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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2024

or

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

For the transition period from __________ to __________

Commission File Number: 001-39671

MediaAlpha, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**85-1854133**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

700 South Flower Street, Suite 640
Los Angeles, California 90017
(Address of principal executive offices, including zip code)
(213) 316-6256
(Registrant's telephone number, including area code)

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 per share	MAX	NYSE

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

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

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

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

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

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

As of April 30, 2024, there were 51,579,274 shares of MediaAlpha, Inc.'s Class A common stock, $0.01 par value per share, and 14,263,829 shares of MediaAlpha, Inc.’s Class B common stock, par value $0.01 per share, outstanding.

MediaAlpha, Inc. and Subsidiaries

TABLE OF CONTENTS

	PART I. FINANCIAL INFORMATION	
Item 1	Financial Statements	6
	Consolidated Balance Sheets	6
	Consolidated Statements of Operations	7
	Consolidated Statements of Stockholders' Equity (Deficit)	8
	Consolidated Statements of Cash Flows	9
	Notes to the Consolidated Financial Statements	10
Item 2	Management's Discussion and Analysis of Financial Condition and Results of Operations	18
Item 3	Quantitative and Qualitative Disclosures About Market Risk	33
Item 4	Controls and Procedures	33
	PART II. OTHER INFORMATION	
Item 1	Legal Proceedings	34
Item 1A	Risk Factors	34
Item 2	Unregistered Sales of Equity Securities and Use of Proceeds	34
Item 3	Defaults Upon Senior Securities	34
Item 4	Mine Safety Disclosures	34
Item 5	Other Information	35
Item 6	Exhibits	35
Signatures		36

Certain Definitions

As used in this Quarterly Report on Form 10-Q:

- “Class A-1 units” refers to the Class A-1 units of QL Holdings LLC (“QLH”).
- “Class B-1 units” refers to the Class B-1 units of QLH.
- “Company,” “we,” or “us” refers to MediaAlpha, Inc. and its consolidated subsidiaries, unless the context requires otherwise.
- “Consumer Referral” means any consumer click, call or lead purchased by a buyer on our platform.
- “Consumers” and “customers” refer interchangeably to end consumers. Examples include individuals shopping for insurance policies.
- “Digital consumer traffic” refers to visitors to the mobile, tablet, desktop and other digital platforms of our supply partners, as well as to our proprietary websites.
- “Direct-to-consumer” or “DTC” means the sale of insurance products or services directly to end consumers, without the use of retailers, brokers, agents or other intermediaries.
- “Distributor” means any company or individual that is involved in the distribution of insurance, such as an insurance agent or broker.
- “Exchange agreement” means the exchange agreement, dated as of October 27, 2020 by and among MediaAlpha, Inc., QLH, Intermediate Holdco, Inc. and certain Class B-1 unitholders party thereto.
- “Founders” means, collectively, Steven Yi, Eugene Nonko, and Ambrose Wang.
- “High-intent” consumer or customer means an in-market consumer that is actively browsing, researching or comparing the types of products or services that our partners sell.
- “Insignia” means Insignia Capital Group, L.P. and its affiliates.
- “Intermediate Holdco” means Guilford Holdings, Inc., our wholly owned subsidiary and the owner of all Class A-1 units.
- “Inventory,” when referring to our supply partners, means the volume of Consumer Referral opportunities.
- “IPO” means our initial public offering of our Class A common stock, which closed on October 30, 2020.
- “Legacy Profits Interest Holders” means certain current or former employees of QLH or its subsidiaries (other than the Senior Executives), who indirectly held Class B units in QLH prior to our IPO and includes any estate planning vehicles or other holding companies through which such persons hold their units in QLH (which holding companies may or may not include QL Management Holdings LLC).
- “Lifetime value” or “LTV” is a type of metric that many of our business partners use to measure the estimated total worth to a business of a customer over the expected period of their relationship.
- “Open Marketplace” refers to one of our two business models. In Open Marketplace transactions, we have separate agreements with demand partners and suppliers. We earn fees from our demand partners and separately pay a revenue share to suppliers and a fee to Internet search companies to drive consumers to our proprietary websites.
- “Partner” refers to a buyer or seller on our platform, also referred to as “demand partners” and “supply partners,” respectively.
    - “Demand partner” refers to a buyer on our platform. As discussed under Part I, Item 2. Management’s Discussion & Analysis – Management Overview, our demand partners are generally insurance carriers and distributors looking to target high-intent consumers deep in their purchase journey.
    - “Supply partner” or “supplier” refers to a seller to our platform. As discussed under Part I, Item 2. Management’s Discussion & Analysis – Management Overview, our supply partners are primarily insurance carriers looking to maximize the value of non-converting or low LTV consumers, and insurance-focused research destinations or other financial websites looking to monetize high-intent consumers.
- “Private Marketplace” refers to one of our two business models. In Private Marketplace transactions, demand partners and suppliers contract with one another directly and leverage our platform to facilitate transparent, real-time transactions utilizing the reporting and analytical tools available to them from use of our platform. We charge a fee based on the Transaction Value of the Consumer Referrals sold through Private Marketplace transactions.

- “Proprietary” means, when used in reference to our properties, the websites and other digital properties that we own and operate. Our proprietary properties are a source of Consumer Referrals on our platform.
- “Reorganization Transactions” means the series of reorganization transactions completed on October 27, 2020 in connection with our IPO.
- “Senior Executives” means the Founders and the other current and former officers of the Company listed in Exhibit A to the Exchange Agreement. This term also includes any estate planning vehicles or other holding companies through which such persons hold their units in QLH.
- “Transaction Value” means the total gross dollars transacted by our partners on our platform.
- “Vertical” means a market dedicated to a specific set of products or services sold to end consumers. Examples include property & casualty insurance, life insurance, health insurance, and travel.
- “White Mountains” means White Mountains Insurance Group, Ltd. and its affiliates.
- “Yield” means the return to our sellers on their inventory of Consumer Referrals sold on our platform.

Cautionary Statement Regarding Forward-Looking Statements and Risk Factor Summary

We are including this Cautionary Statement to caution investors and qualify for the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 (the “Act”) for forward-looking statements. This Quarterly Report on Form 10-Q contains forward-looking statements. 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, but not limited to, the following:

- Our ability to attract and retain supply partners and demand partners to our platform and to make available quality Consumer Referrals at attractive volumes and prices to drive transactions on our platform;
- Our reliance on a limited number of supply partners and demand partners, many of which have no long-term contractual commitments with us, and any potential termination of those relationships;
- Fluctuations in customer acquisition spending by property and casualty insurance carriers due to unexpected changes in underwriting profitability as the carriers go through cycles in their business;
- Existing and future laws and regulations affecting the property & casualty insurance, health insurance and life insurance verticals;
- Changes and developments in the regulation of the underlying industries in which our partners operate;
- Competition with other technology companies engaged in digital customer acquisition, as well as buyers that attract consumers through their own customer acquisition strategies, third-party online platforms or other methods of distribution;
- Our ability to attract, integrate and retain qualified employees;
- Reductions in DTC digital spend by our buyers;
- Mergers and acquisitions could result in additional dilution and otherwise disrupt our operations and harm our operating results and financial condition;
- Our dependence on internet search companies to direct a significant portion of visitors to our suppliers’ websites and our proprietary websites;
- The impact of broad-based pandemics or public health crises, such as COVID-19;

- The terms and restrictions of our existing and future indebtedness;
- Disruption to operations as a result of future acquisitions;
- Our failure to obtain, maintain, protect and enforce our intellectual property rights, proprietary systems, technology and brand;
- Our ability to develop new offerings and penetrate new vertical markets;
- Our ability to manage future growth effectively;
- Our reliance on data provided to us by our demand and supply partners and consumers;
- Natural disasters, public health crises, political crises, economic downturns, or other unexpected events;
- Significant estimates and assumptions in the preparation of our consolidated financial statements;
- Potential litigation and claims, including claims by regulatory agencies and intellectual property disputes;
- Our ability to collect our receivables from our partners;
- Fluctuations in our financial results caused by seasonality;
- The development of the DTC insurance distribution sector and evolving nature of our relatively new business model;
- Disruptions to or failures of our technological infrastructure and platform;
- Failure to manage and maintain relationships with third-party service providers;
- Cybersecurity breaches or other attacks involving our systems or those of our partners or third-party service providers;
- Our ability to protect consumer information and other data and risks of reputational harm due to an actual or perceived failure by us to protect such information and other data;
- Risks related to laws and regulation to which we are subject both in the U.S. and internationally, many of which are evolving;
- Risks related to changes in tax laws or exposure to additional income or other tax liabilities could affect our future profitability;
- Risks related to being a public company;
- Risks related to internal control over financial reporting;
- Risks related to shares of our Class A common stock;
- Risks related to our intention to take advantage of certain exemptions as a “controlled company” under the rules of the NYSE, and the fact that the interests of our controlling stockholders (White Mountains, Insignia, and the Founders) may conflict with those of other investors;
- Risks related to our corporate structure; and
- The other risk factors described under Part I, Item 1A "Risk Factors" in the 2023 Annual Report on Form 10-K.

The foregoing factors should not be construed as exhaustive and should be read together with the other cautionary statements included in this Quarterly Report on Form 10-Q. If one or more events related to these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may differ materially from what we anticipate. Many of the important factors that will determine these results are beyond our ability to control or predict. Accordingly, you should not place undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made, and, except as otherwise required by law, we do not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise. New factors emerge from time to time, and it is not possible for us to predict which will arise. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Part I. Financial Information

Item 1. Financial Statements.

