# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

**WASHINGTON, DC 20549** 

#### FORM 8-K

#### **CURRENT REPORT**

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

Date of report (Date of earliest event reported): February 23, 2021

## Goosehead Insurance, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware001-3846682-3886022(State or Other Jurisdiction of Incorporation)(Commission File Number)(I.R.S. Employer Identification No.)

1500 Solana Boulevard, Ste. 4500 Westlake, Texas 76262 (Address of Principal Executive Offices, and Zip Code)

214-838-5500 Registrant's Telephone Number, Including Area Code

Not applicable (Former Name or Former Address, if Changed Since Last Report)

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

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

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

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

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

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

П

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value \$.01 per share	GSHD	NASDAQ

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company  $\Box$ 

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.  $\Box$ 

#### Item 2.02 Results of Operations and Financial Condition.

On February 23, 2021 Goosehead Insurance, Inc. issued a press release announcing its financial results for the year ended December 31, 2020. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated by reference herein.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit	
No.	Description

Press Release issued by Goosehead Insurance, Inc. dated February 23, 2021 (furnished pursuant to Item 2.02)

Date: February 23, 2021

99.1

#### **EXHIBIT INDEX**

No. Description

99.1 Press Release issued by Goosehead Insurance, Inc. on February 23, 2021

#### **SIGNATURES**

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

#### GOOSEHEAD INSURANCE, INC.

By: /s/ Mark E. Jones

Mark E. Jones

Chairman and Chief Executive Officer

#### GOOSEHEAD INSURANCE, INC. ANNOUNCES FOURTH QUARTER AND FULL YEAR 2020 RESULTS

- Fourth Quarter Revenues of \$34.7 Million Increased 48% -
  - Full Year 2020 Revenues of \$117.0 Million Grew 51% -
- Total Written Premiums Increased 45% for the Fourth Quarter and Full Year 2020 -
- Total Franchises and Corporate Sales Headcount Grew 55% and 47%, Respectively -
  - Full Year 2020 Net Income Growth of 81% and Adjusted EBITDA Growth of 59% -

**WESTLAKE, TEXAS - February 23, 2021 -** Goosehead Insurance, Inc. ("Goosehead" or the "Company") (NASDAQ: GSHD), a rapidly growing independent personal lines insurance agency, today announced results for the fourth quarter and full year ended December 31, 2020. Beginning with the fourth quarter and full year 2019, the Company began reporting results under accounting standard ASC 606. See Goosehead's Annual Report on Form 10-K for the year ended December 31, 2019 for a discussion of the changes from year ended December 31, 2018 to the year ended December 31, 2019.

#### Fourth Quarter and Full Year 2020 Highlights

- Revenues grew organically 48% to \$34.7 million in the fourth quarter of 2020; full year 2020 revenues of \$117.0 million grew 51% compared to 2019
- Fourth quarter Core Revenues\* of \$25.7 million increased 46%; full year 2020 Core Revenues\* of \$95.1 million increased 41%
- Fourth quarter net income of \$5.3 million; net income attributable to Goosehead Insurance, Inc. of \$2.8 million or \$0.15 per basic share and \$0.14 per diluted share
- Fourth quarter and full year Adjusted EPS\* of \$0.19 per share and \$0.68, respectively
- Full year Adjusted EBITDA\* of \$27.8 million increased 59%
- Total written premiums placed for the fourth quarter and full year 2020 increased 45% to \$285 million and \$1.074 billion, respectively
- Policies in force grew 48% from the prior-year period to 713,000
- Corporate sales headcount of 364 was up 47% year-over-year
- Total franchises increased 55% compared to the prior year period to 1,468; total operating franchises grew 45% compared to the prior-year period to 891

\*Core Revenue, Adjusted EPS, and Adjusted EBITDA are non-GAAP measures. Reconciliations of Core Revenue to total revenues, Adjusted EBITDA to net income and Adjusted EPS to basic earnings per share, the most directly comparable financial measures presented in accordance with GAAP, are set forth in the reconciliation table accompanying this release.

"We achieved another exceptional year of profitable organic growth in 2020 and our disruptive platform continues to attract increasingly high quality talent," stated Mark E. Jones, Chairman and CEO. "These results, achieved in a year of unique and significant challenges, further demonstrate the strength and resiliency of our unique business model. We are extremely

pleased to see the investments we made in 2019 and prior pay dividends in 2020, and we believe the significant investments in people and technology we made last year will fuel growth in 2021 and beyond. Our choice model, industry leading human capital, best in class service and proprietary technology provide what we believe to be an unmatched client, agent, and partner experience that we believe will allow us to continue to gain meaningful share in the U.S. personal lines market. Our entire Goosehead team remained relentlessly externally focused throughout 2020, and I want to thank them for their incredible enthusiasm, dedication and tireless efforts in delivering for our clients, partners, and shareholders."

