

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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: 001-39549

GoodRx Holdings, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

47-5104396
(I.R.S. Employer
Identification No.)

2701 Olympic Boulevard
Santa Monica, CA
(Address of principal executive offices)

90404
(Zip Code)

(855) 268-2822
(Registrant's telephone number, including area code)

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, \$0.0001 par value per share	GDRX	The Nasdaq Stock Market LLC

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-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	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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

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

As of April 30, 2024, the registrant had 94,335,792 shares of Class A common stock, \$0.0001 par value per share, and 280,869,320 shares of Class B common stock, \$0.0001 par value per share, outstanding.

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q may be forward-looking statements. In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “targets,” “projects,” “contemplates,” “believes,” “estimates,” “forecasts,” “predicts,” “potential” or “continue” or the negative of these terms or other similar expressions. Forward-looking statements contained in this Quarterly Report on Form 10-Q include, but are not limited to statements regarding our future results of operations and financial position, industry and business trends, our value proposition, our collaborations and partnerships with third parties, including our integrated savings program, the sunset of the Kroger Savings program, stock compensation, our stock repurchase program, potential outcomes and estimated impacts of certain legal proceedings, business strategy, our plans, market growth and our objectives for future operations.

The forward-looking statements in this Quarterly Report on Form 10-Q are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including, but not limited to, risks related to our limited operating history and early stage of growth; our ability to achieve broad market education and change consumer purchasing habits; our general ability to continue to attract, acquire and retain consumers in a cost-effective manner; our significant reliance on our prescription transactions offering and ability to expand our offerings; changes in medication pricing and the significant impact of pricing structures negotiated by industry participants; our general inability to control the categories and types of prescriptions for which we can offer savings or discounted prices; our reliance on a limited number of industry participants, including pharmacy benefit managers, pharmacies, and pharma manufacturers; the competitive nature of industry; risks related to pandemics, epidemics or outbreak of infectious disease, such as COVID-19; the accuracy of our estimate of our addressable market and other operational metrics; our ability to respond to changes in the market for prescription pricing and to maintain and expand the use of GoodRx codes; our ability to maintain positive perception of our platform or maintain and enhance our brand; risks related to any failure to maintain effective internal control over financial reporting; risks related to use of social media, emails, text messages and other messaging channels as part of our marketing strategy; our dependence on our information technology systems and those of our third-party vendors, and risks related to any failure or significant disruptions thereof; risks related to government regulation of the internet, e-commerce, consumer data and privacy, information technology and cybersecurity; risks related to a decrease in consumer willingness to receive correspondence or any technical, legal or any other restrictions to send such correspondence; risks related to any failure to comply with applicable data protection, privacy and security, advertising and consumer protection laws, regulations, standards, and other requirements; our ability to utilize our net operating loss carryforwards and certain other tax attributes; the risk that we may be unable to realize expected benefits from our restructuring and cost reduction efforts; our ability to attract, develop, motivate and retain well-qualified employees; risks related to our acquisition strategy; risks related to our debt arrangements; interruptions or delays in service on our apps or websites or any undetected errors or design faults; our reliance on third-party platforms to distribute our platform and offerings, including software as-a-service technologies; systems failures or other disruptions in the operations of these parties on which we depend; risks related to climate change; the increasing focus on environmental sustainability and social initiatives; risks related to our intellectual property; risks related to operating in the healthcare industry; risks related to our organizational structure; litigation related risks; our ability to accurately forecast revenue and appropriately plan our expenses in the future; risks related to general economic factors, natural disasters or other unexpected events; risks related to fluctuations in our tax obligations and effective income tax rate which could materially and adversely affect our results of operations; risks related to the recent healthcare reform legislation and other changes in the healthcare industry and in healthcare spending which may adversely affect our business, financial condition and results of operations; as well as the other important factors discussed in the section entitled “Risk Factors” of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (“2023 10-K”) and in our other filings with the Securities and Exchange Commission (“SEC”). The forward-looking statements in this Quarterly Report on Form 10-Q are based upon information available to us as of the date of this Quarterly Report on Form 10-Q, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

You should read this Quarterly Report on Form 10-Q and the documents that we reference in this Quarterly Report on Form 10-Q and have filed as exhibits to this Quarterly Report on Form 10-Q with the understanding that our actual future results, levels of activity, performance and achievements may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements. These forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained in this Quarterly Report on Form 10-Q, whether as a result of any new information, future events or otherwise.

[Table of Contents](#)

We periodically post information that may be important to investors on our investor relations website at <https://investors.goodrx.com>. We intend to use our website as a means of disclosing material non-public information and for complying with our disclosure obligations under Regulation FD. Accordingly, investors and potential investors are encouraged to consult our website regularly for important information, in addition to following GoodRx's press releases, filings with the SEC and public conference calls and webcasts. The information contained on, or that may be accessed through, our website is not incorporated by reference into, and is not a part of, this Quarterly Report on Form 10-Q.

Table of Contents

	<u>Page</u>
PART I. FINANCIAL INFORMATION	
Item 1. Condensed Consolidated Financial Statements (Unaudited)	1
Condensed Consolidated Balance Sheets	1
Condensed Consolidated Statements of Operations	2
Condensed Consolidated Statements of Stockholders' Equity	3
Condensed Consolidated Statements of Cash Flows	5
Notes to Condensed Consolidated Financial Statements	6
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	12
Item 3. Quantitative and Qualitative Disclosures About Market Risk	19
Item 4. Controls and Procedures	19
PART II. OTHER INFORMATION	
Item 1. Legal Proceedings	20
Item 1A. Risk Factors	20
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	20
Item 3. Defaults Upon Senior Securities	20
Item 4. Mine Safety Disclosures	20
Item 5. Other Information	21
Item 6. Exhibits	22
Signatures	23

PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (Unaudited)

GoodRx Holdings, Inc.
Condensed Consolidated Balance Sheets
(Unaudited)

<i>(in thousands, except par values)</i>	March 31, 2024	December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	\$ 533,295	\$ 672,296
Accounts receivable, net	144,769	143,608
Prepaid expenses and other current assets	54,735	56,886
Total current assets	732,799	872,790
Property and equipment, net	15,341	15,932
Goodwill	410,769	410,769
Intangible assets, net	58,122	60,898
Capitalized software, net	103,980	95,439
Operating lease right-of-use assets, net	30,928	29,929
Deferred tax assets, net	65,268	65,268
Other assets	36,756	37,775
Total assets	<u>\$ 1,453,963</u>	<u>\$ 1,588,800</u>
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	\$ 33,518	\$ 36,266
Accrued expenses and other current liabilities	70,843	71,329
Current portion of debt	7,029	8,787
Operating lease liabilities, current	5,131	6,177
Total current liabilities	116,521	122,559
Debt, net	646,678	647,703
Operating lease liabilities, net of current portion	51,339	48,403
Other liabilities	8,356	8,177
Total liabilities	822,894	826,842
Commitments and contingencies (Note 7)		
Stockholders' equity		
Preferred stock, \$0.0001 par value; 50,000 shares authorized and zero shares issued and outstanding at March 31, 2024 and December 31, 2023	—	—
Common stock, \$0.0001 par value; Class A: 2,000,000 shares authorized, 94,074 and 92,355 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively; and Class B: 1,000,000 shares authorized, 280,869 and 301,732 shares issued and outstanding at March 31, 2024 and December 31, 2023	38	40
Additional paid-in capital	2,089,443	2,219,321
Accumulated deficit	(1,458,412)	(1,457,403)
Total stockholders' equity	631,069	761,958
Total liabilities and stockholders' equity	<u>\$ 1,453,963</u>	<u>\$ 1,588,800</u>

See accompanying notes to condensed consolidated financial statements.