MediaAlpha, Inc. and subsidiaries
Consolidated Balance Sheets
(Unaudited; in thousands, except share data and per share amounts)

	March 31, 2024	December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	$ 14,471	$ 17,271
Accounts receivable, net of allowance for credit losses of $455 and $537, respectively	57,495	53,773
Prepaid expenses and other current assets	3,661	3,529
Total current assets	75,627	74,573
Intangible assets, net	24,406	26,015
Goodwill	47,739	47,739
Other assets	5,251	5,598
Total assets	**$ 153,023**	**$ 153,925**
Liabilities and stockholders' deficit		
Current liabilities		
Accounts payable	$ 53,586	$ 56,279
Accrued expenses	10,833	11,588
Current portion of long-term debt	11,866	11,854
Total current liabilities	76,285	79,721
Long-term debt, net of current portion	160,234	162,445
Other long-term liabilities	5,907	6,184
Total liabilities	$ 242,426	$ 248,350
Commitments and contingencies (Note 5)		
Stockholders' (deficit):		
Class A common stock, $0.01 par value - 1.0 billion shares authorized; 50.8 million and 47.4 million shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively	508	474
Class B common stock, $0.01 par value - 100 million shares authorized; 15.0 million and 18.1 million shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively	150	181
Preferred stock, $0.01 par value - 50 million shares authorized; 0 shares issued and outstanding as of March 31, 2024 and December 31, 2023	—	—
Additional paid-in capital	503,949	511,613
Accumulated deficit	(523,675)	(522,562)
Total stockholders' (deficit) attributable to MediaAlpha, Inc.	$ (19,068)	$ (10,294)
Non-controlling interests	(70,335)	(84,131)
Total stockholders' (deficit)	$ (89,403)	$ (94,425)
Total liabilities and stockholders' deficit	**$ 153,023**	**$ 153,925**

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

MediaAlpha, Inc. and subsidiaries
Consolidated Statements of Operations
(Unaudited; in thousands, except share data and per share amounts)

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Revenue	$ 126,649	$ 111,630
Costs and operating expenses		
Cost of revenue	102,969	93,262
Sales and marketing	5,796	6,994
Product development	4,363	5,168
General and administrative	11,149	15,755
Total costs and operating expenses	124,277	121,179
Income (loss) from operations	2,372	(9,549)
Other (income) expense, net	(9)	1,381
Interest expense	3,845	3,576
Total other expense, net	3,836	4,957
(Loss) before income taxes	(1,464)	(14,506)
Income tax expense	27	78
Net (loss)	$ (1,491)	$ (14,584)
Net (loss) attributable to non-controlling interest	(378)	(4,318)
Net (loss) attributable to MediaAlpha, Inc.	$ (1,113)	$ (10,266)
Net (loss) per share of Class A common stock		
-Basic and diluted	$ (0.02)	$ (0.23)
Weighted average shares of Class A common stock outstanding		
-Basic and diluted	48,574,448	43,870,005

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

MediaAlpha, Inc. and subsidiaries
Consolidated Statements of Stockholders' Equity (Deficit)
(Unaudited; in thousands, except share data)

	Class A common stock		Class B common stock		Additional Paid-In-Capital	Accumulated deficit	Non-Controlling Interest	Total Stockholders' (Deficit)
	Units	Amount	Units	Amount	Amount	Amount	Amount	Amount
Balance at December 31, 2023	47,360,454	$ 474	18,070,829	$ 181	$ 511,613	$ (522,562)	$ (84,131)	$ (94,425)
Exchange of non-controlling interest for Class A common stock	3,057,000	31	(3,057,000)	(31)	(14,280)	—	14,280	—
Vesting of restricted stock units	407,803	3	—	—	(3)	—	—	—
Equity-based compensation	—	—	—	—	8,575	—	7	8,582
Shares withheld on tax withholding on vesting of restricted stock units	—	—	—	—	(1,956)	—	—	(1,956)
Distributions to non-controlling interests	—	—	—	—	—	—	(113)	(113)
Net (loss)	—	—	—	—	—	(1,113)	(378)	(1,491)
Balance at March 31, 2024	50,825,257	$ 508	15,013,829	$ 150	$ 503,949	$ (523,675)	$ (70,335)	$ (89,403)

	Class A common stock		Class B common stock		Additional Paid-In-Capital	Accumulated deficit	Non-Controlling Interest	Total Stockholders' (Deficit)
	Units	Amount	Units	Amount	Amount	Amount	Amount	Amount
Balance at December 31, 2022	43,650,634	$ 437	18,895,493	$ 189	$ 465,523	$ (482,142)	$ (70,091)	$ (86,084)
Exchange of non-controlling interest for Class A common stock	10,000	—	(10,000)	—	(39)	—	39	—
Vesting of restricted stock units	608,022	6	—	—	(6)	—	—	—
Equity-based compensation	—	—	—	—	14,259	—	45	14,304
Shares withheld on tax withholding on vesting of restricted stock units	—	—	—	—	(1,238)	—	—	(1,238)
Distributions to non-controlling interests	—	—	—	—	—	—	(1,104)	(1,104)
Net (loss)	—	—	—	—	—	(10,266)	(4,318)	(14,584)
Balance at March 31, 2023	44,268,656	$ 443	18,885,493	$ 189	$ 478,499	$ (492,408)	$ (75,429)	$ (88,706)

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

MediaAlpha, Inc. and subsidiaries
Consolidated Statements of Cash Flows
(Unaudited; in thousands)

	Three Months Ended March 31,	
	2024	2023
Cash flows from operating activities		
Net (loss)	$ (1,491)	$ (14,584)
Adjustments to reconcile net (loss) to net cash provided by operating activities:		
Equity-based compensation expense	8,634	14,341
Non-cash lease expense	196	167
Depreciation expense on property and equipment	61	96
Amortization of intangible assets	1,609	1,729
Amortization of deferred debt issuance costs	191	199
Impairment of cost method investment	—	1,406
Credit losses	(82)	(250)
Tax receivable agreement liability adjustments	—	6
Changes in operating assets and liabilities:		
Accounts receivable	(3,640)	17,122
Prepaid expenses and other current assets	(147)	1,260
Other assets	125	125
Accounts payable	(2,693)	(7,679)
Accrued expenses	(1,085)	(1,382)
Net cash provided by operating activities	$ 1,678	$ 12,556
Cash flows from investing activities		
Purchases of property and equipment	(34)	(30)
Net cash (used in) investing activities	$ (34)	$ (30)
Cash flows from financing activities		
Payments made for:		
Repayments on long-term debt	(2,375)	(2,375)
Distributions	(113)	(1,104)
Payments pursuant to tax receivable agreement	—	(2,822)
Shares withheld for taxes on vesting of restricted stock units	(1,956)	(1,238)
Net cash (used in) financing activities	$ (4,444)	$ (7,539)
Net (decrease) increase in cash and cash equivalents	(2,800)	4,987
Cash and cash equivalents, beginning of period	17,271	14,542
Cash and cash equivalents, end of period	$ 14,471	$ 19,529
Supplemental disclosures of cash flow information		
Cash paid during the period for:		
Interest	$ 3,783	$ 3,057
Income taxes paid, net of refunds	$ —	$ (233)

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

MediaAlpha, Inc. and subsidiaries
Notes to the Consolidated Financial Statements
(Unaudited)

1. Summary of significant accounting policies

The Company's significant accounting policies are included in the 2023 Annual Report on Form 10-K and did not materially change during the three months ended March 31, 2024.

Basis of presentation

The accompanying unaudited consolidated financial statements and related disclosures have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") applicable to interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. In the opinion of management, all adjustments, consisting of only those of a normal recurring nature, considered necessary for a fair statement of the financial position and interim results of the Company as of and for the periods presented have been included.

The December 31, 2023 balance sheet data was derived from audited consolidated financial statements; however, the accompanying interim notes to the consolidated financial statements do not include all of the annual disclosures required by GAAP. Results for interim periods are not necessarily indicative of those that may be expected for a full year. The financial information included herein should be read in conjunction with the Company's consolidated financial statements and related notes in its 2023 Annual Report on Form 10-K.

Accounts receivable

Accounts receivable are net of allowances for credit losses of $0.5 million as of March 31, 2024 and December 31, 2023.

Concentrations of credit risk and of significant customers and suppliers

Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. The Company maintains cash balances that can, at times, exceed amounts insured by the Federal Deposit Insurance Corporation. The Company has not experienced any losses in these accounts and believes it is not exposed to unusual risk beyond the normal credit risk in this area based on the financial strength of the institutions with which the Company maintains its deposits.

The Company's accounts receivable, which are unsecured, may expose it to credit risk based on their collectability. The Company controls credit risk by investigating the creditworthiness of all customers prior to establishing relationships with them, performing periodic reviews of the credit activities of those customers during the course of the business relationship, regularly analyzing the collectability of accounts receivable, and recording allowances for credit losses. The Company's supplier concentration can also expose it to business risks.

Customer and supplier concentrations consisted of the below:

	Three Months Ended March 31, 2024			Three Months Ended March 31, 2023		
	Number of customers or suppliers exceeding 10%	Aggregate Value (in millions)	% of Total	Number of customers or suppliers exceeding 10%	Aggregate Value (in millions)	% of Total
Revenue	1	$ 20	16 %	1	$ 17	15 %
Purchases	1	$ 13	13 %	1	$ 10	10 %

	As of March 31, 2024			As of December 31, 2023		
	Number of customers or suppliers exceeding 10%	Aggregate Value (in millions)	% of Total	Number of customers or suppliers exceeding 10%	Aggregate Value (in millions)	% of Total
Accounts receivable	2	$ 16	28 %	1	$ 7	14 %
Accounts payable	1	$ 7	13 %	1	$ 12	21 %

Related Party Transactions

The Company is party to the tax receivables agreement ("TRA") under which it is contractually committed to pay certain holders of Class B-1 units 85% of the amount of any tax benefits that the Company actually realizes, or in some cases is deemed to realize, as a result of certain transactions. During the three months ended March 31, 2024, no payments were made pursuant to the TRA. During the three months ended March 31, 2023, payments of $2.8 million were made pursuant to the TRA.

Liquidity

As of March 31, 2024, the aggregate principal amount outstanding under the 2021 Credit Facilities was $173.6 million, with $45.0 million remaining for borrowing under the 2021 Revolving Credit Facility. As of March 31, 2024, the Company was in compliance with all of its financial covenants under such credit facilities. The Company’s ability to continue to comply with its covenants will depend on, among other things, financial, business, market, competitive and other conditions, many of which are beyond the Company’s control.

The Company’s results are subject to fluctuations as a result of business cycles experienced by companies in the insurance industry. During the second half of 2021, the auto insurance industry began to experience a cyclical downturn, as supply chain disruptions and cost increases caused by the pandemic and overall inflationary pressures contributed to higher-than-expected P&C insurance claims costs, which led many carriers to reduce their customer acquisition spending to preserve their profitability. However, the Company believes that a recovery from this cyclical downturn is now underway, as certain of the Company’s key carrier partners increased their customer acquisition spend during the first quarter of 2024. While the Company expects this improvement to continue over the course of 2024, the Company is currently unable to accurately predict the pace or slope of this recovery, or its impact on the Company’s revenue from the P&C insurance vertical or the Company’s profitability, beyond the second quarter of 2024. The Company believes that its expected near-term revenue, cash on hand and availability to access additional cash under its 2021 Revolving Credit Facility are sufficient to meet its operating and capital expenditure requirements, and to continue to comply with its debt covenants, for at least the next twelve months as of the filing date of this Quarterly Report on Form 10-Q.

The extent to which market conditions impact the Company’s business, results of operations, cash flows and financial condition will depend on future developments impacting its carrier partners, including inflation rates, the extent of any major catastrophic losses, and the timing of regulatory approval of premium rate increases, which remain highly uncertain and cannot be predicted with accuracy. The Company considered the impact of this uncertainty on the assumptions and estimates used when preparing these quarterly financial statements. These assumptions and estimates may continue to change as new events occur, and such changes could have an adverse impact on the Company's results of operations, financial position and liquidity.

