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

FORM 8-K/A
(Amendment No. 1)

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 31, 2018

LendingTree, Inc.
(Exact name of registrant as specified in charter)

Delaware	**001-34063**	**26-2414818**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

11115 Rushmore Drive, Charlotte, NC	**28277**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(704) 541-5351**

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

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

EXPLANATORY NOTE

On October 31, 2018, LendingTree, Inc. (the "Company"), filed a Current Report on Form 8-K (the "Form 8-K") to report the acquisition by LendingTree, LLC ("Buyer"), a wholly-owned subsidiary of the Company, of QuoteWizard.com, LLC, a Delaware limited liability company ("QuoteWizard"). This Amendment No. 1 to the Form 8-K amends and supplements Item 9.01 to include the financial information described in Item 9.01 below. Except as stated in this Explanatory Note, no other information contained in the Form 8-K is changed.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired.

The audited financial statements of QuoteWizard as of and for the years ended December 31, 2017 and 2016 are filed as Exhibit 99.2 to this report and incorporated herein by reference.

The unaudited consolidated balance sheet as of June 30, 2018 and the unaudited consolidated statements of income, changes in members' equity and cash flows for the six months ended June 30, 2018 and 2017 are filed as Exhibit 99.3 to this report and incorporated herein by reference.

(b) Pro forma financial information.

The pro forma financial information required by Item 9.01(b) of Form 8-K is attached hereto as Exhibit 99.4 to this report and incorporated herein by reference.

(d) Exhibits.

Exhibit No.	Exhibit Description
2.1	Unit Purchase Agreement dated as of October 4, 2018 by and among LendingTree, LLC, QuoteWizard.com, LLC, all of the members of QuoteWizard.com, LLC, and Scott Peyree as the Securityholder Representative.*†
23.1	Consent of RSM US LLP, Certified Public Accountants.
99.1	Press Release issued on October 31, 2018.††
99.2	Audited financial statements of QuoteWizard.
99.3	Unaudited interim financial statements of QuoteWizard.
99.4	Unaudited pro forma condensed combined financial statements.

* The schedules (and similar attachments) to this exhibit have been omitted from this filing pursuant to Item 601(b)(2) of Regulation S-K. The registrant agrees to furnish a supplemental copy of any omitted schedule (or similar attachment) to the Securities and Exchange Commission upon request.

† Previously filed on Form 8-K/A on October 12, 2018.

†† Previously filed on Form 8-K on October 10, 2018.

SIGNATURE

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

Date: January 11, 2019

LENDINGTREE, INC.

By: /s/ J.D. Moriarty

J.D. Moriarty

Chief Financial Officer

EXHIBIT INDEX

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†† Previously filed on Form 8-K on October 10, 2018.

Exhibit 23.1

CONSENT OF INDEPENDENT AUDITOR

We consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-197952, No. 333-182670 and No. 333-218747) of LendingTree, Inc. of our report dated October 2, 2018, except for the reclassification described in Note 2 as to which the date is January 10, 2019, relating to the consolidated financial statements of QuoteWizard.com and Subsidiary, appearing in this Current Report on Form 8-K/A.

/s/ RSM US LLP

Seattle, Washington

January 10, 2019

Exhibit 99.2

Audited Financial Statements of QuoteWizard

RSM

RSM US LLP

Independent Auditor's Report

Board of Directors
QuoteWizard.com, LLC and Subsidiary
Seattle, Washington

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of QuoteWizard.com, LLC and Subsidiary (the Company), which comprise the consolidated balance sheets as of December 31, 2017 and 2016, the related consolidated statements of income, changes in members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of QuoteWizard.com, LLC and Subsidiary as of December 31, 2017 and 2016, and the results of their consolidated operations and their consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

Seattle, Washington
October 2, 2018, except as to Note 2, which is as of January 10, 2019.

QuoteWizard.com, LLC and Subsidiary

Consolidated Balance Sheets
December 31, 2017 and 2016

		2017		2016
Assets				
Current assets:				
Cash and cash equivalents	$	144,074	$	-
Accounts receivable		10,791,535		5,970,651
Prepaid expenses		980,862		714,395
Total current assets		11,916,471		6,685,046
Fixed assets:				
Office equipment		1,975,503		1,965,508
Software purchases		208,210		200,110
Leasehold improvements		809,204		802,544
Software development		535,628		535,628
Total cost		3,528,545		3,503,790
Less accumulated depreciation and amortization		2,346,702		1,596,432
Fixed assets, net		1,181,843		1,907,358
Total assets	$	13,098,314	$	8,592,404
Liabilities and Members' Equity				
Current liabilities:				
Line of credit	$	-	$	2,283,825
Accounts payable		2,465,155		2,966,854
Accrued liabilities		1,020,487		697,898
Checks in excess of bank balance		-		572,878
Customer deposits		771,054		520,691
Current portion of deferred rent		7,364		10,529
Accrued litigation settlement		1,600,000		-
Notes payable to members		3,013,151		-
Total current liabilities		8,877,211		7,052,675
Long-term liabilities:				
Deferred rent, net of current portion		47,038		42,929
Total liabilities		8,924,249		7,095,604
Commitments and contingencies (Note 7)		-		-
Members' equity (Class A, 85,000,000 authorized units, 83,333,333 outstanding; Class B, 60,000,000 authorized units, 50,000,000 outstanding)		4,174,065		1,496,800
Total members' equity		4,174,065		1,496,800
Total liabilities and members' equity	$	13,098,314	$	8,592,404

See notes to consolidated financial statements.

QuoteWizard.com, LLC and Subsidiary

Consolidated Statements of Income
Years Ended December 31, 2017 and 2016

	2017	2016
Net revenue	$ 83,448,360	$ 78,150,360
Cost of services	9,061,920	17,381,712
Gross profit	74,386,440	60,768,648
Selling, general and administrative expenses	65,931,715	59,433,292
Settlement expense (Note 7)	1,600,000	-
Stock compensation for Quote Wizard EIP, LLC	4,301,562	482,189
Operating income	2,553,163	853,167
Other expense:		
Other expense	112,323	-
Interest expense	115,426	28,116
Total other expense	227,749	28,116
Net income	$ 2,325,414	$ 825,051

See notes to consolidated financial statements.

QuoteWizard.com, LLC and Subsidiary

Consolidated Statements of Changes in Members' Equity
Years Ended December 31, 2017 and 2016

Balance, December 31, 2015	$ 4,502,554
Distributions	(4,312,994)
Stock compensation for Quote Wizard EIP, LLC	482,189
Net income	825,051
Balance, December 31, 2016	1,496,800
Distributions	(4,127,663)
Stock compensation for Quote Wizard EIP, LLC	4,301,562
Stock compensation for options	177,952
Net income	2,325,414
Balance, December 31, 2017	$ 4,174,065

See notes to consolidated financial statements.

QuoteWizard.com, LLC and Subsidiary

Consolidated Statements of Cash Flows
Years Ended December 31, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Net income	$ 2,325,414	$ 825,051
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	750,270	639,127
Stock compensation for Quote Wizard EIP, LLC	4,301,562	482,189
Stock compensation for options	177,952	-
Changes in operating assets and liabilities:		
Accounts receivable	(4,820,884)	569,793
Prepaid expenses	(266,467)	(90,247)
Accounts payable	(501,699)	(1,039,867)
Accrued liabilities and other current liabilities	1,935,740	(365,714)
Customer deposits	250,363	(325,975)
Deferred rent	944	(33,217)
Net cash provided by operating activities	4,153,195	661,140
Cash flows from investing activities:		
Purchases of fixed assets	(24,755)	(1,253,970)
Net cash used in investing activities	(24,755)	(1,253,970)
Cash flows from financing activities:		
Distributions	(4,127,663)	(4,312,994)
Checks in excess of bank balance	(572,878)	572,878
Net (repayments) borrowings on line of credit	(2,283,825)	1,283,825
Proceeds from member notes payable	3,000,000	-
Net cash used in financing activities	(3,984,366)	(2,456,291)
Net increase (decrease) in cash and cash equivalents	144,074	(3,049,121)
Cash and cash equivalents:		
Beginning of year	-	3,049,121
End of year	$ 144,074	$ -
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 102,275	$ 28,116

See notes to consolidated financial statements.

Note 1. Nature of Business and Summary of Significant Accounting Policies

Nature of business: QuoteWizard.com, LLC (the Company) is an online marketing/advertising and lead generation company with operations in Seattle, Washington, and Denver, Colorado. The Company was organized June 5, 2007, as a Delaware limited liability company, upon the filing of its articles of organization with the Secretary of the State of the state of Delaware. The Company sells leads, online clicks and call transfers to independent insurance agents, corporate insurance customers, as well as competitors within the industry. Leads are primarily self-generated through the Company's Search Engine Marketing/Search Engine Optimization initiatives which generate high-intent high-converting leads, online marketing channels as well as leads purchased through data mining companies or other competitors. In December 2017, the Company formed a wholly owned subsidiary, Wizard Enterprises, LLC, for the purpose of acquiring a business (as disclosed in Note 8). There was no activity in this subsidiary in 2017.

Ownership: As of December 31, the respective ownership percentages were as follows:

	Class A Ownership (Voting)		Class B Ownership (Nonvoting)	
	2017	2016	2017	2016
Quote Wizard EIP, LLC	40.60%	40.00%	0.00%	0.00%
Scott Peyree	14.85%	15.00%	34.91%	25.00%
John Anderson	14.85%	15.00%	18.52%	25.00%
Rob Peyree	14.85%	15.00%	18.52%	25.00%
Tom Peyree	14.85%	15.00%	18.52%	25.00%
Scott and Michelle Peyree Children's Irrevocable Trust	0.00%	0.00%	6.35%	0.00%
Michelle Peyree	0.00%	0.00%	3.18%	0.00%
	100.00%	100.00%	100.00%	100.00%

Principles of consolidation: The consolidated financial statements include the accounts of the Company and its subsidiary. All significant intercompany accounts and transactions are eliminated in consolidation.