#### **Fourth Quarter 2020 Results**

For the fourth quarter of 2020, revenues were \$34.7 million, an increase of 48% compared to 2019. Core Revenues, a non-GAAP measure which excludes contingent commissions and initial franchise fees, were \$25.7 million, a 46% increase from \$17.7 million in the prior year period. Core Revenues are the most reliable revenue stream for the Company, consisting of New Business Commissions, Agency Fees, New Business Royalty Fees, Renewal Commissions, and Renewal Royalty Fees. Core Revenue growth was driven by growth in corporate agents and operating franchises (which were driven by investments in our recruiting team in 2019 and prior), productivity improvements in the Franchise Channel, and continued high levels of retention. Total written premiums placed, which is a leading indicator of future revenue growth, grew 45% in the fourth quarter to \$285 million, compared to \$196 million in the fourth quarter of 2019.

Total operating expenses for the fourth quarter of 2020 were \$29.2 million, up 73% from \$16.8 million in the prior-year period. The increase from the prior period was due to larger employee compensation and benefits expenses related to ongoing investments in our corporate agents, franchise sales team, and information systems developers. Significant outperformance from our corporate sales and recruiting teams during 2020 led to higher variable compensation for the year, primarily during the fourth quarter. Also, the Company continued to expand its real estate footprint and invest in our technology roadmap, with enhancements to our client-facing portal and numerous additional carrier integration projects, which grew the Company's general and administrative expenses for the year. Finally, the Company continued its meaningful investment in its finance and accounting function to meet Sarbanes-Oxley requirements during the year.

Net income for the fourth quarter of 2020 was \$5.3 million. Net income attributable to Goosehead Insurance, Inc. for the fourth quarter of 2020 was \$2.8 million, or \$0.15 per basic share and \$0.14 per diluted share. Adjusted EPS for the fourth quarter of 2020, which excludes equity-based compensation, was \$0.19 per share. Total Adjusted EBITDA was \$7.9 million for the fourth quarter of 2020.

#### **Full Year 2020 Results**

For the full year ending December 31, 2020, revenues were \$117.0 million, an increase of 51% compared to \$77.5 million in 2019. Core Revenues for the full year 2020 were \$95.1 million, a 41% increase from \$67.6 million in 2019.

Net income for the full year ended December 31, 2020 was \$18.8 million. Net income attributable to Goosehead Insurance, Inc. was \$9.3 million, or \$0.55 per basic share and \$0.51 per diluted share. Adjusted EPS, which excludes equity-based compensation, was \$0.68 per share for the full year 2020. Total Adjusted EBITDA was \$27.8 million for the full year 2020, an increase of 59% from 2019, and Adjusted EBITDA margin was 24%.

#### **Liquidity and Capital Resources**

As of December 31, 2020, the Company had cash and cash equivalents of \$24.9 million and an unused line of credit of \$19.7 million. Total outstanding term note payable balance was \$78.5 million as of December 31, 2020.

#### 2021 Outlook

The Company's outlook for full year 2021 is as follows:

- Total written premiums placed for 2021 are expected to be between \$1.48 billion and \$1.55 billion, representing organic growth of 38% on the low end of the range to 44% on the high end of the range.
- Total revenues for 2021 are expected to be between \$144 million and \$155 million, representing organic growth of 23% on the low end of the range to 32% on the high end of the range. This assumes continued strong growth in Core Revenue partly offset by a challenging comparison on Ancillary Revenue from 2020.

#### **Conference Call Information**

Goosehead will host a conference call and webcast today at 4:30 PM ET to discuss these results.

The dial-in number for the conference call is (855) 327-6837 (toll-free) or (631) 891-4304 (international). Please dial the number 10 minutes prior to the scheduled start time.

In addition, a live webcast of the conference call will also be available on Goosehead's investor relations website at http://ir.gooseheadinsurance.com.

A webcast replay of the call will be available at <a href="http://ir.gooseheadinsurance.com">http://ir.gooseheadinsurance.com</a> for one year following the call.

#### **About Goosehead**

Goosehead (NASDAQ: GSHD) is a rapidly growing and innovative independent personal lines insurance agency that distributes its products and services throughout the United States. Goosehead was founded on the premise that the consumer should be at the center of our universe and that everything we do should be directed at providing extraordinary value by offering broad product choice and a world-class service experience. Goosehead represents over 140 insurance companies that underwrite personal lines and small commercial lines risks, and its operations include a network of nine corporate sales offices and over 1,468 operating and contracted franchise locations. For more information, please visit gooseheadinsurance.com.

#### **Forward-Looking Statements**

This press release may contain various "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, which represent Goosehead's expectations or beliefs concerning future events. Forward-looking statements are statements other than historical facts and may include statements that address future operating, financial or business performance or Goosehead's strategies or expectations. In some cases, you can identify these statements by forward-looking words such as "may", "might", "will", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "projects", "potential", "outlook" or "continue", or the negative of these terms or other comparable terminology. Forward-looking statements are based on management's current expectations and beliefs and involve significant risks and

uncertainties that could cause actual results, developments and business decisions to differ materially from those contemplated by these statements.