GoodRx Holdings, Inc.
Condensed Consolidated Statements of Operations
(Unaudited)

<i>(in thousands, except per share amounts)</i>	Three Months Ended March 31,	
	2024	2023
Revenue	\$ 197,880	\$ 183,986
Costs and operating expenses:		
Cost of revenue, exclusive of depreciation and amortization presented separately below	12,468	16,695
Product development and technology	31,017	32,908
Sales and marketing	89,964	78,522
General and administrative	41,108	29,619
Depreciation and amortization	15,942	14,939
Total costs and operating expenses	190,499	172,683
Operating income	7,381	11,303
Other expense, net:		
Other expense	—	(1,808)
Interest income	7,555	7,234
Interest expense	(14,643)	(13,133)
Total other expense, net	(7,088)	(7,707)
Income before income taxes	293	3,596
Income tax expense	(1,302)	(6,886)
Net loss	\$ (1,009)	\$ (3,290)
Loss per share:		
Basic and diluted	\$ (0.00)	\$ (0.01)
Weighted average shares used in computing loss per share:		
Basic and diluted	390,048	412,429
Stock-based compensation included in costs and operating expenses:		
Cost of revenue	\$ 76	\$ 161
Product development and technology	5,848	8,589
Sales and marketing	8,127	4,412
General and administrative	11,045	12,337

See accompanying notes to condensed consolidated financial statements.

GoodRx Holdings, Inc.
Condensed Consolidated Statements of Stockholders' Equity
(Unaudited)

<i>(in thousands)</i>	Class A and Class B Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
Balance at December 31, 2023	394,087	\$ 40	\$ 2,219,321	\$ (1,457,403)	\$ 761,958
Stock options exercised	604	—	2,666	—	2,666
Stock-based compensation	—	—	28,891	—	28,891
Vesting and settlement of restricted stock units	2,535	—	—	—	—
Common stock withheld related to net share settlement	(954)	—	(6,623)	—	(6,623)
Repurchases of Class A common stock ⁽¹⁾	(21,329)	(2)	(154,812)	—	(154,814)
Net loss	—	—	—	(1,009)	(1,009)
Balance at March 31, 2024	374,943	\$ 38	\$ 2,089,443	\$ (1,458,412)	\$ 631,069

See accompanying notes to condensed consolidated financial statements.

- (1) Repurchases of Class A common stock for the three months ended March 31, 2024 include 20.9 million shares repurchased from related parties (after giving effect to the automatic conversion of Class B common stock to Class A common stock upon such repurchase) for an aggregate consideration of \$151.4 million. See "Note 9. Stockholders' Equity" for additional information.

GoodRx Holdings, Inc.
Condensed Consolidated Statements of Stockholders' Equity
(Unaudited)

<i>(in thousands)</i>	Class A and Class B Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
Balance at December 31, 2022	397,025	\$ 40	\$ 2,263,322	\$ (1,448,535)	\$ 814,827
Stock options exercised	192	—	895	—	895
Stock-based compensation	—	—	28,263	—	28,263
Vesting and settlement of restricted stock units	1,668	—	—	—	—
Common stock withheld related to net share settlement	(666)	—	(3,710)	—	(3,710)
Repurchases of Class A common stock	(1,570)	—	(9,517)	—	(9,517)
Net loss	—	—	—	(3,290)	(3,290)
Balance at March 31, 2023	396,649	\$ 40	\$ 2,279,253	\$ (1,451,825)	\$ 827,468

See accompanying notes to condensed consolidated financial statements.

GoodRx Holdings, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

<i>(in thousands)</i>	Three Months Ended March 31,	
	2024	2023
Cash flows from operating activities		
Net loss	\$ (1,009)	\$ (3,290)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	15,942	14,939
Amortization of debt issuance costs	837	849
Non-cash operating lease expense	895	1,042
Stock-based compensation expense	25,096	25,499
Deferred income taxes	—	35
Loss on minority equity interest investment	—	1,808
Changes in operating assets and liabilities		
Accounts receivable	(1,161)	699
Prepaid expenses and other assets	3,339	(6,005)
Accounts payable	(2,452)	(4,737)
Accrued expenses and other current liabilities	924	1,184
Operating lease liabilities	(4)	(140)
Other liabilities	179	405
Net cash provided by operating activities	42,586	32,288
Cash flows from investing activities		
Purchase of property and equipment	(407)	(148)
Capitalized software	(20,208)	(14,140)
Net cash used in investing activities	(20,615)	(14,288)
Cash flows from financing activities		
Payments on long-term debt	(3,516)	(1,758)
Repurchases of Class A common stock ⁽¹⁾	(153,226)	(9,517)
Proceeds from exercise of stock options	2,584	708
Employee taxes paid related to net share settlement of equity awards	(6,814)	(3,523)
Net cash used in financing activities	(160,972)	(14,090)
Net change in cash and cash equivalents	(139,001)	3,910
Cash and cash equivalents		
Beginning of period	672,296	757,165
End of period	\$ 533,295	\$ 761,075
Supplemental disclosure of cash flow information		
Non cash investing and financing activities:		
Stock-based compensation included in capitalized software	\$ 3,795	\$ 2,764
Capitalized software included in accounts payable and accrued expenses and other current liabilities	4,376	2,625
Capitalized software transferred from prepaid assets	—	5,751

See accompanying notes to condensed consolidated financial statements.

(1) Repurchases of Class A common stock for the three months ended March 31, 2024 include 20.9 million shares repurchased from related parties (after giving effect to the automatic conversion of Class B common stock to Class A common stock upon such repurchase) for an aggregate consideration of \$151.4 million. See "Note 9. Stockholders' Equity" for additional information.

GoodRx Holdings, Inc.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Description of Business

GoodRx Holdings, Inc. was incorporated in September 2015 and has no material assets or standalone operations other than its ownership in its consolidated subsidiaries. GoodRx, Inc. ("GoodRx"), a Delaware corporation initially formed in September 2011, is a wholly-owned subsidiary of GoodRx Intermediate Holdings, LLC, which itself is a wholly-owned subsidiary of GoodRx Holdings, Inc.

GoodRx Holdings, Inc. and its subsidiaries (collectively, "we," "us" or "our") offer information and tools to help consumers compare prices and save on their prescription drug purchases. We operate a price comparison platform that provides consumers with curated, geographically relevant prescription pricing, and provides access to negotiated prices through our codes that can be used to save money on prescriptions across the United States. These services are free to consumers and we primarily earn revenue from our core business from pharmacy benefit managers ("PBMs") that manage formularies and prescription transactions including establishing pricing between consumers and pharmacies. We also offer other healthcare products and services, including pharmaceutical ("pharma") manufacturer solutions, subscriptions and telehealth services.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States ("GAAP") and applicable rules and regulations of the Securities and Exchange Commission ("SEC") regarding interim financial information. Certain information and disclosures normally included in our annual consolidated financial statements prepared in accordance with GAAP have been condensed or omitted. Accordingly, these condensed consolidated financial statements should be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2023 and the related notes, which are included in our Annual Report on Form 10-K filed with the SEC on February 29, 2024 ("2023 10-K"). The December 31, 2023 condensed consolidated balance sheet was derived from our audited consolidated financial statements as of that date. The condensed consolidated financial statements include, in the opinion of management, all adjustments, consisting of normal and recurring items, necessary for the fair statement of our condensed consolidated financial statements. The operating results for the three months ended March 31, 2024 are not necessarily indicative of the results expected for the full year ending December 31, 2024.

There have been no material changes in significant accounting policies during the three months ended March 31, 2024 from those disclosed in "Note 2. Summary of Significant Accounting Policies" in the notes to our consolidated financial statements included in our 2023 10-K.

Principles of Consolidation

The condensed consolidated financial statements include the accounts of GoodRx Holdings, Inc., its wholly owned subsidiaries and variable interest entities for which we are the primary beneficiary. Intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of the condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements, including the accompanying notes. We base our estimates on historical factors; current circumstances; macroeconomic events and conditions; and the experience and judgment of our management. We evaluate our estimates and assumptions on an ongoing basis. Actual results can differ materially from these estimates, and such differences can affect the results of operations reported in future periods.

Certain Risks and Concentrations

Financial instruments that potentially subject us to significant concentrations of credit risk consist principally of cash, cash equivalents and accounts receivable.