Variable interest entities: The Company evaluates loans it guarantees for certain legal entities in which equity investors do not have (1) sufficient equity at risk for the legal entity to finance its activities without additional subordinated financial support, (2) as a group, the power, through voting or similar rights, to direct the activities of the legal entity that most significantly impact the entity's economic performance, or (3) the obligation to absorb the expected losses of the legal entity or the right to receive expected residual returns of the legal entity. Such legal entities are referred to as variable interest entities (VIE).

The Company would consolidate the results of any such entity in which it determined that it had a controlling financial interest, which would exist if the Company had both the power to direct the activities that most significantly affect the VIE's economic performance and the obligation to absorb the losses of, or right to receive benefits from, the VIE that could be potentially significant to the VIE. Annually, the Company reassesses whether it has a controlling financial interest in any of these legal entities.

The Company guaranteed two loans for QuoteWizard Holdings, LLC (Holdings), a related party with a bank, and outstanding balances on these loans totaled approximately $628,000 and $2,049,000 as of December 31, 2017 and 2016, respectively. The related party is current on required loan payments, and $182,000 matured and was paid off in February 2018, and approximately $446,000 is scheduled to mature in April 2019 (see Note 7). Subsequent to December 31, 2017, the loan scheduled to mature in April 2019 was also paid in full. Due to these guarantees and structure of the related party, the Company determined the related party is a VIE. Since the Company does not participate in the rights and obligations of this VIE, the Company determined that it is not the primary beneficiary and therefore has disclosed the Company's guarantee of the loan agreements. The Company's maximum exposure in its involvement with this VIE as of December 31, 2017 and 2016, is approximately $628,000 and $2,049,000, respectively.

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

Financial statement presentation: The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP).

Cash and cash equivalents: The Company considers all cash investment instruments with an original maturity of three months or less to be cash equivalents for purposes of consolidated balance sheet classification and the consolidated statements of cash flows. The Company maintains bank balances, which, at times, may exceed federally insured limits. Balances are monitored regularly, and no losses have been experienced in such accounts.

Accounts receivable and allowance for doubtful accounts: Accounts receivable are carried at original invoice amount less an estimate made for doubtful accounts based on a review of all outstanding amounts at period-end. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience with customers to determine which specific accounts need to be allowed for. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. Accounts receivable are considered past due when outstanding longer than the contractual payment terms, which are generally between 30 and 75 days. Management does not believe an allowance is necessary for the years ended December 31, 2017 and 2016.

Concentration of credit risk related to accounts receivable is limited to major customers, which are those that individually represent 10 percent or more of revenue. For the year ended December 31, 2017, three customers accounted for 66 percent of total revenue in the aggregate. Accounts receivable from these customers totaled approximately $6,978,000 as of December 31, 2017. Concentration of credit risk related to accounts receivable is limited to major customers, which are those that individually represent 10 percent or more of revenue. For the year ended December 31, 2016, two customers accounted for 25 percent of total revenue in the aggregate. Accounts receivable from these customers totaled approximately $2,600,000 as of December 31, 2016.

Prepaid expenses: Prepaid expenses consist of insurance, licensing fees, subscriptions and various service agreements. The prepaid balances are expensed on the straight-line basis over the expense's related service period.

Fixed assets: Fixed assets are stated at historical cost less accumulated depreciation and amortization. Repairs and maintenance costs are expensed as incurred. Depreciation and amortization are computed utilizing the straight-line method over the assets' estimated useful lives, which range from three to seven years. Leasehold improvements are amortized over the shorter of their lease terms or estimated useful lives. Software development includes internal and external costs capitalized after the preliminary project stage and during the application development stage of the software. Depreciation and amortization are recorded as selling, general and administrative expenses and totaled approximately $750,000 and $640,000 for the years ended December 31, 2017 and 2016, respectively.

Revenue recognition: The Company generally recognizes revenue from product sales, net of any promotional and loyalty discounts, when leads are delivered to the customer. Discounts totaled approximately $1,481,000 and $616,000 at December 31, 2017 and 2016, respectively.

Customer deposits: The Company instituted a policy requiring deposits for a new independent insurance agent to be used for future lead purchases. Deposits are recorded as a customer deposit liability when received and credited to revenue when leads are delivered to the customer.

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

Loyalty program: The Company provides independent agents with a loyalty program. The Company records loyalty expense and a corresponding liability as points are awarded to the independent agents. The estimated liability included in accrued liabilities are approximately $696,000 and $504,000 at December 31, 2017 and 2016, respectively, and represents the points available to be used and an estimate for breakage.

Cost of services: The Company currently records all outside third-party costs related to delivering revenue as cost of services.

Selling, general and administrative expenses: All internal costs as well as all outside third-party costs not directly related to delivering revenue are recorded as selling, general and administrative expenses. For the years ended December 31, 2017 and 2016, one vendor provided 64 percent of services to the Company, and two vendors provided approximately 32 percent of services to the Company, respectively. Those services relate to online marketing costs and the Company believes there are substantially the same services that could be provided by other vendors with no disruption to the Company's operations.

Online marketing and advertising costs: The Company charges advertising costs to expense as incurred. Advertising costs were approximately $43,483,000 and $35,375,000 for the years ended December 31, 2017 and 2016, respectively. Advertising costs consist primarily of list purchasing services, online marketing costs, industry-specific conferences, and promotional items to attract and obtain new agents.

Share-based compensation: The majority owner, Quote Wizard EIP, LLC (EIP), offers compensation, in the form of EIP shares, to employees of the Company. As the awards vest, compensation expense is recognized in the Company's consolidated financial statements given there are no employees in EIP. The vested unit value is accounted for as a liability or equity on EIP's financial statements and a contribution to equity in the Company's consolidated financial statements.

Compensation cost is recorded on the Company's consolidated statements of income for the EIP units vested.

The Company has granted unit options to employees under its equity incentive plan. These options are accounted for as equity and compensation expense is recorded as the options vest based on the fair value at date of grant.

Income taxes: The Company is a nontaxable entity, which provides that its members separately account for their shares of the Company's income, deductions, losses and credits. Accordingly, no federal or state income tax expense or provision has been recognized in the accompanying consolidated financial statements. Management evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of this guidance. The Company is no longer subject to tax examinations by the U.S. federal, state or local tax authorities for years before 2014.

Use of estimates: Preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates made by management, included in the consolidated financial statements, include loyalty point accrual and share-based compensation expense.

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

Recent accounting pronouncements: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), and subsequently updated it with ASU 2016-08, ASU 2016-10, ASU 2016-12 and ASU 2016-20. This standard and the related updates outline a single comprehensive model for companies to use in accounting for revenue arising from contracts with customers and supersede most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that revenue is recognized when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. Transfer of control is not the same as transfer of risks and rewards as it is considered in current guidance. The Company will also need to apply new guidance to determine whether revenue should be recognized over time or at a point in time. ASU 2014-09, as deferred by ASU 2015-14, will be effective for annual reporting periods beginning after December 15, 2018, using either of two methods: (a) retrospective to each prior reporting period presented with the option to elect certain practical expedients, as defined within ASU 2014-09; or (b) retrospective with the cumulative effect of initially applying ASU 2014-09 recognized at the date of initial application and providing certain additional disclosures, as defined in ASU 2014-09. The Company has not yet selected a transition method and is currently evaluating the impact of the pending adoption of ASU 2014-09 on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the consolidated balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition on the consolidated statement of income. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years, with early application permitted. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the consolidated financial statements, with certain practical expedients available. The Company is currently evaluating the impact of the pending adoption of the new standard on its consolidated financial statements.

In May 2017, the FASB issued ASU 2017-09, Compensation—Stock Compensation (Topic 718): Scope of Modification Accounting. ASU 2017-09 provides clarity when there are changes to the terms or conditions of a share-based payment award. The term modification is further defined by set criteria and the ASU provides guidance on how a modification should be accounted for if all the criteria are met. This guidance is effective for annual reporting periods beginning after December 15, 2017, and should be applied prospectively to an award modified on or after the adoption date. The Company is currently evaluating the impact of the pending adoption of the new standard on its consolidated financial statements.

Note 2. Reclassification

Approximately $43,100,000 and $34,600,000 of advertising costs for the years ended December 31, 2017 and 2016, respectively, were previously classified as cost of services on the consolidated statements of income have been reclassified to selling, general and administrative expenses. These costs are related to online marketing rather than direct cost of services. Both classifications are considered appropriate under U.S. GAAP, and the amounts have been reclassified as a matter of management preference. Changes are reflected in Note 1 above.

Note 3. Operating Lease Agreements

The Company leases office space under noncancellable lease agreements, with amendments, expiring in February 2021. Rent expense for operating leases totaled approximately $1,086,000 and $1,016,791 for the years ended December 31, 2017 and 2016, respectively. The Company opened a new office in Denver, Colorado, in the second quarter of 2016.

Approximate future minimum rental payments under noncancellable operating lease agreements are as follows:

Years ending December 31:	
2018	$ 1,124,530
2019	1,161,937
2020	323,467
2021	14,238
	$ 2,624,172

Note 4. Retirement and Compensation Plans

The Company sponsors a 401(k) plan that covers all eligible employees. Employees are eligible to participate in the Company's 401(k) plan on the first day of the month following their first 30 days of employment. Total compensation is eligible for deferral up to the Internal Revenue Service mandated maximum allowable limits. The plan allows for a Company match at a maximum rate of 4 percent of an employee's compensation up to $265,000. Employer contributions to the plan totaled approximately $415,000 and $485,000 for the years ended December 31, 2017 and 2016, respectively.