New Accounting Pronouncements

Recently adopted accounting pronouncements

There have been no recently adopted accounting pronouncements by the Company which have a material impact on the Consolidated Financial Statements.

Recently issued not yet adopted accounting pronouncements

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-09, Income Taxes (Topic 740): *Improvements to Income Tax Disclosures*, that requires disclosure of disaggregated income taxes paid, prescribes standard categories for the components of the effective tax rate reconciliation, and modifies other income tax-related disclosure. The amendment in the ASU is intended to enhance the transparency and decision usefulness of income tax disclosures. The amendments are effective for annual periods beginning after December 15, 2024. Early adoption is permitted. The amendments in this ASU should be applied on a prospective basis but retrospective application is permitted. The Company is currently evaluating the impact of the ASU on its disclosures in the consolidated financial statements.

In November 2023, the FASB issued ASU No. 2023-07, Segment Reporting (Topic 280): *Improvements to Reportable Segment Disclosures*, which expands annual and interim disclosure requirements for reportable segments, primarily through enhanced disclosures about significant segment expenses. The ASU is effective for annual periods beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted and the amendments in this update are required to be applied on a retrospective basis to all periods presented. The Company is currently evaluating the impact of the ASU on disclosures in its consolidated financial statements.

2. Disaggregation of revenue

The following table shows the Company's revenue disaggregated by transaction model:

	Three Months Ended March 31,	
(in thousands)	**2024**	**2023**
Open marketplace transactions	$ 122,429	$ 107,659
Private marketplace transactions	4,220	3,971
Total	$ 126,649	$ 111,630

The following table shows the Company's revenue disaggregated by product vertical:

	Three Months Ended March 31,	
(in thousands)	**2024**	**2023**
Property & casualty insurance	$ 69,242	$ 55,107
Health insurance	47,279	45,603
Life insurance	7,563	7,091
Other	2,565	3,829
Total	$ 126,649	$ 111,630

3. Goodwill and intangible assets

Goodwill and intangible assets consisted of:

	As of						
		March 31, 2024			December 31, 2023		
(in thousands)	**Useful life (months)**	**Gross carrying amount**	**Accumulated amortization**	**Net carrying amount**	**Gross carrying amount**	**Accumulated amortization**	**Net carrying amount**
Customer relationships	84 - 120	$ 43,500	$ (25,336)	$ 18,164	$ 43,500	$ (23,947)	$ 19,553
Non-compete agreements	60	303	(303)	—	303	(303)	—
Trademarks, trade names, and domain names	60 - 120	8,884	(2,642)	6,242	8,884	(2,422)	6,462
Intangible assets		$ 52,687	$ (28,281)	$ 24,406	$ 52,687	$ (26,672)	$ 26,015
Goodwill	Indefinite	$ 47,739	$ —	$ 47,739	$ 47,739	$ —	$ 47,739

Amortization expense related to intangible assets amounted to $1.6 million and $1.7 million for the three months ended March 31, 2024 and 2023, respectively. The Company has no accumulated impairment of goodwill.

The following table presents the changes in goodwill and intangible assets:

	As of			
	March 31, 2024		December 31, 2023	
(in thousands)	**Goodwill**	**Intangible assets**	**Goodwill**	**Intangible assets**
Beginning balance at January 1,	$ 47,739	$ 26,015	$ 47,739	$ 32,932
Amortization	—	(1,609)	—	(6,917)
Ending balance	$ 47,739	$ 24,406	$ 47,739	$ 26,015

As of March 31, 2024, future amortization expense relating to identifiable intangible assets with estimable useful lives over the next five years was as follows:

(in thousands)	Amortization expense
2024–Remaining Period	$ 4,819
2025	5,759
2026	5,143
2027	4,106
2028	2,298
Thereafter	2,281
	$ 24,406

4. Long-term debt

On July 29, 2021, the Company entered into an amendment (the "First Amendment") to the 2020 Credit Agreement dated as of September 23, 2020, with the lenders that are party thereto and JPMorgan Chase Bank, N.A., as administrative agent (as amended by the First Amendment, the “Existing Credit Agreement”). On June 8, 2023, the Company entered into a Second Amendment (the “Second Amendment”) to the Existing Credit Agreement (as amended by the Second Amendment, the “Amended Credit Agreement”).

The 2021 Term Loan Facility requires mandatory prepayments of principal with any Excess Cash Flow (as defined in the 2021 Credit Facilities) on an annual basis. The Company generated excess cash flow (as defined in the Amended Credit Agreement) for the year ended December 31, 2023, and so will be required to prepay approximately $3.0 million of the principal under the 2021 Term Loan Facility during the three months ending June 30, 2024, which amount has been classified within the current portion of long-term debt on the consolidated balance sheets.

Long-term debt consisted of the following:

	As of	
(in thousands)	March 31, 2024	December 31, 2023
2021 Term Loan Facility	$ 168,625	$ 171,000
2021 Revolving Credit Facility	5,000	5,000
Debt issuance costs	(1,525)	(1,701)
Total debt	$ 172,100	$ 174,299
Less: current portion, net of debt issuance costs of $681 and $693, respectively	(11,866)	(11,854)
Total long-term debt	$ 160,234	$ 162,445

The Company incurred interest expense on the 2021 Term Loan Facility of $3.6 million and $3.4 million for the three months ended March 31, 2024 and 2023, respectively. Interest expense included amortization of debt issuance costs on the 2021 Credit Facilities of $0.2 million for the three months ended March 31, 2024 and 2023.

As of March 31, 2024, the Company’s borrowing capacity available under the 2021 Revolving Credit Facility was $45.0 million, which carries a commitment fee based on the Company’s consolidated total net leverage ratio and ranges from 0.25% to 0.50%. The commitment fee on the unused portion of the 2021 Revolving Credit Facility was 0.38% as of March 31, 2024. The Company incurred interest expense on the 2021 Revolving Credit Facility of $0.2 million and $0.1 million for the three months ended March 31, 2024 and 2023, respectively. As of March 31, 2024, the Company’s interest rate on the outstanding borrowings under the 2021 Term Loan Facility and the 2021 Revolving Credit Facility was 7.93%.

Accrued interest was $3.6 million as of March 31, 2024 and $3.7 million as of December 31, 2023, and is included within accrued expenses on the consolidated balance sheets. As of March 31, 2024, the Company was in compliance with all covenants under the 2021 Credit Facilities.

The expected future principal payments for all borrowings as of March 31, 2024 were as follows:

(in thousands)	Contractual maturity
2024–Remaining Period	$ 10,172
2025	9,500
2026	153,953
Debt and issuance costs	173,625
Unamortized debt issuance costs	(1,525)
Total debt	$ 172,100

5. Commitments and contingencies

Litigation and other matters

The Company is subject to certain legal proceedings and claims that arise in the normal course of business. In the opinion of management, the Company does not believe that the amount of liability, if any, as a result of these proceedings and claims will have a material adverse effect on the Company's consolidated financial position, results of operations, or cash flows.

On February 21, 2023, the Company received a civil investigative demand from the Federal Trade Commission (FTC) regarding compliance with the FTC Act and the Telemarketing Sales Rule, as they relate to the advertising, marketing, promotion, offering for sale, or sale of healthcare-related products, the collection, sale, transfer or provision to third parties of consumer data, telemarketing practices, and/or consumer privacy or data security. The Company is cooperating fully with the FTC. During the three months ended March 31, 2024 and 2023, the Company incurred legal fees of $1.1 million and $0.3 million, respectively, in connection with the demand, which are included within general and administrative expenses on the consolidated statement of operations. At this time, the Company is unable to predict the ultimate outcome of this matter or the significance, if any, to the Company's business, results of operations or financial condition.

As of March 31, 2024 and December 31, 2023, the Company did not have any material contingency reserves established for any litigation liabilities.

6. Equity-based compensation

Equity-based compensation cost recognized for equity-based awards outstanding during the three months ended March 31, 2024 and 2023 was as follows:

	Three Months Ended March 31,	
(in thousands)	2024	2023
QLH restricted Class B-1 units	$ 7	$ 45
Restricted Class A shares	105	202
Restricted stock units	8,470	14,057
Performance-based restricted stock units	52	37
Total equity-based compensation	$ 8,634	$ 14,341

Equity-based compensation cost was included in the following expense categories in the consolidated statements of operations during the three months ended March 31, 2024 and 2023:

	Three Months Ended March 31,	
(in thousands)	2024	2023
Cost of revenue	$ 1,857	$ 966
Sales and marketing	1,701	2,381
Product development	1,482	2,172
General and administrative	3,594	8,822
Total equity-based compensation	$ 8,634	$ 14,341

As of March 31, 2024, total unrecognized compensation cost related to unvested QLH restricted Class B-1 units, restricted Class A shares, restricted stock units, and PRSUs was $9 thousand, $0.2 million, $73.4 million, and $1.1 million, respectively, which are expected to be recognized over weighted-average periods of 0.32 years, 0.41 years, 2.82 years, and 0.95 years, respectively.

7. Fair Value Measurements

The following are the Company’s financial instruments measured at fair value on a recurring basis:

Contingent consideration

Contingent consideration is measured at fair value on a recurring basis using significant unobservable inputs and thus represent a Level 3 measurement in the valuation hierarchy.

Contingent consideration relates to the estimated amount of additional cash consideration to be paid in connection with the Company's acquisition of substantially all of the assets of Customer Helper Team, LLC ("CHT") which was closed on April 1, 2022. The fair value is dependent on the probability of achieving certain revenue and gross profit margin targets for the two successive twelve-month periods following the closing of the acquisition. The Company used the Monte Carlo simulation approach to estimate the fair value of the revenue and gross margin targets. A change in any of these unobservable inputs could significantly change the fair value of the contingent consideration. The fair value for the contingent consideration as of March 31, 2024 and December 31, 2023 was zero. CHT did not achieve the minimum revenue target for either twelve-month period, and so the Company did not pay any contingent consideration.

The following are the Company’s financial instruments measured at fair value on a non-recurring basis:

Long-Term Debt

As of March 31, 2024, the carrying amount of the 2021 Term Loan Facility and the 2021 Revolving Credit Facility approximates their respective fair values. The Company used a discounted cash flow analysis to estimate the fair value of the long-term debt, using an adjusted discount rate of 6.55% and the estimated payments under the 2021 Term Loan Facility until maturity, including interest payable based on the Company's forecasted total net leverage ratio.

Cost method investment

The Company has elected the measurement alternative for its investment in equity securities without readily determinable fair values and reviews such investment on a quarterly basis to determine if it has been impaired. If the Company's assessment indicates that an impairment exists, the Company estimates the fair value of the equity investment and recognizes in its consolidated statement of operations an impairment loss that is equal to the difference between the fair value of the equity investment and its carrying amount. On March 29, 2024, the board of directors and stockholders of the investee approved a plan of restructuring and liquidation that had the effect of cancelling the Company's investment. The Company had previously determined as of December 31, 2023 that the fair value of the investment was zero and accordingly this cancellation had no impact on the consolidated financial statements as of and for the three months ended March 31, 2024.