We maintain cash deposits with multiple financial institutions in the United States which, at times, may exceed federally insured limits. Cash may be withdrawn or redeemed on demand. We believe that the financial institutions that hold our cash are financially sound and, accordingly, minimal credit risk exists with respect to these balances. However, market conditions can impact the viability of these institutions. In the event of failure of any of the financial institutions where we maintain our cash and cash equivalents, there can be no assurance that we will be able to access uninsured funds in a timely manner or at all. We have not experienced any losses in such accounts.

We consider all short-term, highly liquid investments purchased with an original maturity of three months or less at the date of purchase to be cash equivalents. Cash equivalents, consisting of U.S. treasury securities money market funds, of \$460.5 million and \$605.5 million at March 31, 2024 and December 31, 2023, respectively, were classified as Level 1 of the fair value hierarchy and valued using quoted market prices in active markets.

We extend credit to our customers based on an evaluation of their ability to pay amounts due under contractual arrangements and generally do not obtain or require collateral. For the three months ended March 31, 2024, one customer accounted for 12% of our revenue. For the three months ended March 31, 2023, two customers accounted for 13% and 11% of our revenue. At March 31, 2024 and December 31, 2023, no customer accounted for more than 10% of our accounts receivable balance.

Equity Investments

We retain minority equity interests in privately-held companies without readily determinable fair values. Our ownership interests are less than 20% of the voting stock of the investees and we do not have the ability to exercise significant influence over the operating and financial policies of the investees. The equity investments are accounted for under the measurement alternative in accordance with Accounting Standards Codification ("ASC") 321, *Investments – Equity Securities*, which is cost minus impairment, if any, plus or minus changes resulting from observable price changes. Due to indicators of a decline in the financial condition of one of our investees, we recognized a \$1.8 million impairment loss on one of our minority equity interest investments during the three months ended March 31, 2023, which was presented as other expense on our condensed consolidated statement of operations for that period. We otherwise have not recognized any changes resulting from observable price changes or impairment losses on our minority equity interest investments during the three months ended March 31, 2024 and 2023. Equity investments included in other assets on our condensed consolidated balance sheets as of March 31, 2024 and December 31, 2023 were \$15.0 million.

Recent Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. This ASU is intended to enhance the transparency and decision usefulness of income tax disclosures. The amendments in this ASU address investor requests for enhanced income tax information primarily through changes to the rate reconciliation and income taxes paid information. This ASU applies to all public entities and will be effective for fiscal years beginning after December 15, 2024, and for interim periods for fiscal years beginning after December 15, 2025. Early adoption of this ASU is permitted. We are currently evaluating the impact of the adoption of this ASU on our consolidated financial statement disclosures.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. The ASU expands public entities' segment disclosures by requiring disclosure of significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items, and interim disclosures of a reportable segment's profit or loss and assets. All disclosure requirements under ASU 2023-07 are also required for public entities with a single reportable segment. This ASU applies to all public entities that are required to report segment information in accordance with ASC 280, and is effective for fiscal years beginning after December 15, 2023 and is effective for interim periods within fiscal years beginning after December 15, 2024. Early adoption of this ASU is permitted. We are currently evaluating the impact of the adoption of this ASU on our consolidated financial statement disclosures.

3. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of the following:

<i>(in thousands)</i>	March 31, 2024	December 31, 2023
Insurance recovery receivable ⁽¹⁾	\$ 14,900	\$ 12,900
Income taxes receivable	2,268	3,537
Reimbursable third-party payments ⁽²⁾	12,752	15,481
Other prepaid expenses and other current assets ⁽³⁾	24,815	24,968
Total prepaid expenses and other current assets	\$ 54,735	\$ 56,886

(1) Represents a receivable for the probable recovery related to an incurred loss in connection with certain contingencies. Loss recoveries are recognized when a loss has been incurred and the recovery is probable. This determination is based on our analysis of the underlying insurance policies, historical experience with insurers, and ongoing review of the solvency of insurers, among other factors.

(2) Represents payments we make to third parties on behalf of, and reimbursable from, certain customers.

(3) Other current assets were not material as of March 31, 2024 and December 31, 2023.

4. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following:

<i>(in thousands)</i>	March 31, 2024	December 31, 2023
Accrued bonus and other payroll related	\$ 12,202	\$ 30,401
Accrued legal settlement	27,500	12,500
Accrued marketing	14,493	10,650
Deferred revenue	6,528	7,105
Other accrued expenses	10,120	10,673
Total accrued expenses and other current liabilities	<u>\$ 70,843</u>	<u>\$ 71,329</u>

Deferred revenue represents payments received in advance of providing services for certain advertising contracts with customers and subscriptions. We expect substantially all of the deferred revenue at March 31, 2024 will be recognized as revenue within the subsequent twelve months. Of the \$7.1 million of deferred revenue at December 31, 2023, \$5.4 million was recognized as revenue during the three months ended March 31, 2024. Revenue recognized during the three months ended March 31, 2023 of \$5.7 million was included as deferred revenue at December 31, 2022.

5. Income Taxes

We generally calculate income taxes in interim periods by applying an estimated annual effective income tax rate to income or loss before income taxes and by calculating the tax effect of discrete items recognized during such periods. Our estimated annual effective income tax rate is based on our estimated full year income or loss and the related income taxes for each jurisdiction in which we operate. This rate can be affected by estimates of full year pre-tax income or loss and permanent differences.

The effective income tax rate for the three months ended March 31, 2024 and 2023 was 444.4% and 191.5%, respectively. The primary differences between our effective income tax rates and the federal statutory tax rate for the three months ended March 31, 2024 and 2023 were due to the effects of non-deductible officers' stock-based compensation expense, state income taxes, benefits from research and development tax credits, and effects from our equity awards. The effective income tax rate for the three months ended March 31, 2023 was further impacted by the valuation allowance on our net deferred tax assets.

6. Debt

Our First Lien Credit Agreement (as amended from time to time, the "Credit Agreement") provides for (i) a \$700.0 million term loan maturing on October 10, 2025 ("First Lien Term Loan Facility"); and (ii) a revolving credit facility for up to \$100.0 million (the "Revolving Credit Facility"). On February 20, 2024, we amended our Revolving Credit Facility to extend its maturity date from October 11, 2024 to July 11, 2025. As of March 31, 2024, there were no changes to the terms of our First Lien Term Loan Facility and Revolving Credit Facility as disclosed in Note 12 to our consolidated financial statements included in our 2023 10-K.

The effective interest rate on the First Lien Term Loan Facility for the three months ended March 31, 2024 and 2023 was 8.77% and 7.81%, respectively.

We had no borrowings against the Revolving Credit Facility as of March 31, 2024 and December 31, 2023.

We had outstanding letters of credit issued against the Revolving Credit Facility for \$8.3 million and \$9.2 million as of March 31, 2024 and December 31, 2023, respectively, which reduces our available borrowings under the Revolving Credit Facility.

Our debt balance is as follows:

<i>(in thousands)</i>	March 31, 2024	December 31, 2023
Principal balance under First Lien Term Loan Facility	\$ 658,281	\$ 661,797
Less: Unamortized debt issuance costs and discounts	(4,574)	(5,307)
	<u>\$ 653,707</u>	<u>\$ 656,490</u>

The estimated fair value of our debt approximated its carrying value as of March 31, 2024 and December 31, 2023, based on inputs categorized as Level 2 in the fair value hierarchy.

Under the Credit Agreement, we are subject to a financial covenant requiring maintenance of a First Lien Net Leverage Ratio (as defined in the Credit Agreement) not to exceed 8.2 to 1.0 only in the event that the amounts outstanding under the

Revolving Credit Facility exceed a specified percentage of commitments under the Revolving Credit Facility, and other nonfinancial covenants under the Credit Agreement. At March 31, 2024, we were in compliance with our covenants.

7. Commitments and Contingencies

Aside from the below, as of March 31, 2024, there were no material changes to our commitments and contingencies as disclosed in the notes to our consolidated financial statements included in our 2023 10-K.