The Company is self-insured for dental for the years ended December 31, 2017 and 2016. The expense related to the dental insurance was approximately $71,000 and $91,000 for the years ended December 31, 2017 and 2016, respectively.

On January 11, 2017, the Company granted 4,511,246 Class B member shares to a member, which were immediately fully vested. These shares will participate in distributions as defined in the LLC operating agreement only when the fair value of the Company is over $60 million. At the date of grant, the fair market value was insignificant, and as a result there was no compensation expense recorded for the year ended December 31, 2017.

Under the Company's option plan, there are 2,030,451 options available to grant and the Company granted 1,931,455 options on various dates during 2017, all of which are outstanding as of December 31, 2017. No options have been forfeited, exercised or expired during 2017 and none of the options are exercisable as of December 31, 2017. Options vest over four years, with 25 percent vested upon the one-year anniversary of the vesting commencement date and thereafter vest monthly. The options have a ten-year maturity, with an average remaining life of 9.7 years as of December 31, 2017. The weighted-average grant date fair value is $1.19 and the weighted-average exercise price is $0.44. Total compensation expense recorded in 2017 was approximately $178,000 and is included in selling, general and administrative expenses on the consolidated statement of income. Future compensation expense will be approximately $611,000 in 2018, 2019 and 2020 and approximately $433,000 in 2021. The fair value was determined based on an option-pricing model prepared by a valuation expert.

Note 4. Retirement and Compensation Plans (Continued)

One of the members of the Company, EIP, has issued EIP units to certain employees of the Company which are considered profit interest units. EIP has authorized 225,000 Class A EIP units and 250,000 Class B EIP units. The Board of Managers of EIP has the power and discretion to issue units and to determine the terms of the award, subject to the terms of the EIP's amended and restated limited liability company agreement.

The EIP Class A voting and Class B nonvoting units vest over a period of either 10 years or four years. A summary of the nonvested EIP employee units are as follows:

	Class A Units	Fair Value	Class B Units	Fair Value
Outstanding at December 31, 2015	101,612	$ 43.10	183,097	$ 4.44
Granted	23,391	13.54	73,500	1.27
Vested	(33,468)	12.78	(34,348)	1.24
Forfeited	(23,243)	12.78	(54,240)	1.24
Outstanding at December 31, 2016, restated	68,292	5.42	168,009	0.56
Granted	2,629	144.80	9,940	14.84
Vested	(17,737)	97.11	(33,612)	11.11
Forfeited	(2,322)	97.11	(10,256)	11.11
Outstanding at December 31, 2017	50,862	188.25	134,081	19.30

As of December 31, 2017, approximately $12,262,000, based on fair value at December 31, 2017, of unrecognized compensation expense related to the EIP employee unit grants are expected to be recognized over a weighted-average period of six years. The compensation expense recorded for vested units was recorded at either an average fair value or the fair value as of December 31, 2017, depending on whether the units vested were accounted for as equity or liabilities and totaled approximately $4,302,000 for the year ended December 31, 2017, which was recognized on the consolidated statement of income.

As of December 31, 2016, approximately $464,000, based on fair value at December 31, 2016, of unrecognized compensation expense related to the EIP employee unit grants are expected to be recognized over a weighted-average period of 6.6 years. The compensation expense recorded for vested units was recorded at either an average fair value or the fair value as of December 31, 2016, depending on whether the units vested were accounted for as equity or liabilities and totaled approximately $482,000 for the year ended December 31, 2016, which was recognized on the consolidated statement of income.

The EIP units vested by employees at December 31, 2017, were valued at approximately $5,500,000 and is made up of 71,813 Class A EIP vested units and 79,388 Class B EIP vested units. The fair value of the units is based on an estimate of the enterprise value of the Company, based on an option-pricing model, and unit holders will participate in distributions in a change in control only when the fair value of the Company is over $20,000,000.

The EIP units vested by employees at December 31, 2016, were valued at approximately $1,300,000 and made up of 44,808 Class A EIP vested units and 50,926 Class B EIP vested units. The fair value of the units is estimated based on an estimate of the enterprise value of the Company, based on an option-pricing model, and unit holders will participate in distributions in a change in control only when the fair value of the Company is over $20,000,000.

Note 5. Credit Facilities With Banks

The Company has a revolving line of credit agreement with a bank. The agreement was amended in April 2017 to increase the maximum revolving balance of from $1,000,000 to $6,000,000, which was amended again in December 2017 to raise the maximum revolving balance to $8,000,000. The amendment requires that the maximum revolving balance be reduced back to $6,000,000 by May 2018. See Note 8 for additional amendments subsequent to December 31, 2017. The balances outstanding at December 31, 2017 and 2016, were $0 and $2,283,825, respectively. Interest is due monthly on the outstanding balance at the one-month LIBOR plus 1.85 percent (effective interest rate was 3.475 percent and 2.6625 percent at December 31, 2017 and 2016, respectively). As collateral, the Company has granted the bank a first lien security interest in all of its personal property assets and is guaranteed by the members. The line of credit agreement is set to expire on January 31, 2019.

In association with the credit agreement, the Company has agreed to certain loan covenants. Requirements include the maintenance of a minimum asset coverage ratio and fixed charge coverage ratio as well as placing restrictions on the use of proceeds and the assumption of additional debt, among other things.

Note 6. Notes Payable to Members

In December 2017, the Company entered into unsecured subordinated notes payable with its partners totaling $3,000,000 with principal and interest of 10 percent compounded annually due upon maturity. The maturity date of the notes is December 1, 2019, and the notes contain prepayment penalties of 5 percent of the outstanding balances and acceleration of maturity date provisions in the event 15 percent or more of the Company's assets or shares are sold to another company. The outstanding balances at December 31, 2017, were $3,013,151 and it is the intent of the Company that the notes to be repaid in 2018.

Note 7. Commitments and Contingencies

In March 2015, Holdings obtained a loan for the purpose of funding the purchase of the vested EIP units, as described in Note 4. The loan was for $3,150,000, has a 36-month term, an interest rate of 3.26 percent and monthly payments of principal and interest of $91,949. The loan matured in February 2018. The outstanding balance at December 31, 2017 and 2016, was approximately $181,900 and $1,259,900, respectively. The loan was secured by all assets of the Company and personally guaranteed by all of the individual members of the Company.

In April 2016, Holdings obtained a loan for the purpose of funding the purchase of the vested EIP units as described in Note 4. The loan was for $1,040,000, has a 36-month term, an interest rate of 3.65 percent and monthly payments of principal and interest of $30,554. The loan matures in April 2019. The outstanding balance at December 31, 2017 and 2016, was approximately $446,000 and $788,900, respectively. The loan is secured by all assets of the Company and personally guaranteed by all of the individual members of the Company.

In 2017, an unrelated entity filed a complaint against the Company for trademark infringement and unfair competition. In 2018, the Company reached a settlement with this entity whereby the Company has agreed to transfer certain domain names and has agreed to stipulations regarding future registrations. There were no additional costs incurred related to this complaint.

Note 7. Commitments and Contingencies (Continued)

In 2017, a trade secret and breach of contract lawsuit was filed against the Company. The parties agreed in 2018 to a cash settlement of $1,600,000, plus business guarantees that would entitle plaintiff to a 20 percent penalty on any revenue shortfall over the course of a three-year period (maximum penalty of $1,600,000). The cash settlement has been included in accrued liabilities at December 31, 2017, and is included in operating expenses at December 31, 2017. The 20 percent relates to future period, and as a result has not been recorded at December 31, 2017.

Note 8. Subsequent Events

Events that occurred subsequent to December 31, 2017, have been evaluated by the Company's management through October 2, 2018, which is the date the consolidated financial statements were available to be issued.

On January 5, 2018, Wizard Enterprises, LLC closed on its purchase agreement to acquire assets of Bantam Connect LLC, a Nevada limited liability company on the same date. No liabilities were assumed. The purchase price per the agreement required an initial cash payment of $3,000,000, to be adjusted for certain working capital adjustments required within the agreement and also requires issuance of 1,713,466 Class B units to be issued to sellers, valued at approximately $2,500,000. The Company is still in the process of allocating the net purchase price to the acquired assets, which included prepaid assets, fixed assets and intangible assets.

In March 2018, the Company amended the line of credit. The amendment resulted in an increase in the maximum revolving balance of $15,000,000. At date of this report, the outstanding balance of the line of credit is approximately $9,300,000.

On July 6, 2018, the loan set to mature in April 2019, held by Holdings and guaranteed by the Company, was paid in full by Holdings.

In September 2018, the Company amended the line of credit agreement. The amendment resulted in an extension of the termination date to January 31, 2019.

On July 3, 2018, the Company communicated to its customers that it would be discontinuing the loyalty program on August 1, 2018, and the rewards from that program would be redeemable through the end of July 2018.