Factors that could cause actual results or performance to differ from the expectations expressed or implied in such forward-looking statements include, but are not limited to, conditions impacting insurance carriers or other parties with which Goosehead does business, the economic effects of the COVID-19 pandemic, the loss of one or more key executives or an inability to attract and retain qualified personnel and the failure to attract and retain highly qualified franchisees. These risks and uncertainties also include, but are not limited to, those described under the captions "1A. Risk Factors" in Goosehead's Annual Report on Form 10-K for the year ended December 31, 2019, "Part II, Item 1A. Risk Factors" in Goosehead's Quarterly Report on Form 10-Q for the three- and nine-months ended September 30, 2020 and in Goosehead's other filings with the SEC, which are available free of charge on the Securities Exchange Commission's website at: www.sec.gov. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated. All forward-looking statements and all subsequent written and oral forward-looking statements attributable to Goosehead or to persons acting on behalf of Goosehead are expressly qualified in their entirety by reference to these risks and uncertainties. You should not place undue reliance on forward-looking statements. Forward-looking statements speak only as of the date they are made, and Goosehead does not undertake any obligation to update them in light of new information, future developments or otherwise, except as may be required under applicable law.

#### **Contacts**

Investor and Media Contact: Dan Farrell Goosehead Insurance - VP Capital Markets

Phone: (214) 838-5290

Email: dan.farrell@goosehead.com; IR@goosehead.com; PR@goosehead.com

## Goosehead Insurance, Inc. Consolidated Statements of Operations (Unaudited)

	Three Months Ended December 31,				Full Year Ended December 31,			
		2020		2019		2020		2019
Revenues:								
Commissions and agency fees	\$	22,367	\$	15,173	\$	71,811	\$	46,366
Franchise revenues		12,043		8,028		44,390		30,503
Interest income		240		174		813		617
Total revenues		34,650		23,375		117,014		77,486
Operating Expenses:								
Employee compensation and benefits		19,511		10,800		66,819		41,715
General and administrative expenses		8,110		5,242		25,532		19,042
Bad debts		572		245		1,576		725
Depreciation and amortization		994		540		3,147		1,931
Total operating expenses	· ·	29,187		16,827		97,074		63,413
Income from operations		5,463		6,548		19,940		14,073
Other Income (Expense):								
Other income		14		_		90		_
Interest expense		(645)		(526)		(2,310)		(2,387)
Income before taxes		4,832		6,022		17,720		11,686
Tax expense (benefit)	·	(423)		673		(1,035)		1,304
Net income		5,255		5,349		18,755		10,382
Less: net income attributable to non-controlling interests		2,496		3,504		9,468		6,815
Net income attributable to Goosehead Insurance, Inc.	\$	2,759	\$	1,845	\$	9,287	\$	3,567
Earnings per share:		,			_			
Basic	\$	0.15	\$	0.12	\$	0.55	\$	0.24
Diluted	\$	0.14	\$	0.11	\$	0.51	\$	0.22
Weighted average shares of Class A common stock outstanding								
Basic		17,904		15,213		16,785		14,864
Diluted		19,701		16,529		18,383		16,100