Between February 2, 2023, and March 30, 2023, five individual plaintiffs filed five separate putative class actions lawsuits against Google, Meta, Criteo and us, alleging generally that we have not adequately protected consumer privacy and that we communicated consumer information to third parties, including the three co-defendants. Four of the plaintiffs allege common law intrusion upon seclusion and unjust enrichment claims, as well as claims under California's Confidentiality of Medical Information Act, Invasion of Privacy Act, Consumer Legal Remedies Act, and Unfair Competition Law. One of these four plaintiffs additionally brings a claim under the Electronic Communications Privacy Act. The fifth plaintiff brings claims for common-law unjust enrichment and violations of New York's General Business Law. Four of these cases were originally filed in the United States District Court for the Northern District of California ("NDCA") (Cases No. 3:23-cv-00501; 3:23-cv-00744; 3:23-cv-00940; and 4:23-cv-01293). One case was originally filed in the United States District Court for the Southern District of New York (Case No. 1:23-cv-00943); however, that case was voluntarily dismissed and re-filed in the NDCA (Case No. 3:23-cv-01508). These five matters have been consolidated and assigned to U.S. District Judge Araceli Martínez-Olguín in the NDCA. The court also set a briefing schedule for filing a single consolidated complaint, which the plaintiffs filed on May 21, 2023 (Case No. 3:23-cv-00501-AMO; the "NDCA Class Action Matter"), as well as motions to dismiss and motions to compel arbitration. In addition to the aforementioned claims, the plaintiffs in the now consolidated matter bring claims under the Illinois Consumer Fraud and Deceptive Business Practices Act, common law negligence and negligence per se, in each case, pleaded in the alternative. The plaintiffs are seeking various forms of monetary damages (such as statutory damages, compensatory damages, attorneys' fees and disgorgement of profits) as well as injunctive relief. Briefing on the motions to dismiss and motions to compel arbitration was completed on August 24, 2023.

On October 27, 2023, six plaintiffs filed a class action complaint (Case No. 1:23-cv-24127-BB; the "SDFL Class Action Matter") against us in the United States District Court for the Southern District of Florida ("SDFL"). The plaintiffs alleged, on behalf of the same nationwide class as the NDCA Class Action Matter, substantially the same statutory and common law violation claims as alleged in that matter as well as claims based on the federal Electronic Communications Privacy Act, invasion of privacy under California common law and the California constitution, invasion of privacy under New Jersey's Constitution, and violations of Pennsylvania's Wiretapping and Electronic Surveillance Control Act, Florida's Security of Communications Act, New York's Civil Rights Law and Stop Hack and Improve Electronic Data Security Act. The plaintiffs in the SDFL Class Action Matter seek various forms of monetary damages as well as injunctive and other unspecified equitable relief.

On October 27, 2023, we entered into a proposed settlement agreement with the plaintiffs in the SDFL Class Action Matter, on behalf of a nationwide settlement class that includes the NDCA Class Action Matter, which provides for a payment of \$13.0 million by us. On October 30, 2023, the plaintiffs in the SDFL Class Action Matter filed a motion and memorandum in support of preliminary approval of the proposed class action settlement and, on October 31, 2023, the SDFL granted preliminary approval of the proposed settlement. The proposed settlement is subject to final approval of the court. Members of the class have the opportunity to opt-out of the class and commence their own actions.

In response to the proposed settlement in the SDFL Class Action Matter, plaintiffs in the NDCA Class Action Matter filed (i) on November 1, 2023, a motion in the NDCA for an order to require us to cease litigation of, or alternatively file a motion to stay in, the SDFL Class Action Matter and enjoin us from seeking settlement with counsel other than plaintiffs' counsel in the NDCA Class Action Matter; and (ii) on November 2, 2023, a motion in the SDFL for that court to allow them to intervene and appear in the SDFL action, transfer the SDFL Class Action Matter to the NDCA and reconsider and deny its preliminary approval of the proposed settlement. The SDFL has issued an order requiring the SDFL plaintiffs to, among other things, file a response to the NDCA plaintiffs' motion to intervene. Additionally, U.S. District Judge Araceli Martínez-Olguín in the NDCA issued an order for us to show cause as to why we should not be sanctioned for an alleged failure to provide notification to the NDCA of the pendency of the SDFL Class Action Matter. We filed our written response to this order on November 8, 2023. The NDCA held a hearing on November 14, 2023, and ordered parties to the litigation to participate in mediation. The parties participated in mediation on January 10, 2024, and have agreed to participate in an additional day of mediation, which occurred on March 7, 2024. Negotiations between the parties remain ongoing.

Based on the proposed settlement agreement, we determined that an estimated \$13.0 million loss was probable and accrued \$12.5 million as of December 31, 2023, which was net of an initial \$0.5 million payment to a third party qualified settlement fund that we do not own, which will be disbursed to the plaintiffs if required conditions are satisfied. Based on ongoing negotiations and mediation between the parties, we determined the estimated probable loss to be \$28.0 million as of March 31, 2024, for which \$27.5 million was accrued within accrued expenses and other current liabilities in our condensed consolidated balance sheet as of March 31, 2024. While this amount represents our best judgment of the probable loss based on the information currently available to us, it is subject to significant judgments and estimates and numerous factors beyond our control, including, without limitation, final approval of the court or the results of mediation. The results of legal proceedings are inherently uncertain, and upon final resolution of these matters, it is reasonably possible that the actual loss may differ from our estimate.

On April 22, 2024, Lisa Marie Barsuli, individually and on behalf of all others similarly situated, filed a class action lawsuit against us and certain of our executive officers in the United States District Court for the Central District of California (Case No. 2:24-cv-3282). The plaintiffs seek compensatory damages and equitable relief as well as interest, fees and costs. The complaint alleges violations of Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder, and asserts that we and certain of our executive officers failed to disclose to investors the risk relating to a grocery chain taking actions that impacted acceptance of our discounted pricing for a subset of prescription drugs from PBMs, whose pricing we promote on our platform (the “grocer issue”), which occurred late in the first quarter of 2022. As alleged in the complaint, when we disclosed the occurrence of the grocer issue, our stock price fell, causing investor losses. We intend to vigorously defend against these claims. We believe we have meritorious defenses to the claims of the plaintiff and members of the class and based upon information presently known to management, we have not accrued a loss for this class action lawsuit as a loss is not probable and reasonably estimable. While it is reasonably possible a loss may have been incurred, we are unable to estimate a loss or range of loss in this matter.

These pending proceedings involve complex questions of fact and law and may require the expenditure of significant funds and the diversion of other resources to defend. In addition, during the normal course of business, we may become subject to, and are presently involved in, legal proceedings, claims and litigation. Such matters are subject to many uncertainties and outcomes are not predictable with assurance. We have not accrued a loss for any other matters as a loss is not probable and a loss, or a range of loss, is not reasonably estimable. Accruals for loss contingencies are recognized when a loss is probable, and the amount of such loss can be reasonably estimated. See "Note 4. Accrued Expenses and Other Current Liabilities." Loss recoveries are recognized when a loss has been incurred and the recovery is probable. See "Note 3. Prepaid Expenses and Other Current Assets."

In February 2023, we initiated arbitration against Famulus Health, LLC (“Famulus”) before the American Arbitration Association in relation to Famulus’ breach of an agreement entered into by Famulus and us in June 2020, as amended (the “Agreement”). GoodRx asserted claims for Famulus’ breach of the confidentiality and exclusivity provisions in the Agreement, seeking to recover damages and injunctive relief. On February 15, 2024, an arbitration award was rendered, which included a damages award and a permanent injunction (the “Arbitration Award”). Famulus filed a petition to vacate the Arbitration Award on February 21, 2024 in the United States District Court for the District of South Carolina (“DSC”). GoodRx filed a petition to confirm the Arbitration Award on February 22, 2024 in the DSC. In April 2024, several motions and oppositions were filed, which were consolidated by the DSC on April 12, 2024. The DSC held a hearing on April 30, 2024 on the consolidated actions and an order issuance is pending. We can not make any assurance as to the outcome of the Arbitration Award and when the Arbitration Award will be collected. Any gain on this matter is considered a gain contingency and will be recognized in the period in which the Arbitration Award is realized or realizable, pursuant to ASC 450, *Contingencies*.