Exhibit 99.3

Unaudited Interim Financial Statements of QuoteWizard

QuoteWizard.com, LLC and Subsidiary

Consolidated Balance Sheets
June 30, 2018 and December 31, 2017

		(Unaudited) June 30, 2018		December 31, 2017
Assets				
Current assets:				
Cash and cash equivalents	$	822,544	$	144,074
Accounts receivable		16,025,794		10,791,535
Prepaid expenses		687,905		980,862
Other assets		520,521		-
Total current assets		18,056,764		11,916,471
Fixed assets:				
Office equipment		2,238,524		1,975,503
Software purchases		218,251		208,210
Leasehold improvements		854,378		809,204
Software development		1,327,210		535,628
Total cost		4,638,363		3,528,545
Less accumulated depreciation and amortization		2,801,326		2,346,702
Fixed assets, net		1,837,037		1,181,843
Intangible assets, net		3,412,172		-
Goodwill		1,271,000		-
Total assets	$	24,576,973	$	13,098,314
Liabilities and Members' Equity				
Current liabilities:				
Line of credit	$	9,461,730	$	-
Accounts payable		5,308,749		2,465,155
Accrued liabilities		2,646,867		1,020,487
Customer deposits		1,057,473		771,054
Current portion of deferred rent		19,367		7,364
Accrued litigation settlement		-		1,600,000
Notes payable to members		3,163,152		3,013,151
Total current liabilities		21,657,338		8,877,211
Long-term liabilities:				
Deferred rent, net of current portion		27,161		47,038
Total liabilities		21,684,499		8,924,249
Commitments and contingencies (Note 8)				
Members' equity (Class A, 85,000,0000 authorized units, 83,333,333 outstanding; Class B, 60,000,000 authorized units, 51,713,466 outstanding)		2,892,474		4,174,065
Total members' equity		2,892,474		4,174,065
Total liabilities and members' equity	$	24,576,973	$	13,098,314

See notes to consolidated financial statements.

QuoteWizard.com, LLC and Subsidiary

Consolidated Statements of Income
Six Months Ended June 30, 2018 and 2017

	2018	2017
Net revenue	$ 75,459,712	$ 34,675,799
Cost of services	7,423,865	4,742,888
Gross profit	68,035,847	29,932,911
Selling, general and administrative expenses	55,513,628	26,972,293
Settlement expense (Note 8)	-	1,600,000
Stock compensation for Quote Wizard EIP, LLC	2,923,767	1,888,162
Operating income (loss)	9,598,452	(527,544)
Interest expense	(265,973)	(40,405)
Total other expense	(265,973)	(40,405)
Net income (loss)	$ 9,332,479	$ (567,949)

See notes to consolidated financial statements.

QuoteWizard.com, LLC and Subsidiary

Consolidated Statements of Changes in Members' Equity
Six Months Ended June 30, 2018 and 2017

Balance, January 1, 2017	$ 1,496,800
Distributions	(2,461,694)
Stock compensation for Quote Wizard EIP, LLC	1,888,162
Stock compensation for options	11,337
Net loss	(567,949)
Balance, June 30, 2017	$ 366,656
Balance, January 1, 2018	$ 4,174,065
Distributions	(16,317,420)
Issuance of equity units	2,474,000
Stock compensation for Quote Wizard EIP, LLC	2,923,767
Stock compensation for options	305,583
Net income	9,332,479
Balance, June 30, 2018	$ 2,892,474

See notes to consolidated financial statements.

QuoteWizard.com, LLC and Subsidiary

Consolidated Statements of Cash Flows
Six Months Ended June 30, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Net income (loss)	$ 9,332,479	$ (567,949)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Noncash interest on members' loans	150,001	-
Depreciation and amortization	645,452	385,140
Stock compensation for Quote Wizard EIP, LLC	2,923,767	1,888,162
Stock compensation for options	305,583	11,337
Changes in operating assets and liabilities:		
Accounts receivable	(5,234,259)	(1,162,932)
Prepaid expenses and other assets	(227,564)	11,044
Accounts payable	2,843,594	1,036,708
Accrued liabilities and other current liabilities	26,380	2,528,989
Customer deposits	286,419	339,385
Deferred rent	(7,874)	(12,910)
Net cash provided by operating activities	11,043,978	4,456,974
Cash flows from investing activities:		
Purchases of fixed assets	(509,818)	(6,660)
Acquisition of Bantam Connect, LLC	(3,000,000)	-
Net cash used in investing activities	(3,509,818)	(6,660)
Cash flows from financing activities:		
Distributions	(16,317,420)	(2,461,694)
Checks in excess of bank balance	-	(212,743)
Net borrowings (repayments) on line of credit	9,461,730	(1,775,877)
Net cash used in financing activities	(6,855,690)	(4,450,314)
Net increase in cash and cash equivalents	678,470	-
Cash and cash equivalents:		
Beginning of period	144,074	-
End of period	$ 822,544	$ -
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ (265,973)	$ (40,405)
Shares issued as consideration for Bantam Connect, LLC	$ 2,474,000	$ -

See notes to consolidated financial statements.

Note 1. Nature of Business and Summary of Significant Accounting Policies

Nature of business: QuoteWizard.com, LLC (the Company) is an online marketing/advertising and lead generation company with operations in Seattle, Washington, and Denver, Colorado. The Company was organized June 5, 2007, as a Delaware limited liability company, upon the filing of its articles of organization with the Secretary of the State of the state of Delaware. The Company sells leads, online clicks and call transfers to independent insurance agents, corporate insurance customers, as well as competitors within the industry. Leads are primarily self-generated through the Company's Search Engine Marketing/Search Engine Optimization initiatives which generate high-intent high-converting leads, online marketing channels as well as leads purchased through data mining companies or other competitors. In December 2017, the Company formed a wholly owned subsidiary, Wizard Enterprises, LLC, for the purpose of acquiring a business (as disclosed in Note 2).

Ownership: As of June 30, 2018, the respective ownership percentages were as follows:

	Class A Ownership (Voting)	Class B Ownership (Nonvoting)
Quote Wizard EIP, LLC	40.61%	0.00%
Scott Peyree	14.85%	27.65%
John Anderson	14.85%	17.91%
Rob Peyree	14.85%	17.91%
Tom Peyree	14.85%	17.91%
Scott and Michelle Peyree Children's Irrevocable Trust	0.00%	12.24%
Michelle Peyree	0.00%	3.06%
Brad Cooper	0.00%	1.10%
Ken Caraska	0.00%	0.96%
Patricia Winkler	0.00%	0.63%
Jason Krevitsky	0.00%	0.39%
Mike Pannell	0.00%	0.16%
Mark Francis	0.00%	0.08%
	100.00%	100.00%

Principles of consolidation: The consolidated financial statements include the accounts of the Company and its subsidiary. All significant intercompany accounts and transactions are eliminated in consolidation.

Variable interest entities: The Company evaluates loans it guarantees for certain legal entities in which equity investors do not have (1) sufficient equity at risk for the legal entity to finance its activities without additional subordinated financial support, (2) as a group, the power, through voting or similar rights, to direct the activities of the legal entity that most significantly impact the entity's economic performance, or (3) the obligation to absorb the expected losses of the legal entity or the right to receive expected residual returns of the legal entity. Such legal entities are referred to as variable interest entities (VIE).

The Company would consolidate the results of any such entity in which it determined that it had a controlling financial interest, which would exist if the Company had both the power to direct the activities that most significantly affect the VIE's economic performance and the obligation to absorb the losses of, or right to receive benefits from, the VIE that could be potentially significant to the VIE. Annually, the Company reassesses whether it has a controlling financial interest in any of these legal entities.

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

The Company guaranteed two loans for QuoteWizard Holdings, LLC (Holdings), a related party with a bank. Due to these guarantees and structure of the related party, the Company determined the related party is a VIE. Since the Company does not participate in the rights and obligations of this VIE, the Company determined that it is not the primary beneficiary and therefore has disclosed the Company's guarantee of the loan agreements.

Financial statement presentation: The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP).

Cash and cash equivalents: The Company considers all cash investment instruments with an original maturity of three months or less to be cash equivalents for purposes of consolidated balance sheet classification and the consolidated statements of cash flows. The Company maintains bank balances, which, at times, may exceed federally insured limits. Balances are monitored regularly, and no losses have been experienced in such accounts.

Accounts receivable and allowance for doubtful accounts: Accounts receivable are carried at original invoice amount less an estimate made for doubtful accounts based on a review of all outstanding amounts at period-end. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience with customers to determine which specific accounts need to be allowed for. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. Accounts receivable are considered past due when outstanding longer than the contractual payment terms, which are generally between 30 and 75 days. Management does not believe an allowance is necessary at June 30, 2018.

Concentration of credit risk related to accounts receivable is limited to major customers, which are those that individually represent 10 percent or more of revenue. For the six months ended June 30, 2018 and 2017, two customers accounted for 41 percent and 37 percent, respectively, of total revenue in the aggregate. Accounts receivable from these customers totaled approximately $2,627,000 as of June 30, 2018.

Prepaid expenses: Prepaid expenses consist of insurance, licensing fees, subscriptions and various service agreements. The prepaid balances are expensed on the straight-line basis over the expense's related service period.

Fixed assets: Fixed assets are stated at historical cost less accumulated depreciation and amortization. Repairs and maintenance costs are expensed as incurred. Depreciation and amortization are computed utilizing the straight-line method over the assets' estimated useful lives, which range from three to seven years. Leasehold improvements are amortized over the shorter of their lease terms or estimated useful lives. Software development includes internal and external costs capitalized after the preliminary project stage and during the application development stage of the software. Depreciation and amortization are recorded as selling, general and administrative expenses and totaled approximately $455,000 and $385,000 for the six months ended June 30, 2018 and 2017, respectively.

