.9 million of revenue in Q4 2020, compared to \$11.4 million last year, due primarily to continued pressure in the travel industry as a result of the ongoing COVID-19 pandemic. Our education and consumer finance businesses grew during the quarter as we continued to add education supply partners and benefited from favorable trends in the mortgage market. For the full year 2020, revenue from our Other vertical was \$17.0 million, compared to \$51.3 million in 2019, driven primarily by the impact of COVID-19 on travel.

Financial Discussion - Profitability

Gross profit was \$26.5 million in Q4 2020, a year-over-year increase of 30%. For the full year 2020, gross profit increased 31% to \$85.4 million. Contribution, which generally represents revenue less revenue share payments and online advertising costs, was \$30.8 million in Q4 2020, a year-over-year increase of 44%. For the full year 2020, Contribution increased 34% to \$92.6 million. Contribution margin was 16.2% in Q4 2020, compared to 17.0% in the fourth quarter of 2019. The decrease was primarily driven by Transaction Value growth from deeply integrated partners at a lower take rate. For the full year, contribution margin was 15.8% compared to 17.0% in 2019.



Net Income was \$(13.2) million in Q4 2020 compared to \$10.4 million in the fourth quarter of 2019. The decline in net income was driven primarily by year-over-year increases in non-cash equity-based compensation expense and additional costs associated with our IPO of \$21.9 million and \$3.0 million, respectively. Net income for the full year 2020 was \$10.6 million compared to \$17.8 million last year. Adjusted EBITDA was \$18.2 million in Q4 2020, a year-over-year increase of 31%. Adjusted EBITDA growth was driven by strong top line performance. Adjusted EBITDA margin was 9.6%, compared to 11.0% in the fourth quarter of 2019, driven by lower contribution margin and increased SG&A driven by public company costs and investments in talent to drive growth in our existing business and launch our agent platform. For the full year 2020, Adjusted EBITDA was \$58.1 million compared to \$42.9 million in 2019, a 35% year-over-year increase.



Q4 & FY 2020

Financial Discussion - Q1 and FY 2021 Outlook ³

Our guidance for Q1 2021 reflects strong momentum in our Property & Casualty insurance vertical heading into the seasonal peak, strong post-OEP/AEP momentum in our Health insurance vertical as we continue to deepen our relationships with key demand partners, and modestly higher budget allocations in our Life insurance vertical amid an industry-wide budget contraction. For FY 2021, we expect to benefit from growing adoption of the DTC channel across our insurance verticals, an ongoing “soft market” in our Property & Casualty insurance vertical, as well as a modest revenue contribution from our Agent business.

We expect to invest aggressively in Q1 and FY 2021 to grow the business, including through headcount additions.

	Q1 2021			FY 2021		
Transaction Value ⁴	\$250.0 million	—	\$260.0 million	\$1,000.0 million	—	\$1,050.0 million
<i>Y/Y Growth</i>	50.6%		56.6%	22.6%		28.7%
Revenue	\$170.0 million	—	\$175.0 million	\$700.0 million	—	\$740.0 million
<i>Y/Y Growth</i>	42.3%		46.5%	19.7%		26.5%
Contribution ³	\$26.0 million	—	\$28.0 million	\$108.0 million	—	\$117.0 million
<i>Y/Y Growth</i>	31.8%		42.0%	16.6%		26.3%
Adjusted EBITDA ³	\$16.0 million	—	\$17.0 million	\$64.0 million	—	\$66.0 million
<i>Y/Y Growth</i>	26.1%		34.0%	10.2%		13.6%

Revenue: For the first quarter, we expect revenue to be in the range of \$170.0-\$175.0 million, or an increase of 44.4% year-over-year at the midpoint. For the full year, we expect revenue to be in the range of \$700.0-\$740.0 million, or an increase of 23.1% year-over-year at the midpoint.

³ With respect to the Company’s projections of Contribution and Adjusted EBITDA under “Financial Discussion – Q1 and FY 2021 Outlook”, MediaAlpha is not providing a reconciliation of Contribution or Adjusted EBITDA to the respective GAAP measures because the Company is unable to predict with reasonable certainty the reconciling items that may affect gross profit and net income without unreasonable effort, including equity-based compensation, transaction expenses and income tax expense. These reconciling items are uncertain, depend on various factors and could significantly impact, either individually or in the aggregate, the GAAP measures for the applicable period.

⁴ See “Key Business and Operating Metrics and Non-GAAP Financial Measures” for additional information regarding non-GAAP metrics used in this shareholder letter.