8. Revenue

For the three months ended March 31, 2024 and 2023, revenue comprised the following:

<i>(in thousands)</i>	Three Months Ended March 31,	
	2024	2023
Prescription transactions revenue	\$ 145,395	\$ 134,907
Subscription revenue	22,601	24,143
Pharma manufacturer solutions revenue	24,509	20,435
Other revenue	5,375	4,501
Total revenue	\$ 197,880	\$ 183,986

9. Stockholders' Equity

On February 23, 2022, our board of directors (“Board”) authorized the repurchase of up to an aggregate of \$250.0 million of our Class A common stock through February 23, 2024. On February 27, 2024, our Board approved a new stock repurchase program which authorized the repurchase of up to an aggregate of \$450.0 million of our Class A common stock with no expiration date. Repurchases under these repurchase programs may be made in the open market, in privately negotiated transactions or otherwise, with the amount and timing of repurchases to be determined at our discretion, depending on market conditions and corporate needs, or under a trading plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c)(1) under the Exchange Act (a “Rule 10b5-1 Plan”). These repurchase programs do not obligate us to acquire any particular amount of Class A common stock and may be modified, suspended or terminated at any time at the discretion of our Board. Repurchased shares are subsequently retired and returned to the status of authorized but unissued. As of March 31, 2024, we had \$295.2 million available for future repurchases of our Class A common stock under the new stock repurchase program.

On March 6, 2024, we entered into two Stock Purchase Agreements with related parties, one with Spectrum Equity VII, L.P., Spectrum VII Investment Managers' Fund, L.P., and Spectrum VII Co-Investment Fund, L.P. (collectively, “Spectrum”),

and one with Francisco Partners IV, L.P. and Francisco Partners IV-A (collectively, "Francisco Partners"), pursuant to which we agreed to repurchase 6.2 million and 14.6 million shares of our Class A common stock (after giving effect to the automatic conversion of our Class B common stock to Class A common stock upon such repurchase) from Spectrum and Francisco Partners, respectively, for an aggregate repurchase of 20.9 million shares of our Class A common stock at a price of \$7.19 per share, in each case representing a discount from our closing share price of \$7.57 on the date of the execution of the Stock Purchase Agreements (the "Spectrum and Francisco Partners Repurchase"). The repurchase was approved by our Board and its Audit Committee as part of the \$450.0 million repurchase program approved in February 2024. Closing of the Spectrum and Francisco Partners Repurchase occurred on March 11, 2024 for an aggregate consideration of \$151.4 million, inclusive of direct costs and estimated excise taxes associated with the repurchases.

The following table presents information about our repurchases of our Class A common stock:

<i>(in thousands)</i>	Three Months Ended March 31,	
	2024	2023
Number of shares repurchased	21,329	1,570
Cost of shares repurchased	\$ 154,814	\$ 9,517

10. Basic and Diluted Loss Per Share

As we have net losses for the three months ended March 31, 2024 and 2023, diluted loss per share is the same as basic loss per share, because potentially dilutive shares are excluded from the computation of loss per share as their effect is anti-dilutive.

The following weighted average potentially dilutive shares are excluded from the computation of diluted loss per share for the periods presented because including them would have been antidilutive:

<i>(in thousands)</i>	Three Months Ended March 31,	
	2024	2023
Stock options, restricted stock awards and restricted stock units	50,062	38,027

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis of our financial condition and results of operations together with our condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q, as well as Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Part II, Item 8, “Financial Statements and Supplementary Data” included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 filed with the Securities and Exchange Commission (“SEC”) on February 29, 2024 (“2023 10-K”). This discussion contains forward-looking statements based upon current plans, expectations and beliefs involving risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth in the “Risk Factors” section of our 2023 10-K and other factors set forth in other parts of this Quarterly Report on Form 10-Q and our filings with the SEC.

Glossary of Selected Terminology

As used in this Quarterly Report on Form 10-Q, unless the context otherwise requires, references to:

- “**we**,” “**us**,” “**our**,” the “**Company**,” “**GoodRx**,” and similar references refer to GoodRx Holdings, Inc. and its consolidated subsidiaries.
- “**Co-Founders**” refers to Trevor Bezdek, our Chairman and a director of the Company, and Douglas Hirsch, our Chief Mission Officer and a director of the Company.
- “**consumers**” refer to the general population in the United States that uses or otherwise purchases healthcare products and services. References to “**our consumers**” or “**GoodRx consumers**” refer to consumers that have used one or more of our offerings.
- “**discounted price**” refers to a price for a prescription provided on our platform that represents a negotiated rate provided by one of our PBM partners at a retail pharmacy or under a direct contract with one of our partner pharmacies. Through our platform, our discounted prices are free to access for consumers by saving a GoodRx code to their mobile device for their selected prescription and presenting it at the chosen pharmacy. The term “discounted price” excludes prices we may otherwise source, such as prices from patient assistance programs for low-income individuals and Medicare prices, and any negotiated rates offered through our subscription offerings: GoodRx Gold (“**Gold**”), and Kroger Rx Savings Club powered by GoodRx (“**Kroger Savings**”).
- “**GoodRx code**” refers to codes that can be accessed by our consumers through our apps or websites or that can be provided to our consumers directly by healthcare professionals, including physicians and pharmacists, that allow our consumers free access to our discounted prices or a lower list price for their prescriptions when such code is presented at their chosen pharmacy.
- “**Monthly Active Consumers**” refers to the number of unique consumers who have used a GoodRx code to purchase a prescription medication in a given calendar month and have saved money compared to the list price of the medication. A unique consumer who uses a GoodRx code more than once in a calendar month to purchase prescription medications is only counted as one Monthly Active Consumer in that month. A unique consumer who uses a GoodRx code in two or three calendar months within a quarter will be counted as a Monthly Active Consumer in each such month. Monthly Active Consumers do not include subscribers to our subscription offerings, consumers of our pharma manufacturer solutions offering, or consumers who used our telehealth offering. When presented for a period longer than a month, Monthly Active Consumers is averaged over the number of calendar months in such period. For example, a unique consumer who uses a GoodRx code twice in January, but who did not use our prescription transactions offering again in February or March, is counted as 1 in January and as 0 in both February and March, thus contributing 0.33 to our Monthly Active Consumers for such quarter (average of 1, 0 and 0). A unique consumer who uses a GoodRx code in January and in March, but did not use our prescription transactions offering in February, would be counted as 1 in January, 0 in February and 1 in March, thus contributing 0.66 to our Monthly Active Consumers for such quarter. Monthly Active Consumers from acquired companies are only included beginning in the first full quarter following the acquisition.
- “**partner pharmacies**” refers to select licensed pharmacies with whom we have direct contractual agreements.
- “**PBM**” refers to a pharmacy benefit manager. PBMs aggregate demand to negotiate prescription medication prices with pharmacies and pharma manufacturers. PBMs find most of their demand through relationships with insurance companies and employers. However, nearly all PBMs also have consumer direct or cash network pricing that they negotiate with pharmacies for consumers who choose to purchase prescriptions outside of insurance.
- “**pharma**” is an abbreviation for pharmaceutical.
- “**savings**,” “**saved**” and similar references refer to the difference between the list price for a particular prescription at a particular pharmacy and the price paid by the GoodRx consumer for that prescription utilizing a GoodRx code available through our platform at that same pharmacy. In certain circumstances, we may show

a list price on our platform when such list price is lower than the negotiated price available using a GoodRx code and, in certain circumstances, a consumer may use a GoodRx code and pay the list price at a pharmacy if such list price is lower than the negotiated price available using a GoodRx code. We do not earn revenue from such transactions, but our savings calculation includes an estimate of the savings achieved by the consumer because our platform has directed the consumer to the pharmacy with the low list price. This estimate of savings when the consumer pays the list price is based on internal data and is calculated as the difference between the average list price across all pharmacies where GoodRx consumers paid the list price and the average list price paid by consumers in the pharmacies to which we directed them. We do not calculate savings based on insurance prices as we do not have information about a consumer's specific coverage or price. We do not believe savings are representative or indicative of our revenue or results of operations.