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

Goodwill: Goodwill represents the excess of the purchase price of an acquired entity over the fair value of the net assets acquired. Goodwill is not amortized but is tested for impairment annually, or when an event occurs or circumstances change that could likely reduce the fair value of a reporting unit below its carrying value. Specifically, goodwill is determined using a two-step process. The first of the goodwill impairment test is used to identify potential impairment by comparing the fair value of a reporting unit with its carrying amount, including goodwill. The determination of the fair value of a reporting unit is generally based on either market approach values or discounted estimated future cash flows. These approaches require one to make various judgmental assumptions, including the assumptions about future cash flows, growth rates and discount rates. The assumptions about future cash flows and growth rates are based on the Company's budget and long-term plans. Discount rate assumptions are based on an assessment of the risk inherent in the respective reporting unit. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired and the second step of the impairment test is unnecessary. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test is performed to measure the amount of impairment loss, if any. The second step of the goodwill impairment test compares the implied fair value of the reporting unit's goodwill with the carrying amount of the goodwill. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to the excess. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. The Company has determined it has a single reporting unit.

Intangible assets: Long-lived assets and identifiable intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or group of assets may not be recoverable. Recoverability of long-lived assets or groups of assets is assessed based on a comparison of the carrying amount to the estimated future net cash flows. If estimated future, undiscounted, net cash flows are less than the carrying amount, the asset is considered impaired and an impairment expense is recorded at an amount required to reduce the carrying amount to fair value. Intangible assets with finite lives are amortized using the straight-line method over their estimated economic useful lives of three to thirteen years.

Revenue recognition: The Company generally recognizes revenue from product sales, net of any promotional and loyalty discounts, when leads are delivered to the customer. Discounts totaled approximately $763,000 and $503,000 for the six months ended June 30, 2018 and 2017, respectively.

Customer deposits: The Company instituted a policy requiring deposits for a new independent insurance agent to be used for future lead purchases. Deposits are recorded as a customer deposit liability when received and credited to revenue when leads are delivered to the customer.

Loyalty program: The Company provides independent agents with a loyalty program. The Company records loyalty expense and a corresponding liability as points are awarded to the independent agents. The estimated liability included in accrued liabilities is approximately $846,000 at June 30, 2018, and represents the points available to be used and an estimate for breakage.

Cost of services: The Company currently records all outside third-party costs related to delivering revenue as cost of services.

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

Selling, general and administrative expenses: All internal costs as well as all outside third-party costs not directly related to delivering revenue are recorded as selling, general and administrative expenses. For the six months ended June 30, 2018 and 2017, one vendor provided 65 percent and 54 percent of the services to the Company, respectively. Those services relate to online marketing costs and the Company believes substantially the same services could be provided by other vendors with no disruption to the Company's operations.

Online marketing and advertising costs: The Company charges advertising costs to expense as incurred. Advertising costs were approximately $41,191,000 and $16,298,000 for the six months ended June 30, 2018 and 2017, respectively. Advertising costs consist primarily of list purchasing services, online marketing costs, industry-specific conferences, and promotional items to attract and obtain new agents.

Share-based compensation: The majority owner, Quote Wizard EIP, LLC (EIP), offers compensation, in the form of EIP shares, to employees of the Company. As the awards vest, compensation expense is recognized in the Company's consolidated financial statements given there are no employees in EIP. The vested unit value is accounted for as a liability or equity on EIP's financial statements and a contribution to equity in the Company's consolidated financial statements. Compensation cost is recorded on the Company's consolidated statements of income for the EIP units vested.

The Company has granted unit options to employees under its equity incentive plan. These options are accounted for as equity and compensation expense is recorded as the options vest based on the fair value at date of grant.

Income taxes: The Company is a nontaxable entity, which provides that its members separately account for their shares of the Company's income, deductions, losses and credits. Accordingly, no federal or state income tax expense or provision has been recognized in the accompanying consolidated financial statements. Management evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of this guidance. The Company is no longer subject to tax examinations by the U.S. federal, state or local tax authorities for years before 2014.

Use of estimates: Preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates made by management, included in the consolidated financial statements, include loyalty point accrual, share-based compensation expense and fair value allocation of net assets acquired.

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

Recent accounting pronouncements: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), and subsequently updated it with ASU 2016-08, ASU 2016-10, ASU 2016-12 and ASU 2016-20. This standard and the related updates outline a single comprehensive model for companies to use in accounting for revenue arising from contracts with customers and supersede most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that revenue is recognized when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. Transfer of control is not the same as transfer of risks and rewards as it is considered in current guidance. The Company will also need to apply new guidance to determine whether revenue should be recognized over time or at a point in time. ASU 2014-09, as deferred by ASU 2015-14, will be effective for annual reporting periods beginning after December 15, 2018, using either of two methods: (a) retrospective to each prior reporting period presented with the option to elect certain practical expedients, as defined within ASU 2014-09; or (b) retrospective with the cumulative effect of initially applying ASU 2014-09 recognized at the date of initial application and providing certain additional disclosures, as defined in ASU 2014-09. The Company has not yet selected a transition method and is currently evaluating the impact of the pending adoption of ASU 2014-09 on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the consolidated balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition on the consolidated statements of income. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years, with early application permitted. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the consolidated financial statements, with certain practical expedients available. The Company is currently evaluating the impact of the pending adoption of the new standard on its consolidated financial statements.

In May 2017, the FASB issued ASU 2017-09, Compensation–Stock Compensation (Topic 718): Scope of Modification Accounting. ASU 2017-09 provides clarity when there are changes to the terms or conditions of a share-based payment award. The term modification is further defined by set criteria and the ASU provides guidance on how a modification should be accounted for if all the criteria are met. This guidance is effective for annual reporting periods beginning after December 15, 2017, and should be applied prospectively to an award modified on or after the adoption date. The Company has adopted the pronouncement for the period ended June 30, 2018, with no material impact on the consolidated financial statements as there has been no modifications to awards.

Note 2. Acquisition

On January 5, 2018, the Company acquired all of the assets of Bantam Connect, LLC (Bantam), a Nevada limited liability company for $3,000,000 cash and 1,713,466 Class B units issued to sellers which approximated $2,474,000 based upon a third-party valuation and option pricing model. There was no significant working capital assets acquired or liabilities assumed. The purchase price exceeded the net assets acquired, resulting in goodwill. The primary factor giving rise to goodwill in the purchase price allocation was an anticipated increase in future cash flows from operations and synergies expected from the business. Approximately 66.7 percent of the goodwill is estimated to be deductible to the Company's members for tax purposes. Acquisition costs of approximately $31,000 were incurred and expensed by the Company during 2017.

Note 2. Acquisition (Continued)

Fair value of consideration transferred:		
Cash	$	3,000,000
Class B units		2,474,000
Total consideration	$	5,474,000
Favorable lease asset	$	103,000
Developed technology		600,000
Customer relationships		3,500,000
Goodwill		1,271,000
Total net assets acquired	$	5,474,000

Note 3. Intangibles

Intangible assets consist of the following at June 30, 2018:

Customer relationships	$	3,500,000
Less accumulated amortization		(134,615)
Customer relationships, net		3,365,385
Favorable lease		103,000
Less accumulated amortization		(56,213)
Favorable lease, net		46,787
Total intangibles, net	$	3,412,172

Aggregate amortization expenses for amortizing intangible assets for the six months ended June 30, 2018 and 2017, were approximately $199,000 and $0, respectively. The remaining weighted-average amortization period for customer relationships is approximately 13 years. The favorable lease is amortized over the lesser of the remaining useful life or the lease term. As of June 30, 2018, the lease and useful life of the favorable lease asset have five months remaining. Future amortization for the definite-lived intangible assets is as follows:

For each of the 12-month periods ending June 30:		
2019	$	316,018
2020		269,231
2021		269,231
2022		269,231
2023		269,231
Thereafter		2,019,231
	$	3,412,172

Note 4. Operating Lease Agreements

The Company leases office space under non-cancellable lease agreements, with amendments, expiring in February 2021. Rent expense for operating leases totaled approximately $636,000 and $544,000 for the six months ended June 30, 2018 and 2017, respectively.

Note 4. Operating Lease Agreements (Continued)

Future minimum rental payments under non-cancellable operating lease agreements are as follows:

For each of the 12-month periods ending June 30:	
2019	$ 1,179,707
2020	799,382
2021	99,663
	$ 2,078,752

Note 5. Retirement and Compensation Plans

The Company sponsors a 401(k) plan that covers all eligible employees. Employees are eligible to participate in the Company's 401(k) plan on the first day of the month following their first 30 days of employment. Total compensation is eligible for deferral up to the Internal Revenue Service mandated maximum allowable limits. The plan allows for a Company match at a maximum rate of 4 percent of an employee's compensation up to $265,000. Employer contributions to the plan totaled approximately $274,000 and $186,000 for the six months ended June 30, 2018 and 2017, respectively.

The Company is self-insured for dental for the six months ended June 30, 2018 and 2017. The expense related to the dental insurance was approximately $38,000 for the six months ended June 30, 2018 and 2017.

On January 11, 2017, the Company granted 4,511,246 Class B member shares to an employee which were immediately fully vested. These shares are classified as equity units and will participate in distributions as defined in the LLC operating agreement only when the fair value of the Company is over $60 million. At the date of grant, the fair market value was insignificant, and as a result there was no compensation expense recorded for the six months ended June 30, 2017.

Under the Company's option plan, there are 2,030,451 options to grant and the Company granted 1,931,455 options on various dates during 2017, all of which are outstanding as of June 30, 2018. No options have been forfeited, exercised or expired during 2018 and none of the options are exercisable as of June 30, 2018. Options vest over four years, with 25 percent vested upon the one-year anniversary of the vesting commencement date and thereafter vest monthly. The options have a ten-year maturity, with an average remaining life of 9.2 years as of June 30, 2018. The weighted-average grant date fair value is $1.19 and the weighted-average exercise price is $0.44. Total compensation expense recorded for the six months ended June 30, 2018 and 2017, was approximately $306,000 and $11,000, respectively, and is included in selling, general and administrative expenses on the consolidated statements of income. Future compensation expense will be approximately $306,000 for the six-month period ending December 31, 2018, $611,000 for the years ending December 31, 2019 and 2020, and approximately $108,000 in 2021. The fair value was determined based on an option pricing model prepared by a valuation expert.