Adjusted EBITDA: For the first quarter, we expect Adjusted EBITDA to be in the range of \$16.0-\$17.0 million, or an increase of 30.1% year-over-year at the midpoint. For the full year, we expect Adjusted EBITDA to be in the range of \$64.0-\$66.0 million, or an increase of 11.9% year-over-year at the midpoint.

We expect total shares outstanding to be 59.4 million and 64.4 million on a common and fully diluted basis, respectively, at the end of Q1 2021.

The strength and resilience of our business fundamentals helped us achieve outstanding results in 2020. With this foundation, we're well positioned to capitalize on all of the opportunities ahead. Thank you for being part of this journey with us.

Thank you,

Steve Yi
Co-Founder & CEO

Tigran Sinanyan
CFO

Q4 & FY 2020

Key Business and Operating Metrics and Non-GAAP Financial Measures

In addition to traditional financial metrics, we rely upon certain business and operating metrics that are not presented in accordance with GAAP to estimate the volume of spending on our platform, estimate and recognize revenue, evaluate our business performance and facilitate our operations. Such business and operating metrics should not be considered in isolation from, or as an alternative to, measures presented in accordance with GAAP and should be considered together with other operating and financial performance measures presented in accordance with GAAP. Also, such business and operating metrics may not necessarily be comparable to similarly titled measures presented by other companies.

Transaction Value

We define "Transaction Value" as the total gross dollars transacted by our partners on our platform. Transaction Value is a direct driver of revenue, with differing revenue recognition based on the economic relationship we have with our partners. Our partners use our platform to transact via open and private platform transactions. In our open platform model, revenue recognized represents the Transaction Value and revenue share payments to our supply partners represent costs of revenue. In our private platform model, revenue recognized represents a platform fee billed to the demand partner or supply partner based on an agreed-upon percentage of the Transaction Value for the Consumer Referrals transacted, and accordingly there are no associated costs of revenue. We utilize Transaction Value to assess revenue and to assess the overall level of transaction activity through our platform. We believe it is useful to investors to assess the overall level of activity on our platform and to better understand the sources of our revenue across our different transaction models and verticals.

The following table presents Transaction Value by platform model for the years ended December 31, 2020 and 2019.

(in thousands)	Year Ended December 31,	
	2020	2019
Open platform transactions	\$ 573,242	\$ 399,945
Percentage of total Transaction Value	70.3%	71.4%
Private platform transactions	242,470	160,181
Percentage of total Transaction Value	29.7%	28.6%
Total Transaction Value	\$ 815,712	\$ 560,126

The following table presents Transaction Value by platform model for the three months ended December 31, 2020 and 2019.

(in thousands)	Three Months Ended December 31,	
	2020	2019
Open platform transactions	\$ 187,018	\$ 123,954
Percentage of total Transaction Value	72.8%	73.1%
Private platform transactions	69,880	45,687
Percentage of total Transaction Value	27.2%	26.9%
Total Transaction Value	\$ 256,898	\$ 169,641

The following table presents Transaction Value by vertical for the years ended December 31, 2020 and 2019:

(in thousands)	Year Ended December 31,	
	2020	2019
Property & casualty insurance	\$ 549,916	\$ 322,817
Percentage of total Transaction Value	67.4%	57.6%
Health insurance	175,539	122,320
Percentage of total Transaction Value	21.5%	21.8%
Life insurance	42,206	34,884
Percentage of total Transaction Value	5.2%	6.2%
Other	48,051	80,105
Percentage of total Transaction Value	5.9%	14.3%
Total Transaction Value	\$ 815,712	\$ 560,126

(1) Our other verticals include Travel, Education and Consumer Finance.

The following table presents Transaction Value by vertical for the three months ended December 31, 2020 and 2019:

	Three Months Ended	
	2020	2019
(in thousands)		
Property & casualty insurance	\$ 158,961	\$ 89,071
Percentage of total Transaction Value	61.9%	52.5%
Health insurance	76,800	54,151
Percentage of total Transaction Value	29.9%	31.9%
Life insurance	10,489	8,043
Percentage of total Transaction Value	4.1%	4.7%
Other	10,648	18,376
Percentage of total Transaction Value	4.1%	10.8%
Total Transaction Value	\$ 256,898	\$ 169,641