- “**subscribers**” and similar references refers to our consumers that are subscribed to either of our subscription offerings, Gold or Kroger Savings. References to subscription plans as of a particular date represents an active subscription to either one of our aforementioned subscription offerings as of the specified date. Each subscription plan may represent more than one subscriber since family subscription plans may include multiple members.

Certain monetary amounts, percentages, and other figures included in this Quarterly Report on Form 10-Q have been subject to rounding adjustments. Percentage amounts included in this Quarterly Report on Form 10-Q have not in all cases been calculated on the basis of such rounded figures, but on the basis of such amounts prior to rounding. For this reason, percentage amounts in this Quarterly Report on Form 10-Q may vary from those obtained by performing the same calculations using the figures in our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q. Certain other amounts that appear in this Quarterly Report on Form 10-Q may not sum due to rounding.

Overview

Our mission is to help Americans get the healthcare they need at a price they can afford. To achieve this, we are building the leading consumer-focused digital healthcare platform in the United States. We believe our financial results reflect the significant market demand for our offerings and the value that we provide to the broader healthcare ecosystem.

For the three months ended March 31, 2024 as compared to the same period of 2023:

- Revenue and Adjusted Revenue increased 8% to \$197.9 million from \$184.0 million;
- Net loss and net loss margin were \$1.0 million and 0.5%, respectively, compared to net loss and net loss margin of \$3.3 million and 1.8%, respectively; and
- Adjusted EBITDA and Adjusted EBITDA Margin were \$62.8 million and 31.7%, respectively, compared to \$53.2 million and 28.9%, respectively.

Revenue, net loss and net loss margin are financial measures prepared in conformity with accounting principles generally accepted in the United States (“GAAP”). Adjusted Revenue, Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP financial measures. For a reconciliation and presentation of Adjusted Revenue, Adjusted EBITDA and Adjusted EBITDA Margin to the most directly comparable GAAP financial measures, information about why we consider Adjusted Revenue, Adjusted EBITDA and Adjusted EBITDA Margin useful and a discussion of the material risks and limitations of these measures, please see “Key Financial and Operating Metrics—Non-GAAP Financial Measures” below.

Key Financial and Operating Metrics

We use Monthly Active Consumers, subscription plans, Adjusted Revenue, Adjusted EBITDA and Adjusted EBITDA Margin to assess our performance, make strategic and offering decisions and build our financial projections. The number of Monthly Active Consumers and subscription plans are key indicators of the scale of our consumer base and a gauge for our marketing and engagement efforts. We believe these operating metrics reflect our scale, growth and engagement with consumers.

We exited the first quarter of 2024 with approximately 8 million prescription-related consumers that used GoodRx across our prescription transactions and subscription offerings. Our prescription-related consumers represent the sum of Monthly Active Consumers for the three months ended March 31, 2024 and subscribers to our subscription plans as of March 31, 2024.

Monthly Active Consumers

<i>(in millions)</i>	Three Months Ended				
	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Monthly Active Consumers	6.7	6.4	6.1	6.1	6.1

Subscription Plans

Subscription plans have been impacted by a sequential decline in our subscription plans for Kroger Savings as a result of reduced marketing spend in relation to that offering. We expect our subscription plans for Kroger Savings to continue to sequentially decline through July 2024, the expected sunset of the program. Gold subscription plans increased year-over-year and accounted for 708 thousand of our total subscription plans as of March 31, 2024.

<i>(in thousands)</i>	As of				
	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Subscription plans	778	884	930	969	1,007

Non-GAAP Financial Measures

Adjusted Revenue, Adjusted EBITDA and Adjusted EBITDA Margin are key measures we use to assess our financial performance and are also used for internal planning and forecasting purposes. We believe Adjusted Revenue, Adjusted EBITDA and Adjusted EBITDA Margin are helpful to investors, analysts and other interested parties because they can assist in providing a more consistent and comparable overview of our operations across our historical financial periods. In addition, these measures are frequently used by analysts, investors and other interested parties to evaluate and assess performance.

We define Adjusted Revenue for a particular period as revenue excluding client contract termination costs associated with restructuring related activities. We exclude these costs from revenue because we believe they are not indicative of past or future underlying performance of the business.

We define Adjusted EBITDA for a particular period as net income or loss before interest, taxes, depreciation and amortization, and as further adjusted, as applicable, for acquisition related expenses, stock-based compensation expense, payroll tax expense related to stock-based compensation, loss on extinguishment of debt, financing related expenses, loss on operating lease assets, restructuring related expenses, legal settlement expenses, charitable stock donation, gain on sale of business and other income or expense, net. Adjusted EBITDA Margin represents Adjusted EBITDA as a percentage of Adjusted Revenue.

Adjusted Revenue, Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP financial measures and are presented for supplemental informational purposes only and should not be considered as alternatives or substitutes to financial information presented in accordance with GAAP. These measures have certain limitations in that they do not include the impact of certain costs that are reflected in our condensed consolidated statements of operations that are necessary to run our business. Other companies, including other companies in our industry, may not use these measures or may calculate these measures differently than as presented in this Quarterly Report on Form 10-Q, limiting their usefulness as comparative measures.

The following table presents a reconciliation of net loss and revenue, the most directly comparable financial measures calculated in accordance with GAAP, to Adjusted EBITDA and Adjusted Revenue, respectively, and presents net loss margin, the most directly comparable financial measure calculated in accordance with GAAP, with Adjusted EBITDA Margin:

<i>(dollars in thousands)</i>	Three Months Ended March 31,	
	2024	2023
Net loss	\$ (1,009)	\$ (3,290)
Adjusted to exclude the following:		
Interest income	(7,555)	(7,234)
Interest expense	14,643	13,133
Income tax expense	1,302	6,886
Depreciation and amortization	15,942	14,939
Other expense	—	1,808
Financing related expenses ⁽¹⁾	440	—
Acquisition related expenses ⁽²⁾	174	1,056
Restructuring related expenses ⁽³⁾	(125)	—
Legal settlement expenses ⁽⁴⁾	13,000	—
Stock-based compensation expense	25,096	25,499
Payroll tax expense related to stock-based compensation	879	440
Adjusted EBITDA	<u>\$ 62,787</u>	<u>\$ 53,237</u>
Revenue and Adjusted Revenue ⁽⁵⁾	\$ 197,880	\$ 183,986
Net loss margin	(0.5%)	(1.8%)
Adjusted EBITDA Margin	31.7%	28.9%

- (1) Financing related expenses include third party fees related to proposed financings.
- (2) Acquisition related expenses principally include costs for actual or planned acquisitions including related third-party fees, legal, consulting and other expenditures, and as applicable, severance costs and retention bonuses to employees related to acquisitions and change in fair value of contingent consideration. From time to time, acquisition related expenses may also include similar transaction related costs for business dispositions.
- (3) Restructuring related expenses include employee severance and other personnel related costs in connection with various workforce optimization and organizational changes to better align with our strategic goals and future scale.
- (4) Legal settlement expenses consist of periodic settlement costs for significant and unusual litigation matters. We believe these costs do not represent recurring expenses arising in the ordinary course of business that are indicative of our overall operating performance.
- (5) Revenue was equal to Adjusted Revenue as there was no client contract termination cost associated with restructuring related activities in the periods presented.

Components of our Results of Operations

For a description of the components of our results of operations, refer to Note 2 to our audited consolidated financial statements included in our 2023 10-K. In addition, for a description of primary drivers that may cause our revenue, costs and operating expenses to fluctuate from period to period, including seasonality, refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our 2023 10-K.