One of the members of the Company, EIP, has issued EIP units to certain employees of the Company which are considered profit interest units. EIP has authorized 225,000 Class A EIP units and 250,000 Class B EIP units. The Board of Managers of EIP has the power and discretion to issue units and to determine the terms of the award, subject to the terms of the EIP's amended and restated limited liability company agreement.

Note 5. Retirement and Compensation Plans (Continued)

The EIP Class A voting and Class B nonvoting units vest over a period of either 10 years or four years. A summary of the nonvested EIP employee units are as follows:

	Class A Units		Fair Value	Class B Units		Fair Value
Outstanding at January 1, 2017	68,292	$	5.42	168,009	$	0.56
Granted	-		-	-		-
Vested	(8,545)		89.89	(13,985)		9.21
Forfeited	(2,322)		89.89	(9,256)		9.21
Outstanding at June 30, 2017	57,425		89.89	144,768		9.21
Outstanding at January 1, 2018	50,862	$	188.25	134,081	$	19.30
Granted	500		266.88	-		-
Vested	(7,456)		266.88	(34,348)		27.35
Forfeited	-		-	(952)		27.35
Outstanding at June 30, 2018	43,906		266.88	98,781		27.35

As of June 30, 2018, approximately $14,521,000 of unrecognized compensation expense related to the EIP employee unit grants are expected to be recognized over a weighted-average period of 6.2 years. The compensation expense recorded for vested units was recorded at either an average fair value or the fair value as of June 30, 2018, depending on whether the units vested were accounted for as equity or liabilities and totaled approximately $2,924,000 for the six months ended June 30, 2018, which was recognized on the consolidated statements of income. The compensation expense recorded for vested units was recorded at either an average fair value or the fair value as of June 30, 2017, depending on whether the units vested were accounted for as equity or liabilities and totaled approximately $1,888,000 for the six months ended June 30, 2017, which was recognized on the consolidated statements of income.

The EIP units vested by employees at June 30, 2018, were valued at approximately $19,277,000 and is made up of 69,167 Class A EIP vested units and 122,274 Class B EIP vested units. The fair value of the units is based on an estimate of the enterprise value of the Company at June 30, 2018, based on an option pricing model, and unit holders will participate in distributions in a change in control only when the fair value of the Company is over $20,000,000.

Note 6. Credit Facilities with Banks

The Company has a revolving line of credit agreement with a bank. The agreement was amended in April 2017 to increase the maximum revolving balance from $1,000,000 to $6,000,000 and amended again in December 2017 to raise the maximum revolving balance to $8,000,000. In March 2018, the agreement was amended further to increase the maximum revolving balance to $15,000,000. The Company further amended the agreement in May 2018 to extend the termination date to October 31, 2018. See Note 9 for additional amendments subsequent to June 30, 2018. The outstanding balance of the line of credit at June 30, 2018, is approximately $9,462,000. Interest is due monthly on the outstanding balance at the one-month LIBOR plus 1.85 percent (effective interest rate was 3.975 percent at June 30, 2018). As collateral, the Company has granted the bank a first lien security interest in all of its personal property assets and is guaranteed by the members. The line of credit agreement is set to expire on January 31, 2019.

Note 6. Credit Facilities with Banks (Continued)

In association with the credit agreement, the Company has agreed to certain loan covenants. Requirements include the maintenance of a minimum asset coverage ratio and fixed charge coverage ratio as well as placing restrictions on the use of proceeds and the assumption of additional debt, among other things.

Note 7. Notes Payable to Members

In December 2017, the Company entered into unsecured subordinated notes payable with its partners totaling $3,000,000 with principal and interest of 10 percent compounded annually due upon maturity. The maturity date of the notes is December 1, 2019, and the notes contain prepayment penalties of 5 percent of the outstanding balances and acceleration of maturity date provisions in the event 15 percent or more of the Company's assets or shares are sold to another company. The outstanding balances at June 30, 2018, including principal and interest were approximately $3,163,000 and it is the intent of the Company that the notes to be repaid in 2018.

Note 8. Commitments and Contingencies

In March 2015, Holdings obtained a loan for the purpose of funding the purchase of the vested EIP units as described in Note 5. The loan was for $3,150,000, has a 36-month term, an interest rate of 3.26 percent and monthly payments of principal and interest of $91,949. The loan matured in February 2018 and there was no outstanding balance at June 30, 2018. The loan was secured by all assets of the Company and personally guaranteed by all of the individual members of the Company.

In April 2016, Holdings obtained a loan for the purpose of funding the purchase of the vested EIP units as described in Note 5. The loan was for $1,040,000, has a 36-month term, an interest rate of 3.65 percent and monthly payments of principal and interest of $30,554. The loan matures in April 2019. The outstanding balance on the loan was approximately $269,000 at June 30, 2018. The loan is secured by all assets of the Company and personally guaranteed by all of the individual members of the Company.

In 2017, a trade secret and breach of contract lawsuit was filed against the Company. The parties agreed in 2018 to a cash settlement of $1,600,000, plus business guarantees that would entitle plaintiff to a 20 percent penalty on any revenue shortfall over the course of a three-year period (maximum penalty of $1,600,000). The cash settlement was recorded as of June 30, 2017, and ultimately paid in 2018. The Company has not met the criteria to trigger the 20 percent penalty as of June 30, 2018.

Note 9. Subsequent Events

Events that occurred subsequent to June 30, 2018, have been evaluated by the Company's management through October 30, 2018, which is the date the consolidated financial statements were available to be issued.

On July 3, 2018, the Company communicated to its customers that it would be discontinuing the loyalty program on August 1, 2018, and the rewards from that program would be redeemable through the end of July 2018.

On July 6, 2018, the loan set to mature in April 2019, held by Holdings and guaranteed by the Company, was paid in full by Holdings.

In September 2018, the Company amended the line of credit agreement. The amendment resulted in an extension of the termination date to January 31, 2019.

Note 9. Subsequent Events (Continued)

On October 4, 2018, QuoteWizard.com, LLC executed a purchase and sale agreement with Lendingtree, LLC, an unrelated party. The agreement facilitates the sale of 100 percent of ownership units in QuoteWizard.com, LLC for a base purchase price of $300 million with a potential earnout of approximately $70 million. The Company's liabilities and notes payable will be settled with funds from the sale of the Company.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

On October 31, 2018 (the "Closing Date"), LendingTree, LLC ("Buyer"), a wholly-owned subsidiary of LendingTree, Inc. (the "Company"), acquired all of the membership interests of QuoteWizard.com LLC, a Delaware limited liability company (the "Acquisition"), which does business under the name QuoteWizard.com ("QuoteWizard"), pursuant to a Unit Purchase Agreement (the "Purchase Agreement") by and among Buyer, QuoteWizard, all of the members of QuoteWizard (collectively, the "Sellers"), and Scott Peyree, as the Securityholder Representative. QuoteWizard operates a leading online insurance marketplace offering a full suite of consumer acquisition solutions to top tier carriers and agents in the U.S.

The acquisition was funded through $175.0 million of cash on hand and by $125.0 million drawn on the Company's amended and restated revolving credit facility. Prior to the acquisition date, on October 26, 2018, the Company amended its revolving credit facility maturing on November 21, 2022 to increase its borrowing capacity by $100.0 million to $350.0 million.

Pursuant to the terms of the Security Holder Agreement, Buyer was required to make an upfront cash payment to Sellers of $300.0 million, subject to adjustments for working capital. As a result of these adjustments, Buyer paid $299.9 million of cash to Sellers for the membership interests of QuoteWizard as of the Closing Date. The final cash payment amount owed to Sellers is subject to a final adjustment for working capital. Buyer deposited $31.0 million of such purchase price into an escrow account to secure the Sellers' indemnification obligations pursuant to the Purchase Agreement.

Additionally, Sellers are eligible to receive three earnout payments from Buyer based on the AEBITDA generated by QuoteWizard during the periods of November 1, 2018 through October 31, 2019, November 1, 2019 through October 31, 2020, and November 1, 2020 through October 31, 2021 (the "Earnout Payments"). The Sellers are eligible to receive up to $70.2 million in aggregate Earnout Payments which are payable in cash.

The Unaudited Pro Forma Condensed Combined Statements of Operations presented below (the “pro forma statements of operations”) for the six months ended June 30, 2018 and the year ended December 31, 2017 combine the historical results of operations of the Company and QuoteWizard giving effect to the Acquisition as if it had occurred on January 1, 2017. The Unaudited Pro Forma Condensed Combined Balance Sheet presented below as of June 30, 2018 (the “pro forma balance sheet”) is based on the historical balance sheet of the Company and QuoteWizard and has been prepared to reflect the effects of the Acquisition as if the Acquisition had occurred on June 30, 2018. The Unaudited Pro Forma Condensed Combined Statements of Operations and Unaudited Pro Forma Condensed Combined Balance Sheet are collectively referred to as the "Statements". The historical consolidated financial information has been adjusted in the Statements to give effect to pro forma events that are (1) directly attributable to the Acquisition (2) factually supportable and (3) with respect to the statements of operations, expected to have a continuing impact on the results of operations.

The accompanying Statements and related notes are being provided for illustrative purposes only in accordance with Article 11 of Regulation S-X and do not purport to represent what the actual consolidated results of operations or the consolidated financial position of the Company would have been had the Acquisition occurred on the dates assumed, nor are they necessarily indicative of the Company's future consolidated results of operations or consolidated statement of financial position.