Contribution and Contribution Margin

We define “Contribution” as revenue less revenue share payments and online advertising costs, or, as reported in our consolidated statement of operations, revenue less cost of revenue (i.e., gross profit), as adjusted to exclude the following items from cost of revenue: equity-based compensation; salaries, wages, and related; internet and hosting; amortization; depreciation; other services; and merchant-related fees. We define “Contribution Margin” as Contribution expressed as a percentage of revenue for the same period. Contribution and Contribution Margin are non-GAAP financial measures that we present to supplement the financial information we present on a GAAP basis. We use Contribution and Contribution Margin to measure the return on our relationships with our supply partners (excluding certain fixed costs), the financial return on and efficacy of our online advertising costs to drive consumers to our proprietary websites, and our operating leverage. We do not use Contribution and Contribution Margin as measures of overall profitability. We present Contribution and Contribution Margin because they are used by our management and board of directors to manage our operating performance, including evaluating our operational performance against budget and assessing our overall operating efficiency and operating leverage. For example, if Contribution Margin increases and our headcount costs remain steady, our Adjusted EBITDA and operating leverage increase. If Contribution Margin decreases, we may choose to re-evaluate and re-negotiate our revenue share agreements with our supply partners, to make optimization and pricing changes with respect to our bids for keywords from primary traffic acquisition sources, or to change our overall cost structure with respect to headcount, fixed costs and other costs. Other companies may calculate Contribution and Contribution Margin differently than we do. Contribution and Contribution Margin have their limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our results presented in accordance with GAAP.

The following table reconciles Contribution and Contribution Margin with gross profit, the most directly comparable financial measure calculated and presented in accordance with GAAP, for the years ended December 31, 2020 and 2019.

(in thousands)	Year Ended December 31,	
	2020	2019
Revenue	\$ 584,814	\$ 408,005
Less cost of revenue	(499,434)	(342,909)
Gross profit	\$ 85,380	\$ 65,096
Adjusted to exclude the following (as related to cost of revenue):		
Equity-based compensation	2,809	181
Salaries, wages, and related	2,188	1,471
Internet and hosting	438	520
Amortization	—	511
Depreciation	24	22
Other expenses	284	263
Other services	902	778
Merchant-related fees	585	452
Contribution	\$ 92,610	\$ 69,294
Gross Margin	14.6%	16.0%
Contribution Margin	15.8%	17.0%

The following table reconciles Contribution and Contribution Margin with gross profit, the most directly comparable financial measure calculated and presented in accordance with GAAP, for the three months ended December 31, 2020 and 2019.

	Three Months Ended December 31,	
(in thousands)	2020	2019
Revenue	\$ 190,205	\$ 126,148
Less cost of revenue	(163,742)	(105,779)
Gross profit	\$ 26,463	\$ 20,369
Adjusted to exclude the following (as related to cost of revenue):		
Equity-based compensation	2,751	23
Salaries, wages, and related	1,013	444
Internet and hosting	110	127
Amortization	—	—
Depreciation	7	4
Other expenses	79	70
Other services	286	255
Merchant-related fees	138	179
Contribution	\$ 30,847	\$ 21,471
Gross Margin	13.9%	16.1%
Contribution Margin	16.2%	17.0%

Consumer Referrals

We define “Consumer Referral” as any consumer click, call or lead purchased by a buyer on our platform. Click revenue is recognized on a pay-per-click basis and revenue is earned and recognized when a consumer clicks on a listed buyer’s advertisement, presented subsequent to the consumer’s search (e.g. auto insurance quote search or health insurance quote search). Call revenue is earned and recognized when a consumer transfers to a buyer and remains engaged for a requisite duration of time, as specified by each buyer. Lead revenue is recognized when we deliver data leads to buyers. Data leads are generated through insurance carriers or insurance-focused research destination websites who make the data leads available to buy through our platform or when users complete a full quote request on our proprietary websites. Delivery occurs at the time of lead transfer. The data we generate from each Consumer Referral feeds into our analytics model to generate conversion probabilities for each unique consumer, enabling discovery of predicted return and cost per sale across the platform and helping us to improve our platform technology. We monitor the number of Consumer Referrals on our platform in order to measure Transaction Value, revenue and overall business performance across our verticals and platform models. For the years ended December 31, 2020, Transaction Value generated from clicks, calls and leads was 79.9%, 8.1% and 12.0%, respectively.

Adjusted EBITDA

We define “Adjusted EBITDA” as net income excluding interest expense, income tax benefit (expense), depreciation expense on property and equipment, and amortization of intangible assets, as well as equity-based compensation expense and transaction expenses. Adjusted EBITDA is a non-GAAP financial measure that we present to supplement the financial information we present on a GAAP basis. We monitor and present Adjusted EBITDA because it is a key measure used by our management to understand and evaluate our operating performance, to establish budgets and to develop operational goals for managing our business. We believe that Adjusted EBITDA helps identify underlying trends in our business that could otherwise be masked by the effect of the expenses that we exclude in the calculations of Adjusted EBITDA. Accordingly, we believe that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results, enhancing the overall understanding of our past performance and future prospects. In addition, presenting Adjusted EBITDA provides investors with a metric to evaluate the capital efficiency of our business.