The Company used a market approach to estimate the fair value of equity and allocated the overall equity value to estimate the fair value of the common stock based on the liquidation preference and was classified within Level 3 of the fair value hierarchy.

8. Income taxes

MediaAlpha, Inc. is taxed as a corporation and pays corporate federal, state and local taxes on income allocated to it from QLH based upon MediaAlpha, Inc.'s economic interest held in QLH. QLH is treated as a pass-through partnership for income tax reporting purposes and is not subject to federal income tax. Instead, QLH's taxable income or loss is passed through to its members, including MediaAlpha, Inc. Accordingly, the Company is not liable for income taxes on the portion of QLH's earnings not allocated to it. MediaAlpha, Inc. files and pays corporate income taxes for U.S. federal and state income tax purposes and its corporate subsidiary, Skytiger Studio, Ltd., is subject to taxation in Taiwan. The Company expects this structure to remain in existence for the foreseeable future.

The Company estimates the annual effective tax rate for the full year to be applied to actual year-to-date income (loss) and adds the tax effects of any discrete items in the reporting period in which they occur. The following table summarizes the Company's income tax expense:

	Three Months Ended March 31,	
(in thousands, except percentages)	**2024**	**2023**
(Loss) before income taxes	$ (1,464)	$ (14,506)
Income tax expense	$ 27	$ 78
Effective Tax Rate	(1.8)%	(0.5)%

The Company's effective tax rate of (1.8)% for the three months ended March 31, 2024 and (0.5)% for the three months ended March 31, 2023 differed from the U.S. federal statutory rate of 21%, due primarily to the tax impacts of recording a valuation allowance against current year losses, nondeductible equity-based compensation, losses associated with non-controlling interests not taxable to the Company, state taxes, and other nondeductible permanent items.

There were no material changes to the Company's unrecognized tax benefits during the three months ended March 31, 2024. The Company is currently under examination by various tax authorities in the United States. These examinations are in preliminary stages and the Company does not expect to have any significant changes to unrecognized tax benefits through the end of the fiscal year.

During the three months ended March 31, 2024, holders of Class B-1 units exchanged 3,057,000 Class B-1 units, together with an equal number of shares of Class B common stock, for shares of Class A common stock on a one-for-one basis ("Exchanges"). In connection with the Exchanges, the Company did not establish any additional liabilities related to the TRA, which are presented within additional-paid-in-capital in its consolidated statements of stockholders' equity (deficit). In connection with the Exchanges and the changes to the carrying value of the non-controlling interest, the Company also recognizes deferred tax assets associated with the basis difference in its investment in QLH through additional-paid-in-capital, but during the three months ended March 31, 2024, the Company did not recognize any additional deferred tax assets as the Company has recognized a full valuation allowance on its deferred tax assets.

As of March 31, 2024 and December 31, 2023, the Company had a valuation allowance of $116.6 million and $95.1 million, respectively, against its deferred tax assets based on the recent history of pre-tax losses, which is considered a significant piece of objective negative evidence that is difficult to overcome and limits the ability to consider other subjective evidence, such as projections of future growth. It is possible in the foreseeable future that there may be sufficient positive evidence, and/or that the objective negative evidence in the form of history of pre-tax losses will no longer be present, in which event the Company could release a portion or all of the valuation allowance. Release of any amount of valuation allowance would result in a benefit to income tax expense for the period the release is recorded, which could have a material impact on net earnings.

Tax Receivables Agreement

In connection with the Reorganization Transactions and the IPO, the Company entered into the TRA with Insignia, Senior Executives, and White Mountains. The Company expects to obtain an increase in its share of the tax basis in the net assets of QLH as Class B-1 units, together with shares of Class B common stock, are exchanged for shares of Class A common stock (or, at the Company's election, redeemed for cash of an equivalent value). The Company intends to treat any redemptions and exchanges of Class B-1 units as direct purchases for U.S. federal income tax purposes. These increases in tax basis may reduce the amounts that it would otherwise pay in the future to various tax authorities.

As of March 31, 2024 and December 31, 2023, the Company determined that making a payment under the TRA was not probable under ASC 450 — *Contingencies* since a valuation allowance has been recorded against the Company's deferred tax assets and the Company does not believe it will generate sufficient taxable income in the foreseeable future to utilize related tax benefits and result in a payment under the TRA. As a result, the Company continues to remeasure the liabilities due under the TRA to be zero as of March 31, 2024 and December 31, 2023 in the consolidated balance sheets. If the Company had determined that making a payment under the TRA and generating sufficient future taxable income was probable, it would have also recorded a liability pursuant to the TRA of approximately $107 million as of March 31, 2024 in the consolidated balance sheets.

Payments pursuant to the TRA of $0 and $2.8 million were made during the three months ended March 31, 2024 and 2023, respectively.

9. Earnings (Loss) Per Share

(in thousands except share data and per share amount)	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Basic		
Net (loss)	$ (1,491)	$ (14,584)
Less: net (loss) attributable to non-controlling interest	(378)	(4,318)
Net (loss) available for basic common shares	$ (1,113)	$ (10,266)
Weighted-average shares of Class A common stock outstanding - basic and diluted	48,574,448	43,870,005
(Loss) per share of Class A common stock - basic and diluted	$ (0.02)	$ (0.23)

Potentially dilutive shares, which are based on the weighted-average shares of underlying unvested QLH restricted Class B-1 units, restricted Class A shares, restricted stock units, and PRSUs using the treasury stock method and the outstanding QLH restricted Class B-1 units using the if-converted method, are included when calculating diluted net loss per share attributable to MediaAlpha, Inc. when their effect is dilutive. The effects of the Company's potentially dilutive securities were not included in the calculation of diluted loss per share as the effect would be anti-dilutive. The following table summarizes the shares and units with a potentially dilutive impact:

	As of March 31, 2024	As of March 31, 2023
QLH Class B-1 Units	15,049,782	18,921,446
Restricted Class A Shares	16,598	109,328
Restricted stock units	4,662,213	6,354,505
Potential dilutive shares	19,728,593	25,385,279

The outstanding PRSUs were not included in the potentially dilutive securities as of March 31, 2024 as the performance conditions have not been met.

10. Non-Controlling Interest

Pursuant to QLH's limited liability company agreement, QLH has two classes of equity securities, Class A-1 units, which have all voting rights in QLH, and Class B-1 units, which have no voting or control rights. The Company allocates a share of net income (loss) to the holders of non-controlling interests pro-rata to their ownership interest in QLH at a point in time. The non-controlling interests balance represents the Class B-1 units, substantially all of which are held by Insignia and the Senior Executives.

During the three months ended March 31, 2024, the holders of the non-controlling interests exchanged 3,057,000 Class B-1 units, together with an equal number of shares of Class B common stock, for shares of Class A common stock on a one-for-one basis. As of March 31, 2024, the holders of the non-controlling interests owned 22.8% of the total equity interests in QLH, with the remaining 77.2% owned by MediaAlpha, Inc. As of December 31, 2023, the holders of the non-controlling interests owned 27.7% of the total equity interests in QLH, with the remaining 72.3% owned by MediaAlpha, Inc.

Item 2. Management’s discussion and analysis of financial condition and results of operations

The following discussion and analysis of our financial condition and results of operations should be read together with our unaudited consolidated financial statements and related notes included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

This discussion, particularly information with respect to our future results of operations or financial condition, business strategy and plans, and objectives of management for future operations, includes forward-looking statements that involve risks and uncertainties as described under the heading "Cautionary Statement Regarding Forward-Looking Statements" in this Quarterly Report on Form 10-Q. You should review the disclosure under the heading "Risk Factors" in Part II, Item 1A of this Quarterly Report on Form 10-Q for a discussion of important factors that could cause our actual results to differ materially from those anticipated in these forward-looking statements.

Management overview

Our mission is to help insurance carriers and distributors target and acquire customers more efficiently and at greater scale through technology and data science. Our technology platform brings together leading insurance carriers and high-intent consumers through a real-time, programmatic, transparent, and results-driven ecosystem. We believe we are the largest online customer acquisition platform in our core verticals of property & casualty ("P&C") insurance, health insurance, and life insurance, supporting $599 million in Transaction Value across our platform from these verticals over the twelve-month period ended March 31, 2024.

We have multi-faceted relationships with top-tier insurance carriers and distributors. A buyer or a demand partner within our ecosystem is generally an insurance carrier or distributor seeking to reach high-intent insurance consumers. A seller or a supply partner is typically an insurance carrier looking to maximize the value of non-converting or low expected LTV consumers, or an insurance-focused research destination or other financial website looking to monetize high-intent users on their websites. For the twelve-month period ended March 31, 2024, the websites of our diversified group of supply partners and our proprietary websites drove an average of 8.4 million Consumer Referrals on our platform each month.

We generate revenue by earning a fee for each Consumer Referral sold on our platform. A transaction becomes payable upon a qualifying consumer action, such as a click, call or lead, and is generally not contingent on the sale of a product to the consumer.

We believe our technology is a key differentiator and a powerful driver of our performance. We maintain deep, custom integrations with partners representing the majority of our Transaction Value, which enable automated, data-driven processes that optimize our partners’ customer acquisition spend and revenue. Through our platform, our insurance carrier partners can target and price across over 35 separate consumer attributes to manage customized acquisition strategies.

Executive Summary

Highlights

(in millions, except percentages)	Three Months Ended March 31, 2024	$	%	Three Months Ended March 31, 2023
Revenue	$ 126.6	15.0	*13.5%*	$ 111.6
Transaction Value[1]	$ 219.1	25.9	*13.4%*	$ 193.2
Contribution[1]	$ 27.7	6.3	*29.2%*	$ 21.4
Net (Loss)	$ (1.5)	13.1	*(89.8)%*	$ (14.6)
Adjusted EBITDA[1]	$ 14.4	7.1	*98.5%*	$ 7.3

1. Transaction Value is an operating metric not presented in accordance with GAAP. Adjusted EBITDA, Contribution, and Contribution Margin are non-GAAP financial measures. See “Management’s discussion and analysis of financial condition and results of operations-Key business and operating metrics.” for additional information regarding the Company’s operating metrics and Non-GAAP metrics.

For the three months ended March 31, 2024, we generated $126.6 million of revenue and $219.1 million of Transaction Value, representing increases of 13.5% and 13.4%, respectively, compared with the three months ended March 31, 2023, driven primarily by higher customer acquisition spending by P&C carrier partners, and by higher demand in under 65 health and opportunistic partner spend in Medicare.