### Goosehead Insurance, Inc. **Consolidated Supplemental Statements of Operations** (Unaudited)

New Business Commissions <sup>(1)</sup> 4,872         3,231           New Business Royalty Fees <sup>(1)</sup> 2,886         1,773           Agency Fees <sup>(1)</sup> 2,559         1,579           Total Core Revenue         25,729         17,654           Cost Recovery Revenue		Three Months Ended December 31,			
Renewal Commissions(1)			2020	2019	
Renewal Commissions <sup>(1)</sup>	Revenues:				
Renewal Royally Fees <sup>67</sup> 7,903         5,196           New Business Commissions <sup>11</sup> 4,872         3,231           New Business Royalty Fees <sup>67</sup> 2,886         1,773           Agency Fees <sup>61</sup> 2,559         1,579           Total Core Revenue         25,59         16,564           Cost Recovery Revenue         1,205         951           Interest Income         240         174           Total Cost Recovery Revenue         1,445         1,125           Ancillary Revenue         1,445         1,125           Ancillary Revenue         7,476         4,548           Otter Income <sup>62</sup> 7,476         4,548           Otter Income <sup>62</sup> 34,650         23,375           Total Ancillary Revenue         7,476         4,548           Total Ancillary Revenue         19,511         10,800           Total Ancillary Revenue         19,511         10,800           Total Ancillary Revenue         19,511         10,800           General and administrative expenses         8,110         5,242           Bad debts         29,187         16,827           Depreciation and amortization         994         540           Total Core Income         16	Core Revenue:				
New Business Commissions <sup>(1)</sup> 4,872         3,231           New Business Royally Fees <sup>(2)</sup> 2,569         1,579           Total Core Revenue         25,729         17,684           Cost Recovery Revenue         25,729         17,684           Cost Recovery Revenue         1,205         951           Interest Income         240         174           Total Cost Recovery Revenue         4,445         1,205           Arcillary Revenue:         7,427         4,848           Other Income <sup>(2)</sup> 49         1,08           Othal Ancillary Revenue         7,476         4,596           Total Ancillary Revenue         7,476         4,596           Total Ancillary Revenue         7,476         4,596           Total Ancillary Revenue         9,496         1,506           Total Ancillary Revenue         9,511         10,800           General and administrative expenses         9,11         5,242           Bad debts         5,2         2,245           Depreciation and amortizat	Renewal Commissions <sup>(1)</sup>	\$	7,509 \$	5,875	
New Business Royalty Fees <sup>(2)</sup> 2,886         1,773           Agency Fees <sup>(1)</sup> 25,792         1,765           Total Core Revenue         25,792         1,765           Cost Recovery Revenue:         1,205         95           Initial Franchise Fees <sup>(2)</sup> 2,40         1,74           Total Cost Recovery Revenue         240         1,74           Ancillary Revenue:         49         1,08           Contingent Commissions <sup>(3)</sup> 7,427         4,488           Other Income <sup>(2)</sup> 7,476         4,58           Otal Ancillary Revenue         7,476         4,59           Total Ancillary Revenue         34,650         23,375           Total Ancillary Revenue         7,476         4,59           Total Ancillary Revenue         34,650         23,375           Total Commissional Marketin Levin L	Renewal Royalty Fees <sup>(2)</sup>		7,903	5,196	
Agency Fees <sup>(1)</sup> 2,559         1,579           Tota Core Revenue         25,729         1,6354           Cost Recovery Revenue         20         951           Intire Stanchise Fees <sup>(2)</sup> 1,205         951           Interest Income         240         1,74           Total Cost Recovery Revenue         1,445         1,25           Ancillary Revenue         7,475         4,488           Other Income <sup>(3)</sup> 3,605         2,335           Other Income <sup>(3)</sup> 3,605         2,335           Other Revenue         3,605         2,335           Total Apacillary Revenue         3,605         2,335           Total Apacillary Revenue         3,605         2,335           Total Aprellary Revenue         3,605         2,335           Total Apacillary Revenue         3,605         2,325           Departing Expenses         19,511         10,800           General and administrative expenses         8,111         9,242           Bad debts         5,22         2,94         14,62           Total operating expenses         29,187         16,62           Income from operations         5,43         6,52           Income (Expense)         4,52	New Business Commissions <sup>(1)</sup>		4,872	3,231	
Total Core Revenue         25,729         17,654           Cost Recovery Revenue:         1,1205         951           Interest Income         240         174           Total Cost Recovery Revenue         240         174           Total Cost Recovery Revenue         240         174           Ancillary Revenue:         ****         ****           Contingent Commissions(¹)         7,427         4,488           Other Income(¹)         49         108           Total Ancillary Revenue         7,476         4,596           Total Ancillary Revenue         34,650         23,375           Total Ancillary Revenue         34,650         23,375           Total Ancillary Revenue         34,650         23,375           Operating Expenses:         ***         24,596         23,375           Operating Expenses         8,110         5,242         245         522         245         245         245         245         245         245         245         245         245         245         242         246         243         246         243         246         243         246         243         246         243         246         248         248         246         248<	New Business Royalty Fees <sup>(2)</sup>		2,886	1,773	
Cost Recovery Revenue:         1,205         951           Initial Franchise Fees <sup>(2)</sup> 2,40         1,74           Total Cost Recovery Revenue         1,445         1,25           Ancillary Revenue:         7,427         4,488           Contingent Commissions <sup>(3)</sup> 7,427         4,488           Other Income <sup>(3)</sup> 49         108           Othal Revenue         49         108           Total Ancillary Revenue         34,650         23,375           Operating Expenses:         81,101         5,242           Employee compensation and benefits         19,511         10,800           General and administrative expenses         8,110         5,242           Bad debts         572         245           Depreciation and amortization         994         540           Total operating expenses         8,101         5,242           Bad debts         5,463         6,548           Other income from operations         5,463         6,548           Other income (Expense):         1         -           Income before taxes         6,435         6,526           Income before taxes         4,832         6,022           Tox (benefit) expense         5,255	Agency Fees <sup>(1)</sup>		2,559	1,579	