As of the date of this filing, the upfront cash payment has not been finalized for the adjustments noted above and the Company has not fully completed the valuation procedures necessary to arrive at the final estimate of the fair value of the assets acquired and liabilities assumed. The Statements are based upon currently available information and estimates and assumptions that the Company's management believes are reasonable as of the date hereof. Any of the factors underlying these estimates and assumptions may change or prove to be materially different upon finalization of the Company's valuation procedures.

The Statements should be read in conjunction with:

- the accompanying notes to the Statements;
- the Company's audited financial statements and related notes for the year ended December 31, 2017, contained within the Company's Annual Report on Form 10-K filed with the SEC on February 26, 2018;
- the Company's historical unaudited condensed consolidated interim financial statements and related notes as of and for the six months ended June 30, 2018, included in the Company's Quarterly Report on Form 10-Q filed with the SEC on July 27, 2018;
- the historical financial statements of QuoteWizard as of and for the year ended December 31, 2017 included as Exhibit 99.2 to the Company's Amendment No. 1 to Current Report on Form 8-K/A filed herewith; and
- the historical unaudited financial statements of QuoteWizard as of and for the six months ended June 30, 2018, included as Exhibit 99.3 to the Company's Amendment No. 1 to Current Report on Form 8-K/A filed herewith.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS
For the six months ended June 30, 2018

(in thousands, except per share amounts)	LendingTree, Inc.	QuoteWizard	Pro Forma Adjustments (Note 3)		Pro Forma Combined
Revenue	**$ 365,136**	**$ 75,460**	**$ —**		**$ 440,596**
Costs and expenses:					
Cost of revenue *(exclusive of depreciation and amortization shown separately below)*	11,739	1,729	—		13,468
Selling and marketing expense	249,990	54,964	—		304,954
General and administrative expense	47,573	5,160	(206)	(a)	52,527
Product development	12,227	3,363	—		15,590
Depreciation	3,304	355	(49)	(b)	3,610
Amortization of intangibles	7,927	291	10,766	(c)	18,984
Change in fair value of contingent consideration	(908)	—	—		(908)
Severance	3	—	—		3
Litigation settlements and contingencies	(192)	—	—		(192)
Total costs and expenses	**331,663**	**65,862**	**10,511**		**408,036**
Operating income	**33,473**	**9,598**	**(10,511)**		**32,560**
Other expense, net:					
Interest expense, net	(5,912)	(266)	(2,139)	(d)	(8,317)
Other expense, net	(37)	—	—		(37)
Income before income taxes	**27,524**	**9,332**	**(12,650)**		**24,206**
Income tax benefit	53,182	—	921	(e)	54,103
Net income from continuing operations	**80,706**	**9,332**	**(11,729)**		**78,309**
Weighted average shares outstanding:					
Basic	12,254				12,254
Diluted	14,527				14,527
Income per share from continuing operations:					
Basic	$ 6.59				$ 6.39
Diluted	$ 5.56				$ 5.39

See accompanying notes.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS
For the year ended December 31, 2017

(in thousands, except per share amounts)	LendingTree, Inc.	QuoteWizard	Pro Forma Adjustments (Note 3)		Pro Forma Combined
Revenue	**$ 617,736**	**$ 83,448**	**$ —**		**$ 701,184**
Costs and expenses:					
Cost of revenue *(exclusive of depreciation and amortization shown separately below)*	17,223	646	—		17,869
Selling and marketing expense	432,784	63,655	—		496,439
General and administrative expense	71,541	8,734	(4)	(a)	80,271
Product development	17,925	5,385	—		23,310
Depreciation	7,085	750	(118)	(b)	7,717
Amortization of intangibles	12,992	—	22,113	(c)	35,105
Change in fair value of contingent consideration	23,931	—	—		23,931
Severance	404	125	—		529
Litigation settlements and contingencies	718	1,600	—		2,318
Total costs and expenses	**584,603**	**80,895**	**21,991**		**687,489**
Operating income	**33,133**	**2,553**	**(21,991)**		**13,695**
Other expense, net:					
Interest expense	(7,028)	(115)	(5,016)	(d)	(12,159)
Other expense, net	(396)	(113)	—		(509)
Income before income taxes	**25,709**	**2,325**	**(27,007)**		**1,027**
Income tax (expense) benefit	(6,291)	—	10,029	(e)	3,738
Net income from continuing operations	**19,418**	**2,325**	**(16,978)**		**4,765**
Weighted average shares outstanding:					
Basic	11,945				11,945
Diluted	13,682				13,682
Income per share from continuing operations:					
Basic	$ 1.63				$ 0.40
Diluted	$ 1.42				$ 0.35

See accompanying notes.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
As of June 30, 2018

(in thousands)	LendingTree, Inc.	QuoteWizard	Pro Forma Adjustments (Note 3)		Pro Forma Combined
ASSETS:					
Cash and cash equivalents	$ 293,301	$ 823	$ (180,963)	(f)	$ 113,161
Restricted cash and cash equivalents	49	—	—		49
Accounts receivable, net	80,135	16,026	—		96,161
Prepaid and other current assets	13,856	1,208	126	(m)	15,190
Current assets of discontinued operations	175	—	—		175
Total current assets	**387,516**	**18,057**	**(180,837)**		**224,736**
Property and equipment, net	37,876	1,337	(124)	(g)	39,089
Goodwill	124,903	1,271	184,197	(h)	310,371
Intangible assets, net	81,654	3,912	114,988	(i)	200,554
Deferred income tax assets	73,163	—	1,306	(o)	74,469
Other non-current assets	1,793	—	386	(m)	2,179
Non-current assets of discontinued operations	2,428	—	—		2,428
Total assets	**$ 709,333**	**$ 24,577**	**$ 119,916**		**$ 853,826**
LIABILITIES:					
Line of credit	$ —	$ 9,462	$ 115,538	(l)	125,000
Accounts payable, trade	11,066	2,548	—		13,614
Accrued expenses and other current liabilities	70,721	6,484	(19)	(j)	77,186
Current contingent consideration	7,283	—	—		7,283
Notes payable to members	—	3,163	(3,163)	(l)	—
Current liabilities of discontinued operations	18,782	—	—		18,782
Total current liabilities	**107,852**	**21,657**	**112,356**		**241,865**
Long-term debt	244,480	—	—		244,480
Non-current contingent consideration	7,958	—	13,900	(k)	21,858
Other non-current liabilities	1,615	27	(27)	(j)	1,615
Total liabilities	**361,905**	**21,684**	**126,229**		**509,818**
SHAREHOLDERS' EQUITY:					
Common stock	151	—	—		151
Additional paid-in capital	1,110,688	2,893	(2,893)	(n)	1,110,688
Accumulated deficit	(632,910)	—	(3,420)	(o)	(636,330)
Treasury stock	(131,088)	—	—		(131,088)
Noncontrolling interest	587	—	—		587
Total shareholders' equity	**347,428**	**2,893**	**(6,313)**		**344,008**
Total liabilities and shareholders' equity	**$ 709,333**	**$ 24,577**	**$ 119,916**		**$ 853,826**

See accompanying notes.

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS
(in thousands)

NOTE 1—BASIS OF PRESENTATION

The Statements were prepared in accordance with generally accepted accounting principles in the United States (“U.S. GAAP”) and pursuant to Article 11 of Regulation S-X, and present the pro forma balance sheet and statements of operations of the Company based upon historical information after giving effect to the Acquisition and the adjustments described in these footnotes. The unaudited pro forma balance sheet is presented as if the Acquisition had occurred on June 30, 2018; and the unaudited pro forma statements of operations for the year ended December 31, 2017 and the six months ended June 30, 2018 are presented as if the Acquisition had occurred on January 1, 2017.

The Statements have been derived from the historical consolidated financial statements of the Company and QuoteWizard for the year ended December 31, 2017 and the six months ended June 30, 2018. The historical consolidated financial statements of the Company and QuoteWizard as of and for the six months ended June 30, 2018 are unaudited financial information.

Certain financial statement line items included in QuoteWizard's historical presentation have been reclassified and condensed to conform to corresponding financial statement line items included in the Company's historical financial statement presentation. These include adjustments for the following:

- Cost of revenue reclassified from selling, general and administrative expenses;
- Selling and marketing expense reclassified from cost of services, selling, general and administrative expenses and stock compensation for Quote Wizard EIP, LLC and shown separately;
- General and administrative expense reclassified from selling, general and administrative expenses and stock compensation for Quote Wizard EIP, LLC and shown separately;
- Product development expense reclassified from selling, general and administrative expenses and stock compensation for Quote Wizard EIP, LLC and shown separately;
- Depreciation, amortization and severance reclassified from selling, general and administrative expenses and shown separately;
- Prepaid expenses and other assets, which have been condensed into prepaid and other current assets;
- Intangible assets, net reclassified from property and equipment, net;
- Accrued expenses and other current liabilities reclassified from accounts payable;
- Customer deposits and current portion of deferred rent, which have been condensed into accrued expenses and other current liabilities; and
- Deferred rent, net of current portion, which has been condensed into other non-current liabilities.