Contribution, which generally represents revenue less revenue share payments and online advertising costs, was $27.7 million for the three months ended March 31, 2024, a year-over-year increase of 29.2%, driven primarily by the higher revenue. Contribution Margin was 21.9%, compared with 19.2% in the three months ended March 31, 2023.

Net loss for the three months ended March 31, 2024 was $1.5 million, compared with a net loss of $14.6 million for the three months ended March 31, 2023, driven primarily by the increase in gross profit of $5.3 million and a $5.7 million decrease in equity-based compensation expense, as well as by a $1.4 million impairment charge related to a cost method investment recorded during the three months ended March 31, 2023 that did not recur in the current period.

Adjusted EBITDA for the three months ended March 31, 2024 was $14.4 million, a year-over-year increase of 98.5%, due primarily to higher gross profit as well as continued expense discipline.

Key factors affecting our business

Revenue

We believe that our future performance will depend on many factors, including those described below and in Part I, Item 1A "Risk Factors" in our 2023 Annual Report on Form 10-K.

Secular trends in the insurance industry

Our technology platform was created to serve and grow with our core insurance end markets. We believe secular trends in the insurance industry are critical drivers of our revenue and will continue to provide strong tailwinds for our business over the long term. Customer acquisition spending by insurance carriers is growing over time, and as more consumers shop for insurance online, direct-to-consumer marketing, which fuels our revenue, has become the fastest growing insurance distribution channel. As mass-market customer acquisition becomes more costly, insurance carriers and distributors are increasingly focusing on optimizing customer acquisition spend, which is at the core of the service we deliver on our platform. As long as these secular trends persist, we expect digital insurance customer acquisition spending to continue to grow over time, and we believe we are well-positioned to benefit from this growth.

Transaction Value

We define “Transaction Value” as the total gross dollars transacted by our partners on our platform. Transaction Value is an operating metric not presented in accordance with GAAP, and is a driver of revenue based on the economic relationships we have with our partners. Transaction Value from Open Marketplace transactions is a direct driver of our revenue, while Transaction Value from Private Marketplace transactions is an indirect driver of our revenue (see “Key business and operating metrics” below). Transaction Value on our platform increased to $219.1 million for the three months ended March 31, 2024, from $193.2 million for the three months ended March 31, 2023, due primarily to an increase in customer acquisition spending by P&C insurance carriers in response to improvements in their underwriting profitability. We have developed multi-faceted, deeply integrated partnerships with insurance carriers and distributors, who may be both buyers and sellers on our platform. We believe the versatility and breadth of our offerings, coupled with our focus on high-quality products, provide significant value to insurance carriers and distributors, leading many of them to use our platform as their central hub for broadly managing digital customer acquisition and monetization, resulting in strong retention rates. For the three months ended March 31, 2024, 99% of total insurance Transaction Value executed on our platform came from demand partner relationships in existence during 2023.

Our demand and supply partners

We retain and attract demand partners by finding high-quality sources of Consumer Referrals to make available to our demand partners. We obtain these Consumer Referrals from our diverse network of supply partners as well as from our proprietary properties. We seek to develop, acquire and retain relationships with high-quality supply partners by developing flexible platforms to enable our supply partners to maximize their revenue, manage their demand side relationships in scalable and flexible ways and focus on long-term sustainable economics with respect to revenue share. Our relationships with our partners are deep and long standing and involve most of the top-tier insurance carriers in the industry. In terms of buyers, during the three months ended March 31, 2024, 13 of the top 20 largest auto insurance carriers by customer acquisition spend were on our platform.

Consumer Referrals

Our results depend in large part on the number of Consumer Referrals purchased on our platform. The aggregate number of consumer clicks, calls, and leads purchased by insurance buyers on our platform increased to 26.6 million for the three months ended March 31, 2024, from 24.9 million for the three months ended March 31, 2023. We seek to increase the number and scale of our supply relationships and drive consumers to our proprietary properties through a variety of paid traffic acquisition sources. We continuously look to diversify our paid media sources to extend beyond search engine marketing, which has historically represented the bulk of our paid media spend, into other online media sources, including native, social, and display advertising.

Seasonality

Our results are subject to fluctuations as a result of seasonality. In particular, our P&C insurance vertical is typically characterized by seasonal strength in our quarters ending March 31 due to a greater supply of Consumer Referrals and higher customer acquisition budgets during the start of the year, and to seasonal weakness in our quarters ending December 31 due to a lower supply of Consumer Referrals available on a cost-effective basis and lower customer acquisition budgets from some buyers during those quarters. Our health insurance vertical is typically characterized by seasonal strength in our quarters ending December 31 due to open enrollment periods for health insurance and annual enrollment for Medicare during those quarters, with a material increase in consumer search volume for health products and a related increase in buyer customer acquisition budgets.

Other factors affecting our partners' businesses include macro factors such as credit availability in the market, the strength of the economy and employment levels.

Cyclicality

Our results are also subject to fluctuations as a result of business cycles experienced by companies in the insurance industry. These cycles in the auto insurance industry are characterized by periods of "soft" market conditions, when carriers are profitable and are focused on increasing capacity and building market share, and "hard" market conditions, when carriers are experiencing lower or even negative underwriting profits and are seeking to increase their premium rates to improve their profitability. As our demand partners in these industries go through these market cycles, they often increase their customer acquisition spending during soft markets and reduce it during hard markets, causing their relative demand for Consumer Referrals from our platform to increase and decrease accordingly. Beginning in the second half of 2021, the auto insurance industry entered a "hard" market, with many carriers experiencing lower than expected underwriting profitability due to higher than expected inflation in automobile claims costs, causing them to significantly reduce their customer acquisition spending on our platform. In late 2023, P&C insurance industry profitability began to improve as premium increases began to outpace loss cost inflation and we believe that the cycle is now turning and a market recovery is underway. While we expect this improvement to continue, driving increases in P&C insurance revenue over the course of 2024, we are currently unable to accurately predict the pace or slope of this recovery from this cyclical downturn, or its impact on our revenue from the P&C insurance vertical or our profitability, beyond the second quarter of 2024.

Regulations

Our revenue and earnings may fluctuate from time to time as a result of federal, state, international and industry-based laws, directives and regulations and developing standards with respect to the enforcement of those regulations. Our business is affected directly because we operate websites, conduct telemarketing and email marketing and collect, process, store, share, disclose, transfer and use consumer information and other data. Our business is affected indirectly as our clients adjust their operations as a result of regulatory changes and enforcement activity within their industries. For example, the FTC has recently started taking a new position (in recent public statements and enforcement actions) regarding the consent rules under the Telemarketing Sales Rule ("TSR"), and the Federal Communications Commission has recently adopted changes to the consent rules under the Telephone Consumer Protection Act of 1991 ("TCPA"). These changes have required, and may in the future require, both us and our Partners to adjust their telemarketing activities. While it is unclear how these changes may ultimately be implemented and/or interpreted, they may have a significant impact on the market for leads, and may require us and our Partners to modify our telemarketing practices and policies. In addition, the California Consumer Privacy Act ("CCPA"), became effective on January 1, 2020 and has been amended by the California Privacy Rights Act ("CPRA"), which became effective January 1, 2023, and a number of other states, including Colorado, Connecticut, Delaware, Florida, Indiana, Iowa, Montana, New Jersey, Oregon, Tennessee, Texas, Utah, Virginia, and Washington, have enacted or are considering similar laws, all of which may affect our business. While it is unclear how this new legislation may be modified or how certain provisions will be interpreted, the effects of this legislation are potentially significant, and may require us to modify our data processing practices and policies and incur substantial compliance-related costs and expenses. In addition, we are licensed as a health insurance broker in all 50 states and the District of Columbia, making us subject to certain insurance laws and regulations. Our Medicare business is also subject to Federal rules governing the marketing of such policies. For a description of laws and regulations to which we are generally subject, see Item 1 “Business” and Item 1A “Risk Factors.” in our 2023 Annual Report on Form 10-K.

In addition, we are impacted by the regulation of the insurance carriers with whom we do business. In most states, insurance carriers are required to obtain approval of their premium rates from the regulatory authority in such states. The timing of such approval process, as well as the willingness of insurance regulators to approve rate increases, can impact the profitability of new policies and the level of customer acquisition spending by carriers in a given period, which in turn can cause fluctuations in our revenue and earnings.

Key components of our results of operations

Revenue

We operate primarily in the P&C insurance, health insurance and life insurance verticals and generate revenue through the purchase and sale of Consumer Referrals.

The price and amount of Consumer Referrals purchased and sold on our platform vary based on a number of market conditions and consumer attributes, including (i) geographic location of consumers, (ii) demographic attributes of consumers, (iii) the source of Consumer Referrals and quality of conversion by source, (iv) buyer bid levels and (v) buyer demand and budgets.

In our Open Marketplace transactions, we have control over the Consumer Referrals that are sold to our demand partners. In these arrangements, we have separate agreements with suppliers and demand partners. Suppliers are not a party to the contractual arrangements with our demand partners, nor are the suppliers the beneficiaries of our demand partner agreements. We generate revenue from the sale of consumer referrals from our demand partners and separately pay (i) a revenue share to suppliers or (ii) a fee to internet search companies to drive consumers to our proprietary websites. We are the principal in Open Marketplace transactions. As a result, the fees paid by demand partners for Consumer Referrals are recognized as revenue and the fees paid to suppliers are included in cost of revenue.

With respect to our Private Marketplace transactions, buyers and suppliers contract with one another directly and leverage our platform to facilitate transparent, real-time transactions utilizing the reporting and analytical tools available to them from use of our platform. We charge the supplier a platform fee on the Consumer Referrals transacted. We act as an agent in Private Marketplace transactions and recognize revenue for the platform fee received, which is a negotiated percentage of the Transaction Value of such transactions. We do not make any payments to suppliers in our Private Marketplaces.

Costs and operating expenses

Costs and operating expenses consist primarily of cost of revenue, sales and marketing expenses, product expenses and general and administrative expenses.

Cost of revenue

Our cost of revenue is comprised primarily of revenue share payments to suppliers and traffic acquisition costs paid to search engines and social media platforms, as well as telephony infrastructure costs, internet and hosting costs, and merchant fees, and includes salaries, wages, equity-based compensation, the cost of health and other employee benefits for employees engaged in media buying, and other expenses including allocated portion of rent and facilities expenses.

Sales and marketing

Sales and marketing expenses consist primarily of an allocation of personnel expenses for employees engaged in demand side and supply side business development and marketing, and include salaries, wages, equity-based compensation, and the cost of health and other employee benefits. Sales and marketing expenses also include costs related to attracting partners to our platform, including marketing and promotions, tradeshows and related travel and entertainment expenses. Sales and marketing expenses also include an allocated portion of rent and facilities expenses and depreciation and amortization expense.

Product development

Product development expenses consist primarily of an allocation of personnel expenses for employees engaged in technology, engineering and product development and include salaries, wages, equity-based compensation, and the cost of health and other employee benefits. Product development expenses also include an allocated portion of rent and facilities expenses and depreciation and amortization expense.