Initial Franchise Feese <sup>(2)</sup> 1,205         951           Interest Income         240         174           Total Cost Recovery Revenue         1,225         1,225           Ancillary Revenue:         7,227         4,488           Other Income <sup>(2)</sup> 49         1,089           Ottal Ancillary Revenue         7,476         4,596           Total Ancillary Revenue         3,650         2,375           Operating Expenses:         9,511         10,800           Employee compensation and benefits         19,511         10,800           General and administrative expenses         8,110         5,242           Bad debts         572         2,455           Depreciation and amortization         994         540           Total Operating expenses         29,187         16,827           Total Operating expenses         29,187         6,528           Other income (Expense):         14         —           Interest expense         6,631         5,525         6,526           Interest expense         4,832         6,525         6,534         6,525         6,525         6,526         6,526         6,525         6,525         6,525         6,526         6,526         6,525	Total Core Revenue		25,729	17,654	
Interest Income         240         174           Total Cost Recovery Revenue         1,25         1,25           Ancillary Revenue:         ————————————————————————————————————	Cost Recovery Revenue:				
Total Cost Recovery Revenue         1,445         1,125           Ancillary Revenue:         4,488         0ther Income(2)         4,488           Other Income(2)         49         108           Total Ancillary Revenue         34,650         23,375           Total Revenues         34,650         23,375           Operating Expenses:         8,150         5,222           Employee compensation and benefits         19,511         10,800           General and administrative expenses         8,110         5,242           Bad debts         572         245           Depreciation and amortization         994         540           Total operating expenses         29,187         16,827           Income from operations         5,463         6,548           Other income (Expense):         4         4         4           Interest expense         (645)         (526)           Income before taxes         (645)         (526)           Income before taxes         4,832         6,022           Tax (benefit) expense         4,832         6,022           Tax (benefit) expense         5,255         5,349           Net Income attributable to Goosehead Insurance Inc.         2,496         3,504	Initial Franchise Fees <sup>(2)</sup>		1,205	951	
Ancillary Revenue:   Contingent Commissions(1)	Interest Income		240	174	
Contingent Commissions <sup>(1)</sup> 7,427         4,88           Other Income <sup>(2)</sup> 49         108           Total Ancillary Revenue         7,476         4,596           Total Revenues         34,650         23,775           Operating Expenses:         8,150         23,775           Employee compensation and benefits         19,511         10,800           General and administrative expenses         8,110         5,242           Bad debts         572         245           Depreciation and amortization         994         540           Total operating expenses         994         540           Total operating expenses         5,463         6,582           Other income (Expense):         14         —           Other income (Expense):         665         5,263           Other income before taxes         4,832         6,022           Tax (benefit) expense         4,832         6,022           Tax (benefit) expense         4,832         6,023           Less: net income attributable to non-controlling interests         2,246         3,504           Net Income attributable to Goosehead Insurance Inc.         \$ 2,759         \$ 1,804           Easi: come attributable to Goosehead Insurance Inc.         \$	Total Cost Recovery Revenue		1,445	1,125	
Other Income <sup>(2)</sup> 49         108           Total Ancillary Revenue         7,476         4,596           Total Revenues         34,505         23,375           Operating Expenses:         8,101         5,242           Employee compensation and benefits         19,511         10,800           General and administrative expenses         8,110         5,242           Bad debts         572         245           Depreciation and amortization         994         540           Total operating expenses         29,187         16,827           Income from operations         5,435         6,548           Other income (Expense)         14         —           Other income (Expense)         645         5,526           Income before taxes         645         5,526           Income before taxes         4,832         6,526           Income before taxes         4,832         6,526           Income before taxes         5,255         5,349           Less: net income attributable to non-controlling interests         2,496         3,504           Net Income attributable to Goosehead Insurance Inc.         2,759         1,845           Earnings per share:         2,759         1,845	Ancillary Revenue:				
Total Ancillary Revenue         7,476         4,596           Total Revenues         34,650         23,375           Operating Expenses:         8,101         5,242           Employee compensation and benefits         19,511         10,800           General and administrative expenses         8,110         5,242           Bad debts         572         245           Depreciation and amortization         994         540           Total operating expenses         29,187         16,827           Income from operations         5,63         6,548           Other Income (Expense)         14         —           Interest expense         (645)         (526)           Income before taxes         4,832         6,022           Tax (benefit) expense         4,832         6,022           Tax (benefit) expense         4,832         6,022           Income         5,255         5,349           Less: net income attributable to non-controlling interests         2,496         3,504           Net Income attributable to Goosehead Insurance Inc.         2,759         1,815           Earnings per share:           Basic         5         0,15         0,12           Diluted         2	Contingent Commissions <sup>(1)</sup>		7,427	4,488	