	Year ended December 31, 2017		
	QuoteWizard historical presentation	Reclassifications	QuoteWizard proforma historical presentation
Statement of Operations			
Cost of services	$ 9,062	$ (8,416)	$ 646
Selling, general and administrative expenses	65,932	(65,932)	—
Selling and marketing expense	—	63,655	63,655
General and administrative expense	—	8,734	8,734
Product development	—	5,385	5,385
Stock compensation for Quote Wizard EIP, LLC	4,301	(4,301)	—
Depreciation	—	750	750
Severance	—	125	125

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS
(in thousands)

	As of and for the six months ended June 30, 2018		
	QuoteWizard historical presentation	Reclassifications	QuoteWizard proforma historical presentation
Statement of Operations			
Cost of services	$ 7,424	$ (5,695)	$ 1,729
Selling, general and administrative expenses	55,514	(55,514)	—
Selling and marketing expense	—	54,964	54,964
General and administrative expense	—	5,160	5,160
Product development	—	3,363	3,363
Stock compensation for Quote Wizard EIP, LLC	2,924	(2,924)	—
Depreciation	—	355	355
Amortization of intangibles	—	291	291
Balance Sheet			
Prepaid expenses	688	(688)	—
Other assets	520	(520)	—
Prepaid and other current assets	—	1,208	1,208
Property and equipment, net	1,837	(500)	1,337
Intangible assets, net	3,412	500	3,912
Accounts payable, trade	5,309	(2,761)	2,548
Accrued expenses and other current liabilities	2,647	3,837	6,484
Customer deposits	1,057	(1,057)	—
Current portion of deferred rent	19	(19)	—
Deferred rent, net of current portion	27	(27)	—
Other non-current liabilities	—	27	27

These reclassifications did not impact the historical earnings from continuing operations and had no impact on the historical total assets, total liabilities, members' equity or net income of QuoteWizard.

NOTE 2—CONSIDERATION TRANSFERRED AND PRELIMINARY PURCHASE PRICE ALLOCATION

The accompanying Statements and related notes were prepared using the acquisition method of accounting, in accordance with ASC 805, Business Combinations ("ASC 805"), with the Company considered the acquirer of QuoteWizard. In accordance with ASC 805, the assets acquired and the liabilities assumed have been measured at fair value based on various preliminary estimates.

The pro forma adjustments are preliminary and are based upon available information and certain assumptions which management believes are reasonable under the circumstances and which are described in the accompanying notes to the Statements. Actual results may differ materially from the assumptions utilized within the Statements. Management believes the fair values recognized for the assets to be acquired and liabilities to be assumed are based on reasonable estimates and assumptions. Preliminary fair value estimates may change as additional information becomes available and such changes could be material.

The purchase price for the acquisition is $313.8 million comprised of an upfront cash payment of $299.9 million on October 31, 2018 and $13.9 million for the estimated fair value of the Earnout Payments.

Cash transferred	$ 299,902
Estimated fair value of the Earnout Payments	13,900
Estimated fair value of consideration transferred	$ 313,802

(in thousands)

The estimated fair value of the Earnout Payments is determined using an option pricing model for each of the earnout periods; November 1, 2018 through October 31, 2019, November 1, 2019 through October 31, 2020, and November 1, 2020 through October 31, 2021. For each of the earnout periods, the members of QuoteWizard are, generally, eligible to receive up to $23.4 million, or up to $70.2 million in aggregate Earnout Payments.

The estimated fair value of the Earnout Payments is preliminary and are based upon available information and certain assumptions, known at the time of this report, which management believes are reasonable. This preliminary fair value estimate for the Earnout Payments may change as additional information becomes available and such changes could be material. Upon final determination of the fair value of the Earnout Payments, any differences in the actual Earnout Payments will be recorded in operating income (expense) in the consolidated statements of operations.

The following is a summary of the preliminary estimated fair values of the assets acquired and liabilities assumed as if the Acquisition had occurred on June 30, 2018:

Current assets	$	17,234
Property and equipment, net		1,213
Intangible assets with definite lives, net		118,900
Goodwill		185,468
Total assets acquired		322,815
Current liabilities		9,013
Estimated fair value of consideration transferred	$	313,802

This preliminary allocation is based on the information known to management as of the date of this report. The final determination of the accounting for the Acquisition is anticipated to be completed as soon as practicable. The Company expects the final determination of the purchase price allocation to include, but will not be limited to, valuations with respect to trademarks and tradenames, developed technology, content and customer relationships. The valuations will consist of discounted cash flow analyses and other appropriate valuation techniques to determine the fair value of the assets acquired and liabilities assumed.

The final determination of the amounts allocated to the assets acquired and liabilities assumed in the Acquisition will be based on the fair value of the net assets acquired at the Acquisition date and could differ materially from the preliminary amounts presented in these pro forma statements as of June 30, 2018. A decrease in the fair value of assets acquired, or an increase in the fair value of liabilities assumed, from those preliminary valuations presented in these pro forma financial statements would result in a dollar-for-dollar corresponding increase in the amount of goodwill that will result from the Acquisition. In addition, if the value of the acquired assets is higher than the preliminary values above, it may result in higher amortization expense than is presented in these pro forma financial statements.

NOTE 3—ADJUSTMENTS TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The unaudited pro forma adjustments included in the pro forma financial statements are as follows:

Adjustments to Unaudited Pro Forma Condensed Combined Statements of Operations

(a) The adjustments reflect the removal of transaction expenses incurred during the six months ended June 30, 2018 and the year ended December 31, 2017 that are directly attributable to the Acquisition and will not have an ongoing impact on the Company.

(b) The adjustments represent the changes in depreciation expense for the six months ended June 30, 2018 and the year ended December 31, 2017 associated with the change in fair value of the property, plant and equipment recorded in relation to the Acquisition.

(in thousands)

(c) The adjustments represent the changes in amortization expense for the six months ended June 30, 2018 and the year ended December 31, 2017 associated with the change in fair value of the intangible assets recorded in relation to the Acquisition. The preliminary amortization of intangibles is as follows:

	Preliminary fair value	Estimated weighted average life	Amortization expense for the six months ended June 30, 2018	Amortization expense for the year ended December 31, 2017
Trademarks and tradenames	$ 7,600	5.0	$ 760	$ 1,520
Technology	69,600	4.0	8,700	17,400
Content	1,000	3.0	167	333
Customer lists	40,700	14.7	1,430	2,860
Total	$ 118,900		$ 11,057	$ 22,113
Less: QuoteWizard historical amortization expense			$ (291)	$ —
Pro forma adjustments			$ 10,766	$ 22,113

The estimated fair value of amortizable intangible assets is expected to be amortized on a straight-line basis over the estimated useful lives, which represent the periods over which the assets are expected to provide material economic benefit. With other assumptions held constant, a 10% increase in the fair value adjustment for amortizable intangible assets would increase annual pro forma amortization expense by $2,212.

(d) The adjustments reflect the elimination of interest expense associated with QuoteWizard's revolving credit facility and notes payable to members that were not assumed with the Acquisition, as well as an estimate of interest expense associated with debt issued to finance the Acquisition and related deferred financing costs. A 1/8% variance in interest rates would impact annual interest expense by $156.

(e) The adjustments reflect the tax effects of the results of operations of QuoteWizard and the preliminary pro forma adjustments made to the pro forma statements of operations using the Company's statutory tax rates for the year ended December 31, 2017 and the six months ended June 30, 2018 of 40.63% and 27.77%, respectively. QuoteWizard did not pay taxes at the entity level as it is a limited liability corporation classified as a partnership for tax purposes.

Adjustments to Unaudited Pro Forma Condensed Combined Balance Sheet

(f) Adjustments to cash and cash equivalents reflect the preliminary net adjustment to cash in connection with the Acquisition, subject to final working capital adjustments, on a cash-free, debt-free basis.

Cash portion of consideration	$ (299,902)
Add: Proceeds from debt to finance the Acquisition	125,000
Less: QuoteWizard cash balance	(823)
Less: Estimated financing costs	(512)
Less: Estimated transaction expenses	(4,726)
Total cash and cash equivalents adjustment	$ (180,963)

(g) The adjustment to property, plant and equipment reflects the preliminary estimated fair value adjustment of $124.

(h) The adjustment to goodwill reflects the preliminary estimate of the excess of the fair value of the consideration transferred over the estimated fair value of QuoteWizard's identifiable assets acquired and liabilities assumed in the Acquisition. The preliminary adjustment to goodwill is calculated as follows:

Estimated fair value	$ 185,468
Less: QuoteWizard book value of goodwill	(1,271)
Total goodwill adjustment	$ 184,197

(i) The adjustment to intangible assets, net reflects the preliminary estimate of fair value for the acquired intangible assets in the Acquisition. See pro forma footnote 3 (c) above for information related to the estimated fair value and related amortization expense of the intangible assets. The preliminary adjustment to intangible assets, net is calculated as follows:

Estimated fair value	$	118,900
Less: QuoteWizard book value of intangible assets, net		(3,912)
Total intangible assets, net adjustment	$	114,988

(j) The adjustments to accrued expenses and other current liabilities and other non-current liabilities reflect the removal of QuoteWizard's current and non-current portions of deferred rent as these deferred charges do not meet the definition of a liability assumed in the acquisition method of accounting.

(k) The adjustment to contingent consideration reflects the preliminary estimated fair value of the Earnout Payments of $13.9 million. The contingent consideration is included in the preliminary estimated fair value of the consideration transferred in the Acquisition.

(l) The adjustment reflects the removal of QuoteWizard's revolving credit facility and notes payable to members that were not assumed with the Acquisition and therefore have been removed from the pro forma balance sheet, as well as $125,000 of proceeds from the Company's revolving credit facility used to finance the Acquisition.

(m) The adjustments to prepaid and other current assets and other non-current assets reflect the deferred financing costs of increasing the borrowing capacity on the Company's revolving credit facility in order to finance the Acquisition.

(n) The adjustment to additional paid-in capital reflects the elimination of QuoteWizard's historical equity balances.

(o) The adjustment to deferred income tax assets and accumulated deficit reflects the estimated transaction expenses of $4,726 that were cash settled upon the closing of the acquisition. These estimated costs have been excluded from the pro forma statements of operations as they reflect charges directly attributable to the Acquisition that will not have an ongoing impact on the Company.