General and administrative

General and administrative expenses consist primarily of an allocation of personnel expenses for executive, finance, legal, people operations, and business analytics employees, and include salaries, wages, equity-based compensation, and the cost of health and other employee benefits. General and administrative expenses also include professional services, an allocated portion of rent and facilities expenses and depreciation and amortization expense, and any change in fair value of contingent consideration.

Other expense (income), net

Other expense (income), net consists primarily of expenses and income not incurred by us in our ordinary course of business and that are not included in any of the categories listed above.

Interest expense

Interest expense consists primarily of interest expense associated with outstanding borrowings under our 2021 Credit Facilities and the amortization of deferred financing costs associated with these arrangements.

Income tax expense (benefit)

MediaAlpha, Inc. is taxed as a corporation and pays corporate federal, state and local taxes on income allocated to it from QLH based upon MediaAlpha, Inc.'s economic interest held in QLH. QLH is treated as a pass-through partnership for income tax reporting purposes and is not subject to federal income tax. Instead, QLH's taxable income or loss is passed through to its members, including MediaAlpha, Inc, pro-rata to their ownership interest in QLH. Accordingly, as our ownership interest in QLH increases, our share of the taxable income (loss) of QLH also increases. As of March 31, 2024, our ownership interest in QLH was 77.2%.

Net income (loss) attributable to Non-controlling interest

Net income (loss) is attributed to non-controlling interests in accordance with QLH's limited liability company agreement. We allocate a share of the pre-tax income (loss) of the QLH incurred subsequent to the Reorganization Transactions to the non-controlling interest holders pro-rata to their ownership interest in QLH. The non-controlling interests balance represents the Class B-1 units, substantially all of which are held by Insignia and the Senior Executives.

Operating results for the three months ended March 31, 2024 and 2023

The following table sets forth our operating results in absolute dollars and as a percentage of revenue for the three months ended March 31, 2024 and 2023:

(in thousands)	Three Months Ended March 31, 2024		Three Months Ended March 31, 2023	
Revenue	$ 126,649	100.0 %	$ 111,630	100.0 %
Costs and operating expenses				
Cost of revenue	102,969	81.3 %	93,262	83.5 %
Sales and marketing	5,796	4.6 %	6,994	6.3 %
Product development	4,363	3.4 %	5,168	4.6 %
General and administrative	11,149	8.8 %	15,755	14.1 %
Total costs and operating expenses	124,277	98.1 %	121,179	108.6 %
Income (loss) from operations	2,372	1.9 %	(9,549)	(8.6)%
Other (income) expense, net	(9)	0.0 %	1,381	1.2 %
Interest expense	3,845	3.0 %	3,576	3.2 %
Total other expense, net	3,836	3.0 %	4,957	4.4 %
(Loss) before income taxes	(1,464)	(1.2)%	(14,506)	(13.0)%
Income tax expense	27	0.0 %	78	0.1 %
Net (loss)	$ (1,491)	(1.2)%	$ (14,584)	(13.1)%
Net (loss) attributable to non-controlling interest	(378)	(0.3)%	(4,318)	(3.9)%
Net (loss) attributable to MediaAlpha, Inc.	$ (1,113)	(0.9)%	$ (10,266)	(9.2)%
Net (loss) per share of Class A common stock				
-Basic and diluted	$ (0.02)		$ (0.23)	
Weighted average shares of Class A common stock outstanding				
-Basic and diluted	48,574,448		43,870,005	

Revenue

The following table presents our revenue, disaggregated by vertical, for the three months ended March 31, 2024 and 2023, and the dollar and percentage changes between the two periods:

(dollars in thousands)	Three Months Ended March 31, 2024	$	%	Three Months Ended March 31, 2023
Property & Casualty insurance	$ 69,242	$ 14,135	25.7 %	$ 55,107
Percentage of total revenue	54.7 %			49.4 %
Health insurance	47,279	1,676	3.7 %	$ 45,603
Percentage of total revenue	37.3 %			40.9 %
Life insurance	7,563	472	6.7 %	$ 7,091
Percentage of total revenue	6.0 %			6.4 %
Other	2,565	(1,264)	(33.0)%	$ 3,829
Percentage of total revenue	2.0 %			3.4 %
Revenue	$ 126,649	15,019	13.5 %	$ 111,630

The increase in P&C insurance revenue for the three months ended March 31, 2024, compared with the three months ended March 31, 2023, was due to an increase in customer acquisition spending by many of our P&C insurance carrier partners as their underwriting profitability began to improve as a result of lower claims cost inflation and regulatory approval of premium increases. In addition, the first quarter is typically a seasonally strong quarter for the P&C insurance industry. We believe that the hard market cycle the P&C insurance industry has experienced since the second half of 2021 has now turned and a market recovery is underway. While we expect this improvement to continue, driving increases in P&C insurance revenue over the course of 2024, we are currently unable to accurately predict the pace or slope of this recovery, or its impact on our revenue from the P&C insurance vertical or our profitability, beyond the second quarter of 2024.

The increase in health insurance revenue for the three months ended March 31, 2024, compared with the three months ended March 31, 2023, was driven by increases in customer acquisition spending in our marketplaces, due primarily to increased demand for leads and calls offset in part by a higher mix of Private Marketplace transactions, where we only recognize our platform fee as revenue.

The increase in life insurance revenue for the three months ended March 31, 2024, compared with the three months ended March 31, 2023, was driven primarily by a greater mix of transactions through our Open Marketplace, which positively impacted revenue.

The decrease in other revenue for the three months ended March 31, 2024, compared with the three months ended March 31, 2023, was driven primarily by lower revenue from our travel vertical due to a reduced supply of consumer referrals resulting from higher traffic acquisition costs, as well as lower revenue from our consumer finance vertical due to a reduction in mortgage and refinancing activity caused by higher interest rates.

Cost of revenue

The following table presents our cost of revenue for the three months ended March 31, 2024 and 2023, and the dollar and percentage changes between the two periods:

(dollars in thousands)	Three Months Ended March 31, 2024	$	%	Three Months Ended March 31, 2023
Cost of revenue	$ 102,969	$ 9,707	10.4 %	$ 93,262
Percentage of revenue	81.3 %			83.5 %

The increase in cost of revenue for the three months ended March 31, 2024, compared with the three months ended March 31, 2023, was driven primarily by higher revenue share payments to suppliers due to the overall increase in revenue.

Sales and marketing

The following table presents our sales and marketing expenses for the three months ended March 31, 2024 and 2023, and the dollar and percentage changes between the two periods:

(dollars in thousands)	Three Months Ended March 31, 2024	$	%	Three Months Ended March 31, 2023
Sales and marketing	$ 5,796	$ (1,198)	(17.1)%	$ 6,994
Percentage of revenue	4.6 %			6.3 %

The decrease in sales and marketing expenses for the three months ended March 31, 2024, compared with the three months ended March 31, 2023, was due primarily to a decrease in equity-based compensation expense of $0.7 million and a decrease in personnel-related costs of $0.4 million, which were related to lower employee headcount resulting from the reduction-in-force implemented during the second quarter of 2023 ("RIF Plan").

Product development

The following table presents our product development expenses for the three months ended March 31, 2024 and 2023, and the dollar and percentage changes between the two periods:

(dollars in thousands)	Three Months Ended March 31, 2024	$	%	Three Months Ended March 31, 2023
Product development	$ 4,363	$ (805)	(15.6)%	$ 5,168
Percentage of revenue	3.4 %			4.6 %

The decrease in product development expenses for the three months ended March 31, 2024, compared with the three months ended March 31, 2023, was due primarily to a decrease in equity-based compensation expense of $0.7 million, which was related to lower employee headcount resulting from the RIF Plan.

General and administrative

The following table presents our general and administrative expenses for the three months ended March 31, 2024 and 2023, and the dollar and percentage changes between the two periods:

(dollars in thousands)	Three Months Ended March 31, 2024	$	%	Three Months Ended March 31, 2023
General and administrative	$ 11,149	$ (4,606)	(29.2)%	$ 15,755
Percentage of revenue	8.8 %			14.1 %

The decrease in general and administrative expenses for the three months ended March 31, 2024, compared with the three months ended March 31, 2023, was due primarily to a decrease in equity-based compensation expense of $5.2 million, a decrease in personnel-related costs of $0.5 million, and a $0.3 million reduction in directors & officers insurance premiums, offset in part by a $1.2 million increase in legal costs associated primarily with the civil investigative demand received from the Federal Trade Commission (FTC) in February 2023.

Equity-based compensation

The following table presents our equity-based compensation expense that was included in costs and operating expenses for the three months ended March 31, 2024 and 2023, and the dollar and percentage changes between the two periods:

(dollars in thousands)	Three Months Ended March 31, 2024	$	%	Three Months Ended March 31, 2023
Cost of revenue	$ 1,857	$ 891	92.2 %	$ 966
Sales and marketing	1,701	(680)	(28.6)%	2,381
Product development	1,482	(690)	(31.8)%	2,172
General and administrative	3,594	(5,228)	(59.3)%	8,822
Total	$ 8,634	$ (5,707)	(39.8)%	$ 14,341

The decrease in equity-based compensation expense for the three months ended March 31, 2024, compared with the three months ended March 31, 2023, was driven primarily by lower employee headcount, resulting primarily from the RIF Plan, offset in part by higher expenses related to annual awards of RSUs granted to employees. The decrease was also due in part to the expense in the 2023 period associated with the RSUs granted at the time of the IPO, substantially all of which were fully vested as of December 31, 2023. The increase in equity-based compensation expense recorded within cost of revenue for the three months ended March 31, 2024, compared with the three months ended March 31, 2023, was driven primarily due to acceleration of RSUs vesting for certain terminated employees during the three months ended March 31, 2024.

Amortization

The following table presents our amortization of intangible asset expense that was included in costs and operating expenses for the three months ended March 31, 2024 and 2023, and the dollar and percentage changes between the two periods:

(dollars in thousands)	Three Months Ended March 31, 2024	$	%	Three Months Ended March 31, 2023
Sales and Marketing	$ 1,396	$ (143)	(9.3)%	$ 1,539
General and administrative	213	23	12.1 %	190
Total	$ 1,609	$ (120)	(6.9)%	$ 1,729

The decrease in amortization expense for the three months ended March 31, 2024, compared with the three months ended March 31, 2023, was immaterial.

Other (income) expense, net

The following table presents our other (income) expense, net for the three months ended March 31, 2024 and 2023, and the dollar and percentage changes between the two periods:

(dollars in thousands)	Three Months Ended March 31, 2024	$	%	Three Months Ended March 31, 2023
Other (income) expense, net	$ (9)	$ (1,390)	(100.7)%	$ 1,381
Percentage of revenue	0.0 %			1.2 %

The decrease in other (income) expense, net for the three months ended March 31, 2024, compared with the three months ended March 31, 2023, was driven primarily by an impairment charge of $1.4 million during the three months ended March 31, 2023 related to our cost method investment.