Results of Operations

The following table sets forth our results of operations for the three months ended March 31, 2024 and 2023:

<i>(dollars in thousands)</i>	Three Months Ended March 31, 2024	% of Total Revenue	Three Months Ended March 31, 2023	% of Total Revenue	Change (\$)	Change (%)
Revenue:						
Prescription transactions revenue	\$ 145,395	73%	\$ 134,907	73%	\$ 10,488	8%
Subscription revenue	22,601	11%	24,143	13%	(1,542)	(6%)
Pharma manufacturer solutions revenue	24,509	12%	20,435	11%	4,074	20%
Other revenue	5,375	3%	4,501	2%	874	19%
Total revenue	<u>197,880</u>		<u>183,986</u>			
Costs and operating expenses:						
Cost of revenue, exclusive of depreciation and amortization presented separately below	12,468	6%	16,695	9%	(4,227)	(25%)
Product development and technology	31,017	16%	32,908	18%	(1,891)	(6%)
Sales and marketing	89,964	45%	78,522	43%	11,442	15%
General and administrative	41,108	21%	29,619	16%	11,489	39%
Depreciation and amortization	15,942	8%	14,939	8%	1,003	7%
Total costs and operating expenses	<u>190,499</u>		<u>172,683</u>			
Operating income	<u>7,381</u>		<u>11,303</u>			
Other expense, net:						
Other expense	—	0%	(1,808)	1%	1,808	n/m
Interest income	7,555	4%	7,234	4%	321	4%
Interest expense	(14,643)	7%	(13,133)	7%	(1,510)	11%
Total other expense, net	<u>(7,088)</u>		<u>(7,707)</u>			
Income before income taxes	293		3,596			
Income tax expense	(1,302)	1%	(6,886)	4%	5,584	(81%)
Net loss	<u>\$ (1,009)</u>		<u>\$ (3,290)</u>			

Revenue

All of our revenue has been generated in the United States.

Prescription transactions revenue increased \$10.5 million, or 8%, year-over-year, primarily as a result of a 10% increase in the number of our Monthly Active Consumers from organic growth, including expansion of our integrated savings program, which integrates our discounts and pricing in a seamless experience at the pharmacy counter for eligible plan members served by certain PBM partners. The impact from the increase in the number of our Monthly Active Consumers was partially offset by an increase in consumer discounts, which are all recognized as a reduction of revenue beginning in December 2023 as a result of a change in some aspects of our consumer incentives program. For further information regarding our consumer incentives program, see Note 2 to our audited consolidated financial statements included in our 2023 10-K.

Subscription revenue decreased \$1.5 million, or 6%, year-over-year, primarily driven by a decrease in the number of subscription plans due to the anticipated sunset of Kroger Savings with 778 thousand subscription plans as of March 31, 2024 compared to 1,007 thousand as of March 31, 2023. Given the subscription fee is higher for Gold relative to Kroger Savings, we expect the anticipated sunset of Kroger Savings will result in a higher year-over-year decline in subscription plans relative to subscription revenue.

Pharma manufacturer solutions revenue increased \$4.1 million, or 20%, year-over-year, primarily driven by organic growth as we continued to expand our market penetration with pharma manufacturers and other customers, partially offset by a \$2.4 million decrease in revenue contribution from vitaCare Prescription Services, Inc., a solution we de-prioritized in connection with the restructuring of our pharma manufacturer solutions offering in the second half of 2023. We expect pharma manufacturer solutions to continue to grow as a percentage of total revenue in the near to medium term as we continue to scale and expand available services, capabilities and platforms of our pharma manufacturer solutions offering.

Costs and Operating Expenses

Cost of revenue, exclusive of depreciation and amortization

Cost of revenue decreased \$4.2 million, or 25%, year-over-year, primarily driven by a \$3.8 million decrease in outsourced and in-house personnel and other costs related to consumer support and a \$2.1 million decrease in allocated overhead, both due to lower average headcount principally as a result of the restructuring of our pharma manufacturer solutions offering in the second half of 2023. The impact from these drivers was partially offset by a \$1.1 million increase in processing fees.

Product development and technology

Product development and technology expenses decreased \$1.9 million, or 6%, year-over-year, primarily driven by a \$3.0 million decrease in payroll and related costs largely due to higher capitalization of certain qualified costs related to the development of internal-use software and lower average headcount.

Sales and marketing

Sales and marketing expenses increased \$11.4 million, or 15%, year-over-year, primarily driven by a \$10.1 million increase in advertising expenses, a \$7.3 million increase in payroll and related costs, principally from higher stock-based compensation expense due to changes in our employee composition, and a \$2.7 million increase in third-party marketing expenses. The impact from these drivers was partially offset by a \$9.7 million decrease in promotional expenses substantially in the form of consumer discounts, whereas beginning in December 2023 these are recognized as a reduction of revenue as described in our discussion and analysis of prescription transactions revenue above.

General and administrative

General and administrative expenses increased \$11.5 million, or 39%, year-over-year, primarily driven by a net \$13.0 million estimated legal settlement loss recognized in the first quarter of 2024 with respect to an ongoing litigation (see Note 7 to our condensed consolidated financial statements) and a \$3.3 million increase in payroll and related expenses, principally from equity awards granted to our Interim Chief Executive Officer in the second quarter of 2023 and first quarter of 2024. The impact from these drivers was partially offset by a \$4.5 million decrease in stock-based compensation expense related to awards granted to our Co-Founders in 2020.

Depreciation and amortization

Depreciation and amortization expenses increased \$1.0 million, or 7%, year-over-year, primarily driven by higher amortization related to capitalized software due to higher capitalization costs for platform improvements and the introduction of new products and features. The year-over-year change in depreciation and amortization was partially offset by lower amortization related to certain intangible assets that were fully amortized in 2023 in connection with the restructuring of our pharma manufacturer solutions offering in the second half of 2023.

Other Expense

Other expense decreased by \$1.8 million year-over-year, due to an impairment loss on one of our minority equity interest investments recognized in the first quarter of 2023.

Interest Expense

Interest expense increased by \$1.5 million, or 11%, year-over-year, primarily due to higher interest rates, partially offset by lower average debt balances.

Income Taxes

For the three months ended March 31, 2024 and 2023, we had income tax expense of \$1.3 million and \$6.9 million, respectively, and an effective income tax rate of 444.4% and 191.5%, respectively. The year-over-year decrease in our income tax expense was primarily driven by a decrease in our estimated annual effective income tax rate due to the release of our valuation allowance in the second quarter of 2023 and a decrease in our tax effects from our equity awards.

Liquidity and Capital Resources

Since our inception, we have financed our operations primarily through net cash provided by operating activities, equity issuances, and borrowings under our long-term debt arrangements. Our principal sources of liquidity are our cash and cash equivalents and borrowings available under our \$100.0 million secured revolving credit facility which expires on July 11, 2025. As of March 31, 2024, we had cash and cash equivalents of \$533.3 million and \$91.7 million available under our revolving credit facility. For additional information regarding our revolving credit facility and our term loan, see Note 6 to our condensed consolidated financial statements appearing elsewhere in this Quarterly Report on Form 10-Q.

As of March 31, 2024, there were no material changes to our primary short-term and long-term requirements for liquidity and capital or to our contractual commitments as disclosed in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our 2023 10-K. Based on our current conditions, we believe that our net cash provided by operating activities and cash on hand will be adequate to meet our operating, investing and financing needs for at least the next twelve months from the date of the issuance of the accompanying unaudited condensed consolidated financial statements. Our future capital requirements will depend on many factors, including the growth of our business, the timing and extent of investments, sales and marketing activities, and many other factors as described in Part I, Item 1A, "Risk Factors" of our 2023 10-K.

If necessary, we may borrow funds under our revolving credit facility to finance our liquidity requirements, subject to customary borrowing conditions. To the extent additional funds are necessary to meet our long-term liquidity needs as we continue to execute our business strategy, we anticipate that they will be obtained through the incurrence of additional indebtedness, additional equity financings or a combination of these potential sources of funds; however, such financing may not be available on favorable terms, or at all. If we are unable to raise additional funds when or on the terms desired, our business, financial condition and results of operations could be adversely affected.