Total Revenues         34,650         23,375           Operating Expenses:         Semployee compensation and benefits         19,511         10,800           General and administrative expenses         8,110         5,242           Bad debts         572         245           Depreciation and amortization         994         540           Total operating expenses         29,187         16,827           Income from operations         5,463         6,548           Other Income (Expense):         543         6,548           Other Income         14         —           Interest expense         (645)         (526)           Income before taxes         4,832         6,022           Tax (benefit) expense         4,832         6,022           Tax (benefit) expense         4,832         6,022           Less: net income attributable to non-controlling interests         2,496         3,504           Net Income         \$ 2,759         1,845           Earnings per share:         \$ 0.15         0.12           Basic         \$ 0.15         0.12           Diluted         \$ 0.15         0.12           Weighted average shares of Class A common stock outstanding         15,213	Other Income <sup>(2)</sup>		49	108	
Operating Expenses:           Employee compensation and benefits         19,511         10,800           General and administrative expenses         8,110         5,242           Bad debts         572         245           Depreciation and amortization         994         540           Total operating expenses         29,187         16,827           Income from operations         5,463         6,548           Other Income (Expense):         14         —           Other income         14         —           Interest expense         (645)         (526)           Income before taxes         4,832         6,022           Tax (benefit) expense         4,832         6,022           Tax (benefit) expense         5,255         5,349           Less: net income attributable to non-controlling interests         2,496         3,504           Net Income attributable to Goosehead Insurance Inc.         \$ 0,15         0,12           Earnings per share:         \$ 0,15         0,12           Basic         \$ 0,15         0,12           Dilluted         \$ 0,14         0,11           Weighted average shares of Class A common stock outstanding         17,904         15,213	Total Ancillary Revenue		7,476	4,596	
Employee compensation and benefits         19,511         10,800           General and administrative expenses         8,110         5,242           Bad debts         572         245           Depreciation and amortization         994         540           Total operating expenses         29,187         16,827           Income from operations         5,463         6,548           Other Income (Expense):         4,832         6,548           Other income         14         —           Income before taxes         4,832         6,525           Tax (benefit) expense         (423)         6,732           Net Income         5,255         5,349           Less: net income attributable to non-controlling interests         2,496         3,504           Net Income attributable to Goosehead Insurance Inc.         \$ 2,759         1,845           Earnings per share:         \$ 0.15         0.12           Basic         \$ 0.14         0.11           Weighted average shares of Class A common stock outstanding         17,904         15,213	Total Revenues		34,650	23,375	
Employee compensation and benefits         19,511         10,800           General and administrative expenses         8,110         5,242           Bad debts         572         245           Depreciation and amortization         994         540           Total operating expenses         29,187         16,827           Income from operations         5,463         6,548           Other Income (Expense):         4,832         6,548           Other income         14         —           Income before taxes         4,832         6,525           Tax (benefit) expense         (423)         6,732           Net Income         5,255         5,349           Less: net income attributable to non-controlling interests         2,496         3,504           Net Income attributable to Goosehead Insurance Inc.         \$ 2,759         1,845           Earnings per share:         \$ 0.15         0.12           Basic         \$ 0.14         0.11           Weighted average shares of Class A common stock outstanding         17,904         15,213	Operating Expenses:				
Bad debts         572         245           Depreciation and amortization         994         540           Total operating expenses         29,187         16,827           Income from operations         5,463         6,548           Other Income (Expense):         14         —           Other income         14         —           Interest expense         (645)         (526)           Income before taxes         4,832         6,022           Tax (benefit) expense         4,832         6,022           Tax (benefit) expense         4,832         6,022           Less: net income attributable to non-controlling interests         2,496         3,504           Net Income attributable to Goosehead Insurance Inc.         2,759         1,845           Earnings per share:         5,255         0,12           Basic         5,015         0,12           Diluted         0,14         0,11           Weighted average shares of Class A common stock outstanding         17,904         15,213	Employee compensation and benefits		19,511	10,800	
Depreciation and amortization         994         540           Total operating expenses         29,187         16,827           Income from operations         5,463         6,548           Other Income (Expense):         3,463         6,548           Other income         14         —           Interest expense         (645)         (526)           Income before taxes         4,832         6,022           Tax (benefit) expense         (423)         673           Net Income         5,255         5,349           Less: net income attributable to non-controlling interests         2,496         3,504           Net Income attributable to Goosehead Insurance Inc.         \$ 2,759         1,845           Earnings per share:           Basic         0.15         0.12           Diluted         \$ 0.14         0.11           Weighted average shares of Class A common stock outstanding         17,904         15,213	General and administrative expenses		8,110	5,242	