Interest expense

The following table presents our interest expense for the three months ended March 31, 2024 and 2023, and the dollar and percentage changes between the two periods:

(dollars in thousands)	Three Months Ended March 31, 2024	$	%	Three Months Ended March 31, 2023
Interest expense	$ 3,845	$ 269	7.5 %	$ 3,576
Percentage of revenue	3.0 %			3.2 %

The increase in interest expense for the three months ended March 31, 2024, compared with the three months ended March 31, 2023, was driven by higher interest rates payable on amounts borrowed under the 2021 Credit Facilities, offset in part by the impact of lower outstanding balances during the current year period.

Income tax expense

The following table presents our income tax expense for the three months ended March 31, 2024 and 2023, and the dollar and percentage changes between the two periods:

(dollars in thousands)	Three Months Ended March 31, 2024	$	%	Three Months Ended March 31, 2023
Income tax expense	$ 27	$ (51)	(65.4)%	$ 78
Percentage of revenue	0.0 %			0.1 %

The decrease in income tax expense for the three months ended March 31, 2024, compared with the three months ended March 31, 2023, was immaterial. Our effective tax rate of (1.8)% and (0.5)% for the three months ended March 31, 2024 and 2023, respectively, differed from the U.S. federal statutory rate of 21%, due primarily to the tax impacts of recording a valuation allowance against current year losses, nondeductible equity-based compensation, losses associated with non-controlling interests not taxable to us, state taxes, and other nondeductible permanent items.

Key business and operating metrics

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.

Adjusted EBITDA

We define "Adjusted EBITDA" as net income excluding interest expense, income tax benefit (expense), depreciation expense on property and equipment, amortization of intangible assets, as well as equity-based compensation expense and certain other adjustments as listed in the table below. 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), equity-based compensation expense, depreciation and amortization, and certain other adjustments that we consider to be useful to investors and others in understanding and evaluating our operating results. 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 (loss), the most directly comparable financial measure calculated and presented in accordance with GAAP, for the three months ended March 31, 2024 and 2023:

	Three Months Ended March 31,	
(in thousands)	**2024**	**2023**
Net (loss)	$ (1,491)	$ (14,584)
Equity-based compensation expense	8,634	14,341
Interest expense	3,845	3,576
Income tax expense	27	78
Depreciation expense on property and equipment	61	96
Amortization of intangible assets	1,609	1,729
Transaction expenses[1]	658	294
Impairment of cost method investment	—	1,406
Changes in TRA related liability	—	6
Changes in Tax Indemnification Receivable	(1)	(14)
Settlement of federal and state income tax refunds	—	3
Legal expenses[2]	1,077	333
Adjusted EBITDA	$ 14,419	$ 7,264

(1) Transaction expenses consist of $0.7 million and $0.3 million of legal and accounting fees incurred by us for the three months ended March 31, 2024 and 2023, respectively, in connection with resale registration statements filed with the SEC.

(2) Legal expenses of $1.1 million and $0.3 million for the three months ended March 31, 2024 and 2023, respectively, consist of legal fees incurred in connection with the civil investigative demand received from the FTC in February 2023.

Contribution and Contribution Margin

We define "Contribution" as revenue less revenue share payments and online advertising costs, or, as reported in our consolidated statements 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 costs; internet and hosting costs; 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 increases and our headcount costs and other operating expenses 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 with gross profit, the most directly comparable financial measure calculated and presented in accordance with GAAP, for the three months ended March 31, 2024 and 2023:

	Three Months Ended March 31,	
(in thousands)	**2024**	**2023**
Revenue	$ 126,649	$ 111,630
Less cost of revenue	(102,969)	(93,262)
Gross profit	23,680	18,368
Adjusted to exclude the following (as related to cost of revenue):		
Equity-based compensation	1,857	966
Salaries, wages, and related	908	1,047
Internet and hosting	131	150
Other expenses	203	172
Depreciation	5	11
Other services	828	715
Merchant-related fees	64	(4)
Contribution	27,676	21,425
Gross margin	18.7 %	16.5 %
Contribution Margin	21.9 %	19.2 %

Transaction Value

We define "Transaction Value" as the total gross dollars transacted by our partners on our platform. Transaction Value is an operating metric not presented in accordance with GAAP, and is a driver of revenue based on the economic relationships we have with our partners. Our partners use our platform to transact via Open and Private Marketplace transactions. In our Open Marketplace model, Transaction Value is equal to revenue recognized and revenue share payments to our supply partners represent costs of revenue. In our Private Marketplace 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 three months ended March 31, 2024 and 2023:

	Three Months Ended March 31,	
(dollars in thousands)	**2024**	**2023**
Open Marketplace transactions	$ 122,429	$ 107,659
Percentage of total Transaction Value	55.9 %	55.7 %
Private Marketplace transactions	96,677	85,506
Percentage of total Transaction Value	44.1 %	44.3 %
Total Transaction Value	$ 219,106	$ 193,165

The following table presents Transaction Value by vertical for the three months ended March 31, 2024 and 2023:

	Three Months Ended March 31,	
(dollars in thousands)	**2024**	**2023**
Property & Casualty insurance	$ 135,494	$ 117,924
Percentage of total Transaction Value	61.8 %	61.0 %
Health insurance	69,087	59,412
Percentage of total Transaction Value	31.5 %	30.8 %
Life insurance	10,237	10,117
Percentage of total Transaction Value	4.7 %	5.2 %
Other	4,288	5,712
Percentage of total Transaction Value	2.0 %	3.0 %
Total Transaction Value	$ 219,106	$ 193,165

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 that is 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 either through insurance carriers, insurance-focused research destination websites or other financial websites that make the data leads available for purchase through our platform, or when consumers 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.

The following table presents the percentages of total Transaction Value generated from clicks, calls and leads for the three months ended March 31, 2024 and 2023:

	Three Months Ended March 31,	
	2024	2023
Clicks	74.6 %	78.7 %
Calls	15.9 %	12.9 %
Leads	9.5 %	8.4 %

Segment information

We operate primarily in the United States and in a single operating segment. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. Our chief operating decision maker is our chief executive officer, who reviews financial information presented on a consolidated basis for purposes of allocating resources and evaluating financial performance. No expense or operating income is evaluated at a segment level. Since we operate in one operating segment and reportable segment, all required financial segment information can be found in the consolidated financial statements.

Liquidity and capital resources

Overview

Our principal sources of liquidity are our cash flows generated from operations and cash and funds available under the 2021 Revolving Credit Facility. Our principal uses of cash include funding of our operations, interest payments, and mandatory principal payments on our long-term debt. As of March 31, 2024 and December 31, 2023, our cash and cash equivalents totaled $14.5 million and $17.3 million, respectively. As of March 31, 2024, the aggregate principal amount outstanding under the 2021 Term Loan Facility was $168.6 million and our borrowing capacity available under the 2021 Revolving Credit Facility was $45.0 million.

Our business is seasonal and cyclical in nature and these trends, if continued for a long period of time, could impact the cash flows generated from operations, requiring us to draw on our available borrowing capacity under the 2021 Revolving Credit Facility or raise additional funds in the short term. During the second half of 2021, the auto insurance industry began to experience a cyclical downturn, as supply chain disruptions and cost increases caused by the pandemic and overall inflationary pressures contributed to higher-than-expected P&C insurance claims costs, which led many carriers to reduce their customer acquisition spending to preserve their profitability. However, we believe that the hard market cycle has now turned and a market recovery is underway as certain of our key carrier partners increased their customer acquisition spend during the first quarter of 2024. While we expect this improvement to continue over the course of 2024, we are currently unable to accurately predict the pace or slope of this recovery beyond the second quarter of 2024.

We believe that our expected near-term revenue, cash on hand and availability to access cash available under the 2021 Credit Facilities will be sufficient to meet our projected operating and debt service requirements, and we expect that we will continue to comply with our financial covenants under the 2021 Credit Facilities, for at least the next twelve months. To the extent that our current liquidity is insufficient to fund future activities or our financial results are below our expectations due to cyclical conditions in our primary vertical markets or other factors and we do not remain in compliance with our financial covenants under the 2021 Credit Facilities, we may need to take additional actions to reduce operating costs, negotiate amendments to or waivers of the terms of such credit facilities, refinance our debt, or raise additional capital. We have historically not used funds available under our credit facilities to fund our operations or to make payments required under our credit facilities.

We may in the future engage in merger and acquisition or other activities, including share repurchases, that could require us to draw on our existing credit facilities or raise additional capital through the sale of equity securities or through debt financing arrangements. If we raise additional funds by issuing equity securities, the ownership of our existing stockholders will be diluted. The incurrence of additional debt financing would result in debt service obligations, and any future instruments governing such debt could provide for operating and financing covenants that could restrict our operations. Our material cash requirements include our long-term debt, operating lease obligations, and any payments under the TRA.

Cash Flows

The following table presents a summary of our cash flows for the three months ended March 31, 2024 and 2023, and the dollar and percentage changes between the periods:

(dollars in thousands)	Three Months Ended March 31, 2024	$	%	Three Months Ended March 31, 2023
Net cash provided by operating activities	$ 1,678	$ (10,878)	(86.6)%	$ 12,556
Net cash (used in) investing activities	$ (34)	$ (4)	13.3 %	$ (30)
Net cash (used in) financing activities	$ (4,444)	$ 3,095	(41.1)%	$ (7,539)

Operating activities

Cash flows provided by operating activities were $1.7 million for the three months ended March 31, 2024, compared with $12.6 million for the three months ended March 31, 2023. The decrease was due primarily to an increase in net working capital due to the timing of payments of our accounts payable and accounts receivable, offset in part by the lower net loss, excluding the impact of non-cash items.

Investing activities

Cash flows used in investing activities were immaterial for the three months ended March 31, 2024 and 2023.

Financing activities

Cash flows used in financing activities were $4.4 million for the three months ended March 31, 2024, compared with $7.5 million for the three months ended March 31, 2023. The decrease was due primarily to higher payments made pursuant to the TRA and distributions to non-controlling interests during the three months ended March 31, 2023.

Senior secured credit facilities

2021 Credit Facilities

On July 29, 2021, QuoteLab, LLC entered into an amendment (the “First Amendment”) to the 2020 Credit Agreement (as amended by the First Amendment, the "Existing Credit Agreement"). The Existing Credit Agreement provides for a new senior secured term loan facility in an aggregate principal amount of $190.0 million (the “2021 Term Loan Facility”), the proceeds of which were used to refinance all of the $186.4 million outstanding under the existing 2020 Term Loan Facility and the unpaid interest thereon as of the date of the First Amendment, to pay fees related to these transactions, and to provide cash for general corporate purposes, and a new senior secured revolving credit facility with commitments in an aggregate amount of $50.0 million (the “2021 Revolving Credit Facility” and, together with the 2021 Term Loan Facility, the "2021 Credit Facilities"), which replaced the 2020 Revolving Credit Facility. Our obligations under the 2021 Credit Facilities are guaranteed by QLH and secured by substantially all assets of QLH and QuoteLab, LLC.