Holding Company Status

GoodRx Holdings, Inc. is a holding company that does not conduct any business operations of its own. As a result, GoodRx Holdings, Inc. is largely dependent upon cash distributions and other transfers from its subsidiaries to meet its obligations and to make future dividend payments, if any. Our existing debt arrangements contain covenants restricting payments of dividends by our subsidiaries, including GoodRx, Inc., unless certain conditions are met. These covenants provide for certain exceptions for specific types of payments. Based on these restrictions, all of the net assets of GoodRx, Inc. were restricted pursuant to the terms of our debt arrangements as of March 31, 2024. Since the restricted net assets of GoodRx, Inc. and its subsidiaries exceed 25% of our consolidated net assets, in accordance with Regulation S-X, see Note 18 to our consolidated financial statements included in our 2023 10-K for the condensed parent company financial information of GoodRx Holdings, Inc.

Cash Flows

<i>(in thousands)</i>	Three Months Ended March 31,	
	2024	2023
Net cash provided by operating activities	\$ 42,586	\$ 32,288
Net cash used in investing activities	(20,615)	(14,288)
Net cash used in financing activities	(160,972)	(14,090)
Net change in cash and cash equivalents	<u>\$ (139,001)</u>	<u>\$ 3,910</u>

Net cash provided by operating activities

Net cash provided by operating activities consist of net loss or income adjusted for certain non-cash items and changes in assets and liabilities. The \$10.3 million year-over-year increase in net cash provided by operations was primarily due to a \$9.4 million net increase in cash inflow from changes in operating assets and liabilities principally driven by the timing of payments of prepaid services and accounts payable, income tax payments and refunds as well as collections of accounts receivable.

Net cash used in investing activities

Net cash used in investing activities generally consist of cash used for software development costs and capital expenditures, and may also include cash used for acquisitions and investments that we may make from time to time. The \$6.3 million year-over-year increase in net cash used in investing activities was primarily driven by a \$6.1 million increase in cash paid for software development.

Net cash used in financing activities

Net cash used in financing activities primarily consist of payments related to our debt arrangements, repurchases of our Class A common stock, and net share settlement of equity awards, partially offset by proceeds from exercise of stock options. The \$146.9 million year-over-year increase in net cash used in financing activities was primarily driven by a \$143.7 million increase in payments for repurchases of our Class A common stock.

Recent Accounting Pronouncements

Refer to Note 2 to our condensed consolidated financial statements appearing elsewhere in this Quarterly Report on Form 10-Q.

Critical Accounting Policies and Estimates

During the three months ended March 31, 2024, there have been no significant changes to our critical accounting policies and estimates compared with those disclosed in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our 2023 10-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes in our market risk from the disclosure included in Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk" of our 2023 10-K.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, evaluated, as of the end of the period covered by this Quarterly Report on Form 10-Q, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, our principal executive officer and principal financial officer concluded that, as of March 31, 2024, our disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The information required under this Part II, Item 1 is set forth in Note 7 to our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q and is incorporated herein by this reference.

Item 1A. Risk Factors

There have been no material changes to the risk factors previously disclosed in our 2023 10-K. For a discussion of potential risks and uncertainties related to us, see the information included in Part I, Item 1A, "Risk Factors" of our 2023 10-K.

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

Unregistered Sales of Equity Securities

None.

Use of Proceeds

On September 25, 2020, we completed our IPO. All shares sold were registered pursuant to a registration statement on Form S-1 (File No. 333-248465), as amended (the "Registration Statement"), declared effective by the SEC on September 22, 2020.

There have been no material changes in the expected use of the net proceeds from our IPO as described in our Registration Statement. As of March 31, 2024, we estimated we had used approximately \$426.4 million of the net proceeds from our IPO: (i) \$164.4 million for the acquisition of businesses that complement our business; and (ii) \$262.0 million for the repurchases of our Class A common stock. As of March 31, 2024, we had \$460.5 million estimated remaining net proceeds from our IPO which have been invested in investment grade, interest-bearing instruments.

Issuer Repurchases of Equity Securities

The following table presents information with respect to our repurchases of our Class A common stock during the three months ended March 31, 2024.

Period	Total Number of Shares Repurchased ⁽¹⁾	Average Price Paid per Share ⁽²⁾	Total Number of Shares Repurchased as Part of Publicly Announced Program ⁽¹⁾	Approximate Dollar Value of Shares that May Yet Be Repurchased Under the Program (in thousands)
January 1 -31	—	\$ —	—	\$ —
February 1 - 29	—	\$ —	—	\$ —
March 1 - 31	21,329,492	\$ 7.26	21,329,492	\$ 295,185
Total	<u>21,329,492</u>		<u>21,329,492</u>	

(1) The repurchases are being executed from time to time, subject to general business and market conditions and other investment opportunities, through open market purchases or privately negotiated transactions, which may include repurchases through Rule 10b5-1 plans. See Note 9 to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for additional information related to our old \$250.0 million stock repurchase program that was publicly announced on February 28, 2022 and expired on February 23, 2024, in addition to our new \$450.0 million stock repurchase program with no expiration date, which was publicly announced on February 29, 2024.

(2) Average price paid per share includes direct costs and estimated excise taxes associated with the repurchases.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Insider Trading Arrangements

During the three months ended March 31, 2024, none of our directors or officers (as defined in Section 16 of the Exchange Act), adopted or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act or any "non-Rule 10b5-1 trading arrangement" (as defined in Item 408(c) of Regulation S-K of the Exchange Act).

Item 6. Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed/ Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
3.1	Amended and Restated Certificate of Incorporation	8-K	001-39549	3.1	9/28/20	
3.2	Amended and Restated Bylaws	8-K	001-39549	3.2	9/28/20	
4.1	Form of Certificate of Class A Common Stock	S-1	333-248465	4.1	8/28/20	
4.2	Form of Certificate of Class B Common Stock	S-8	333-249069	4.4	9/25/20	
10.1	Fourth Amendment to Office Lease Agreement by and between GoodRx, Inc. and Pen Factory Property Owner, LLC, dated February 7, 2024					*
10.2†	Fifth Amendment to First Lien Credit Agreement, dated February 20, 2024	8-K	001-39549	10.1	2/26/24	
10.3†	Separation Agreement & Release, by and between GoodRx, Inc. and Raj Beri, dated February 22, 2024	8-K	001-39549	10.2	2/26/24	
10.4	Employment Agreement, by and between GoodRx, Inc. and Karsten Voermann, dated March 4, 2024	8-K	001-39549	10.1	3/7/24	
10.5	First Amendment to Employment Agreement, by and between GoodRx, Inc. and Scott Wagner, dated March 13, 2024	8-K	001-39549	10.1	3/14/24	
10.6	Non-Employee Director Deferred Compensation Plan	10-K	001-39549	10.18	2/29/24	
10.6.1	Form of Director Deferred Cash Fees RSU Agreement	10-K	001-39549	10.18.1	2/29/24	
10.6.2	Form of Director Deferred RSU Agreement	10-K	001-39549	10.18.2	2/29/24	
31.1	Certification of Interim Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a)					*
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a)					*
32.1	Certification of Interim Chief Executive Officer pursuant to 18 U.S.C. Section 1350					**
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350					**
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document					*
101.SCH	Inline XBRL Taxonomy Extension Schema Document					*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)					*

* Filed herewith.

** Furnished herewith.

† The annexes, schedules, and certain exhibits to this Exhibit have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Registrant hereby agrees to furnish supplementally a copy of any omitted annex, schedule or exhibit to the SEC upon request.

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.

GOODRX HOLDINGS, INC.

Date: May 9, 2024

By: /s/ Scott Wagner

Scott Wagner

Interim Chief Executive Officer

(Principal Executive Officer)

Date: May 9, 2024

By: /s/ Karsten Voermann

Karsten Voermann

Chief Financial Officer

(Principal Financial Officer)

Date: May 9, 2024

By: /s/ Romin Nabiey

Romin Nabiey

Chief Accounting Officer

(Principal Accounting Officer)