Adjusted EBITDA is not presented in accordance with GAAP and should not be considered in isolation of, or as an alternative to, measures presented in accordance with GAAP. There are a number of limitations related to the use of Adjusted EBITDA rather than net income, which is the most directly comparable financial measure calculated and presented in accordance with GAAP. These limitations include the fact that Adjusted EBITDA excludes interest expense on debt, income tax benefit (expense) and depreciation and amortization. In addition, other companies may use other measures to evaluate their performance, including different definitions of “Adjusted EBITDA,” which could reduce the usefulness of our Adjusted EBITDA as a tool for comparison.

The following table reconciles Adjusted EBITDA with net income, the most directly comparable financial measure calculated and presented in accordance with GAAP, for the years ended December 31, 2020 and 2019.

(in thousands)	Year Ended December 31,	
	2020	2019
Net income	\$ 10,562	\$ 17,820
Equity-based compensation expense	25,536	3,594
Interest expense	7,938	7,021
Income tax (benefit)	(1,267)	—
Depreciation expense on property and equipment	289	272
Amortization of intangible assets	3,201	5,381
Transaction expenses ⁽¹⁾	11,815	8,831
Adjusted EBITDA	\$ 58,074	\$ 42,919

(1) For the twelve-months ended December 31, 2020, transaction expenses include \$5.9 million in legal, and other consulting fees, \$3.6 million in transaction bonus related to the IPO and related pre-IPO reorganization transactions, \$2.0 million in loss on extinguishment of debt related to the termination of 2019 Credit Facilities, and \$0.3 million related to reversal of tax indemnification receivable created in connection with the pre-IPO reorganization Transaction. For the twelve-months ended December 31, 2019, transaction expenses included \$7.2 million in legal, investment banking and other consulting fees and \$1.6 million in transaction bonuses related to a transaction with Insignia in February 2019.

The following table reconciles Adjusted EBITDA with net income, the most directly comparable financial measure calculated and presented in accordance with GAAP, for the three months ended December 31, 2020 and 2019.

(in thousands)	Three Months Ended December 31,	
	2020	2019
Net income	\$ (13,238)	\$ 10,377
Equity-based compensation expense	22,983	513
Interest expense	3,094	1,762
Income tax (benefit)	(1,287)	—
Depreciation expense on property and equipment	79	64
Amortization of intangible assets	799	1,223
Transaction expenses ⁽²⁾	5,767	—
Adjusted EBITDA	\$ 18,197	\$ 13,939

(2) For the three-months ended December 31, 2020, transaction expenses include \$1.8 million in legal, and other consulting fees, \$3.6 million in transaction bonus related to the IPO and related pre-IPO reorganization transactions, and \$0.3 million related to reversal of tax indemnification receivable created in connection with the pre-IPO reorganization Transaction.

Forward-Looking Statements

This shareholder letter contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our financial outlook for the first quarter and full year 2021. These forward-looking statements reflect our current views with respect to, among other things, future events and our financial performance. These statements are often, but not always, made through the use of words or phrases such as “may,” “should,” “could,” “predict,” “potential,” “believe,” “will likely result,” “expect,” “continue,” “will,” “anticipate,” “seek,” “estimate,” “intend,” “plan,” “projection,” “would,” and “outlook,” or the negative version of those words or other comparable words or phrases of a future or forward-looking nature. These forward-looking statements are not historical facts, and are based on current expectations, estimates and projections about our industry, management’s beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond our control. Accordingly, we caution you that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions and uncertainties that are difficult to predict. Although we believe that the expectations reflected in these forward-looking statements are reasonable as of the date made, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements.

There are or will be important factors that could cause our actual results to differ materially from those indicated in these forward-looking statements, including those more fully described in MediaAlpha’s filings with the Securities and Exchange Commission (“SEC”), including the final prospectus filed with the SEC pursuant to Rule 424(b) promulgated under the Securities Act of 1933, as amended (the “Securities Act”), on October 29, 2020 and the Form 10-K that will be filed following this shareholder letter. These factors should not be construed as exhaustive. MediaAlpha disclaims any obligation to update any forward-looking statements to reflect events or circumstances that occur after the date of this shareholder letter.