On June 8, 2023, the Company entered into a Second Amendment (the “Second Amendment”) to the Existing Credit Agreement, (as amended by the Second Amendment, the “Amended Credit Agreement”). The Second Amendment amends the Existing Credit Agreement, effective on the amendment date, to, among other things, replace the London Interbank Offered Rate (“LIBOR”) applicable to the 2021 Credit Facilities with the Secured Overnight Financing Rate (“SOFR”), with a credit spread adjustment of 0.10% per annum, as the interest rate benchmark.

Borrowings under the 2021 Credit Facilities bear interest at a rate equal to, at our option, the Term SOFR or Daily Simple SOFR, plus an applicable margin, with a floor of 0.00%, or a base rate plus an applicable margin. The applicable margins will be based on our consolidated total net leverage ratio as calculated under the terms of the Amended Credit Agreement (the “Leverage Ratio”) for the prior fiscal quarter and range from 2.00% to 2.75% with respect to the Term SOFR or Daily Simple SOFR and from 1.00% to 1.75% with respect to the base rate.

Loans under the 2021 Credit Facilities will mature on July 29, 2026. Loans under the 2021 Term Loan Facility amortize quarterly, beginning with the first business day after December 31, 2021 and ending with June 30, 2026, by an amount equal to 1.25% of the aggregate outstanding principal amount of the term loans initially made. In addition, the 2021 Term Loan Facility also requires mandatory prepayments of principal in the amount of any Excess Cash Flow (as defined in the Amended

Credit Agreement) on an annual basis. We generated Excess Cash Flow for the year ended December 31, 2023, and so will be required to prepay approximately $3.0 million of the principal under the 2021 Term Loan Facility during the three months ended June 30, 2024, which amount has been classified within the current portion of long-term debt on the consolidated balance sheets. The 2021 Revolving Credit Facility does not require amortization of principal and will mature on July 29, 2026.

As of March 31, 2024, we had $167.1 million of outstanding borrowings, net of deferred debt issuance costs of $1.5 million, under the 2021 Term Loan Facility, and $5.0 million of borrowings outstanding under the 2021 Revolving Credit Facility.

Tax receivables agreement

Our purchases (through Intermediate Holdco) of Class B-1 units from certain unitholders in connection with the IPO, as well as exchanges of Class B-1 units subsequent to the IPO (together with an equal number of shares of our Class B common stock) for shares of our Class A common stock (or, at our election, cash of an equivalent value) ("Exchange"), and the Pre-IPO Leveraged Distribution and other actual or deemed distributions by QLH to its members pursuant to the Exchange Agreement, have resulted and are expected to continue to result in increases in our allocable tax basis in the assets of QLH. These increases in tax basis are expected to increase (for tax purposes) depreciation and amortization deductions allocable to us and, therefore, reduce the amount of tax that we otherwise would be required to pay in the future. This increase in tax basis may also decrease gain (or increase loss) on future dispositions of certain assets to the extent tax basis is allocated to those assets.

In connection with the IPO, we entered into the TRA, as amended, with Insignia, the Senior Executives, and White Mountains related to the tax basis step-up of the assets of QLH and certain net operating losses of Intermediate Holdco. The agreement requires us to pay Insignia and the Senior Executives or any assignees 85% of the cash savings, if any, in U.S. federal, state and local income tax we realize (or are deemed to realize) as a result of (i) any increases in tax basis of assets of QLH resulting from any Exchange, and (ii) certain other tax benefits related to making our payments under the TRA. The TRA also requires us to pay White Mountains 85% of the amount of the cash savings, if any, in U.S. federal, state and local income tax that we realize (or are deemed to realize) as a result of the utilization of the net operating losses of Intermediate Holdco attributable to periods prior to the IPO and the deduction of any imputed interest attributable to our payment obligations under the TRA. We amended the TRA on October 1, 2023 to, among other things, provide for use of a blended state tax rate and replace the LIBOR with the SOFR as the interest rate benchmark.

In addition to tax expenses, we may also make payments under the TRA, which could be significant. We account for the income tax effects and corresponding TRA effects resulting from any Exchange by recognizing an increase in our deferred tax assets, based on enacted tax rates at the date of the Exchange. We evaluate the likelihood that we will realize the benefit represented by the deferred tax asset and, to the extent that we estimate that it is more likely than not that we will not realize the benefit, we will reduce the carrying amount of the deferred tax asset with a valuation allowance. The amounts to be recorded for both the deferred tax assets and the liability for our obligations under the TRA are estimated at the time of any purchase or exchange as a reduction to stockholders' equity, and the effects of changes in any of our estimates after this date will be included in net income (loss). Similarly, the effect of subsequent changes in the enacted tax rates will be included in net income (loss). Judgment is required in assessing the future tax consequences of events that have been recognized in our consolidated financial statements. A change in our assessment of such consequences, such as realization of deferred tax assets, changes in our assessment of probability of making payments under the TRA, changes in blended tax rates, changes in tax laws or interpretations thereof could materially impact our results. As of March 31, 2024 and December 31, 2023, we had no payments due pursuant to the TRA, as in conjunction with recording a valuation allowance on our deferred tax assets and projections of future taxable income we determined that we do not consider the payments under the TRA to be probable for the foreseeable future, and so remeasured our liabilities pursuant to the TRA to be zero.

Recent accounting pronouncements

For a discussion of new accounting pronouncements recently adopted and not yet adopted, see Note 1 to the consolidated financial statements appearing in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Critical accounting policies and estimates

Our critical accounting policies and estimates are included in our 2023 Annual Report on Form 10-K and did not materially change during the three months ended March 31, 2024.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

In the normal course of business, we are subject to market risks. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates.

Interest rate risk

The 2021 Credit Facilities bear interest at a variable rate. As a result, we may be exposed to fluctuations in interest rates to the extent of our outstanding borrowings under the 2021 Credit Facilities. A hypothetical 1.0% increase or decrease in the interest rate associated with the 2021 Credit Facilities would have resulted in a $0.4 million impact on interest expense for the three months ended March 31, 2024.

Concentrations of credit risk and of significant demand and supply partners

Financial instruments that potentially expose us to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. We maintain cash balances that can, at times, exceed amounts insured by the Federal Deposit Insurance Corporation. We have not experienced any losses in these accounts and believe we are not exposed to unusual risk beyond the normal credit risk in this area based on the financial strength of the institutions with which we maintain our deposits.

Our accounts receivable, which are unsecured, may expose us to credit risk based on their collectability. We control credit risk by investigating the creditworthiness of all customers prior to establishing relationships with them, performing periodic reviews of the credit activities of those customers during the course of the business relationship, regularly analyzing the collectability of accounts receivable, and recording allowances for credit losses. Our supplier concentration can also expose us to business risks.

Customer and supplier concentrations consisted of the below:

	Three Months Ended March 31, 2024			Three Months Ended March 31, 2023		
	Number of customers or suppliers exceeding 10%	Aggregate Value (in millions)	% of Total	Number of customers or suppliers exceeding 10%	Aggregate Value (in millions)	% of Total
Revenue	1	$ 20	16 %	1	$ 17	15 %
Purchases	1	$ 13	13 %	1	$ 10	10 %

	As of March 31, 2024			As of December 31, 2023		
	Number of customers or suppliers exceeding 10%	Aggregate Value (in millions)	% of Total	Number of customers or suppliers exceeding 10%	Aggregate Value (in millions)	% of Total
Accounts receivable	2	$ 16	28 %	1	$ 7	14 %
Accounts payable	1	$ 7	13 %	1	$ 12	21 %

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of March 31, 2024, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer), of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) to determine whether such disclosure controls and procedures provide reasonable assurance that information to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and such information is accumulated and communicated to management, including our principal executive officer and principal financial officer or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Based on their evaluation, our principal executive officer and our principal financial officer have concluded our disclosure controls and procedures were effective to provide reasonable assurance as of March 31, 2024.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting during the three months ended March 31, 2024, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their cost.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The content of Part I, Item 1 *"Financial Statements—Note 5 to the Consolidated Financial Statements—Commitments and contingencies - Litigation and other matters"* of this Quarterly Report on Form 10-Q is hereby incorporated by reference in its entirety in this Item 1.

Item 1A. Risk Factors

There have been no material changes to the risk factors disclosed under Part I, Item 1A "Risk Factors" in the 2023 Annual Report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Recent Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities

The following table provides information about the Company's share repurchase activity for the three months ended March 31, 2024:

Period:	Total Number of Shares (or Units) Purchased [(1)]	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
January, 2024	—	$ —	N/A	N/A
February, 2024	127,935	$ 15.29	N/A	N/A
March, 2024	—	$ —	N/A	N/A

(1) These shares of Class A Common Stock were withheld to satisfy tax withholding obligations in connection with the vesting of restricted stock units issued to employees of the Company. The Company withheld these shares at their fair market values based upon the prices of our Class A Common Shares on NYSE on the purchase dates.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

During the three months ended March 31, 2024, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

		Incorporated by Reference			
Exhibit Number	**Exhibit Description**	**Form**	**File No.**	**Exhibit**	**Filing Date**
31.1*	Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
31.2*	Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
32.1**	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 USC. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				
101.INS	Inline XBRL Instance 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	Cover Page Interactive Data File (Embedded with the Inline XBRL document)				

\+ *Management contract or compensatory plan or arrangement.*
* *Filed herewith.*
** *Furnished herewith. This exhibit should not be deemed to be "filed" for purposes of Section 18 of the Exchange Act.*

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.

MEDIAALPHA, INC.

Date: May 2, 2024	/s/ Patrick R. Thompson
	Patrick R. Thompson
	Chief Financial Officer & Treasurer

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Steve Yi, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of MediaAlpha, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: May 2, 2024

/s/ Steve Yi

Steve Yi
Chief Executive Officer, President and Co-Founder

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Patrick R. Thompson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of MediaAlpha, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: May 2, 2024

/s/ Patrick R. Thompson

Patrick R. Thompson
Chief Financial Officer & Treasurer

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 on Form 10-Q of MediaAlpha, Inc. (the “Company”) for the quarterly period ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 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) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: May 2, 2024

/s/ Steve Yi

Steve Yi
Chief Executive Officer, President, and Co-Founder

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 on Form 10-Q of MediaAlpha, Inc. (the “Company”) for the quarterly period ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 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) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: May 2, 2024

/s/ Patrick R. Thompson

Patrick R. Thompson
Chief Financial Officer & Treasurer