Total operating expenses         29,187         16,827           Income from operations         5,463         6,548           Other Income (Expense):         3,463         3,548           Other income (Expense):         14         —           Interest expense         (645)         (526)           Income before taxes         4,832         6,022           Tax (benefit) expense         4233         673           Net Income         5,255         5,349           Less: net income attributable to non-controlling interests         2,496         3,504           Net Income attributable to Goosehead Insurance Inc.         \$ 2,759         \$ 1,845           Earnings per share:         8         0.15         0.12           Diluted         \$ 0.14         0.11           Weighted average shares of Class A common stock outstanding         17,904         15,213	Bad debts		572	245	
Income from operations         5,463         6,548           Other Income (Expense):         Other income         14         —           Interest expense         (645)         (526)           Income before taxes         4,832         6,022           Tax (benefit) expense         (423)         673           Net Income         5,255         5,349           Less: net income attributable to non-controlling interests         2,496         3,504           Net Income attributable to Goosehead Insurance Inc.         \$ 2,759         \$ 1,845           Earnings per share:         Basic         \$ 0.15         0.12           Diluted         \$ 0.14         0.11           Weighted average shares of Class A common stock outstanding         17,904         15,213	Depreciation and amortization		994	540	
Other Income (Expense):         Other income       14       —         Interest expense       (645)       (526)         Income before taxes       4,832       6,022         Tax (benefit) expense       (423)       673         Net Income       5,255       5,349         Less: net income attributable to non-controlling interests       2,496       3,504         Net Income attributable to Goosehead Insurance Inc.       \$ 2,759       \$ 1,845         Earnings per share:         Basic       \$ 0.15       0.12         Diluted       \$ 0.14       0.11         Weighted average shares of Class A common stock outstanding       17,904       15,213	Total operating expenses		29,187	16,827	
Other Income (Expense):         Other income       14       —         Interest expense       (645)       (526)         Income before taxes       4,832       6,022         Tax (benefit) expense       (423)       673         Net Income       5,255       5,349         Less: net income attributable to non-controlling interests       2,496       3,504         Net Income attributable to Goosehead Insurance Inc.       \$ 2,759       \$ 1,845         Earnings per share:         Basic       \$ 0.15       0.12         Diluted       \$ 0.14       0.11         Weighted average shares of Class A common stock outstanding       17,904       15,213	Income from operations		5,463	6,548	
Interest expense   (645)   (526)     Income before taxes   4,832   6,022     Tax (benefit) expense   (423)   673     Net Income   5,255   5,349     Less: net income attributable to non-controlling interests   2,496   3,504     Net Income attributable to Goosehead Insurance Inc.   \$ 2,759   \$ 1,845     Earnings per share:   \$ 0.15   0.12     Diluted   \$ 0.14   0.11     Weighted average shares of Class A common stock outstanding     Basic   17,904   15,213	Other Income (Expense):				
Income before taxes         4,832         6,022           Tax (benefit) expense         (423)         673           Net Income         5,255         5,349           Less: net income attributable to non-controlling interests         2,496         3,504           Net Income attributable to Goosehead Insurance Inc.         \$ 2,759         \$ 1,845           Earnings per share:         Basic         \$ 0.15         0.12           Diluted         \$ 0.14         0.11           Weighted average shares of Class A common stock outstanding         17,904         15,213	Other income		14	_	
Tax (benefit) expense         (423)         673           Net Income         5,255         5,349           Less: net income attributable to non-controlling interests         2,496         3,504           Net Income attributable to Goosehead Insurance Inc.         \$ 2,759         \$ 1,845           Earnings per share:         Basic         \$ 0.15         0.12           Diluted         \$ 0.14         0.11           Weighted average shares of Class A common stock outstanding Basic         17,904         15,213	Interest expense		(645)	(526)	
Net Income         5,255         5,349           Less: net income attributable to non-controlling interests         2,496         3,504           Net Income attributable to Goosehead Insurance Inc.         \$ 2,759         \$ 1,845           Earnings per share:         Basic         \$ 0.15         0.12           Diluted         \$ 0.14         0.11           Weighted average shares of Class A common stock outstanding Basic         17,904         15,213	Income before taxes		4,832	6,022	
Net Income         5,255         5,349           Less: net income attributable to non-controlling interests         2,496         3,504           Net Income attributable to Goosehead Insurance Inc.         \$ 2,759         \$ 1,845           Earnings per share:         Basic         \$ 0.15         0.12           Diluted         \$ 0.14         0.11           Weighted average shares of Class A common stock outstanding Basic         17,904         15,213	Tax (benefit) expense		(423)	673	
Less: net income attributable to non-controlling interests  Net Income attributable to Goosehead Insurance Inc.  Earnings per share:  Basic \$ 0.15 0.12  Diluted \$ 0.14 0.11  Weighted average shares of Class A common stock outstanding Basic 17,904 15,213			5,255	5,349	
Net Income attributable to Goosehead Insurance Inc.         \$ 2,759         \$ 1,845           Earnings per share:         8         0.15         0.12           Basic         \$ 0.14         0.11           Diluted         \$ 0.14         0.11           Weighted average shares of Class A common stock outstanding Basic         17,904         15,213	Less: net income attributable to non-controlling interests		2,496	3,504	
Basic         \$ 0.15         0.12           Diluted         \$ 0.14         0.11           Weighted average shares of Class A common stock outstanding           Basic         17,904         15,213	-	\$	2,759 \$		
Basic         \$ 0.15         0.12           Diluted         \$ 0.14         0.11           Weighted average shares of Class A common stock outstanding           Basic         17,904         15,213	Earnings per share:				
Weighted average shares of Class A common stock outstanding  Basic 17,904 15,213		\$	0.15	0.12	
Basic 17,904 15,213	Diluted	\$	0.14	0.11	
	Weighted average shares of Class A common stock outstanding				
Diluted 19,701 16,529	Basic		17,904	15,213	
	Diluted		19,701	16,529	

<sup>(1)</sup> Renewal Commissions, New Business Commissions, Agency Fees, and Contingent Commissions are included in "Commissions and agency fees" as shown on the Consolidated statements of operations within Goosehead's Form 10-K for the twelve months ended December 31, 2020 and 2019.

(2) Renewal Royalty Fees, New Business Royalty Fees, Initial Franchise Fees, and Other Income are included in "Franchise revenues" as shown on the Consolidated

statements of operations within Goosehead's Form 10-K for the twelve months ended December 31, 2020 and 2019.

### Goosehead Insurance, Inc. **Consolidated Supplemental Statements of Operations** (Unaudited)

Renewal Royalty Fees <sup>(7)</sup>   19,4   11,5     New Business Commissions <sup>(1)</sup>   11,623   7,7,4     Agency Fees <sup>(2)</sup>   10,623   7,7,4     Agency Fees <sup>(3)</sup>   8,921   6,6     Total Core Revenue   95,068   67,5     Cost Recovery Revenue:		Full Year Ended December 31,			
Core Revenue:         S         28,891         \$         22,930           Renewal Royalty Fees <sup>(2)</sup> 29,309         19,4           New Business Commissions <sup>(1)</sup> 17,24         11,1           New Business Royalty Fees <sup>(2)</sup> 10,623         7,7           Agency Fees <sup>(2)</sup> 8,921         6,6           Total Core Revenue         95,068         6,7           Cost Recovery Revenue:         813         6           Interest Income         813         6           Total Cost Recovery Revenue         5,049         4,4           Ancillary Revenue:         5,049         4,4           Contingent Commissions <sup>(3)</sup> 16,675         5,5           Other Income <sup>(2)</sup> 16,675         5,5           Other Income <sup>(2)</sup> 12,22         1           Total Ancillary Revenue         16,897         5,5           Other Income <sup>(2)</sup> 16,675         5,5           Other Income <sup>(3)</sup> 16,675         5,2           Other Income <sup>(3)</sup> 17,014         77,7           Operating Expenses         25,532         19,0           Bad debts         1,576         7,           General and administrative expenses         9,7074			2020	2019	
Renewal Commissions(1)         \$ 28,891         \$ 22,9           Renewal Royalty Fees(2)         19,309         19,4           New Business Commissions(1)         11,324         11,5           New Business Commissions(2)         10,623         7,7           Agency Fees(2)         8,921         6,6           Total Core Revenue         95,068         67.7           Cost Recovery Revenue:         813         6           Initial Franchise Fees(2)         4,236         3,3           Interest Income         813         6           Total Cost Recovery Revenue         813         6           Apolitary Revenue:         202         1           Cotter Income(2)         222         1           Total Ancillary Revenue         16,675         5,6           Cotter Income(2)         222         1           Total Ancillary Revenue         16,687         5,5           Total Ancillary Revenue         16,687         5,5           Total Ancillary Revenue         6,681         4,7           Operating Expenses:         6,681         4,7           Employee compensation and benefits         66,819         4,7           General and administrative expenses         9,707	Revenues:				
Renewal Royalty Fees <sup>(7)</sup>   19,4   11,5     New Business Commissions <sup>(1)</sup>   11,623   7,7,4     Agency Fees <sup>(2)</sup>   10,623   7,7,4     Agency Fees <sup>(3)</sup>   8,921   6,6     Total Core Revenue   95,068   67,5     Cost Recovery Revenue:	Core Revenue:				
New Business Commissions <sup>(1)</sup> 17,324         11,5           New Business Royalty Fees <sup>(2)</sup> 10,623         7,3           Agency Fees <sup>(3)</sup> 8,921         6,6           Total Core Revenue         95,068         67,5           Cost Recovery Revenue         4,236         3,7           Initial Franchise Fees <sup>(2)</sup> 4,236         3,7           Interest Income         813         6           Total Cost Recovery Revenue         5,049         4,4           Ancillary Revenue:         16,675         5,4           Cother Income <sup>(2)</sup> 222         3           Total Ancillary Revenue         16,897         5,5           Total Ancillary Revenue         10,689         4,7           Coperating Expenses:         6,819         41,7           Employee compensation and benefits         66,819         41,7           General and administrative expenses         25,532         19,0           Total operating expenses: <td>Renewal Commissions<sup>(1)</sup></td> <td>\$</td> <td>28,891</td> <td>\$ 22</td> <td>2,924</td>	Renewal Commissions <sup>(1)</sup>	\$	28,891	\$ 22	2,924
New Business Royalty Fees(²)         10,623         7,7           Agency Fees(²)         8,921         6,0           Total Core Revenue         95,088         67,5           Cost Recovery Revenue:         10,000         3,000           Initial Franchise Fees(²)         4,236         3,7           Interest Income         813         6           Total Cost Recovery Revenue         5,049         4,4           Ancillary Revenue:         2022         1           Contingent Commissions(²)         16,675         5,6           Other Income(²)         222         1           Total Ancillary Revenue         117,014         7,7           Total Ancillary Revenue         117,014         7,7           Cerrating Expenses:         117,014         7,7           Employee compensation and benefits         66,819         41,7           General and administrative expenses         25,532         19,0           Bad debts         1,576         7           Depreciation and amortization         3,147         1,9           Total Operating expenses         9,007         14,0           Income from operations         9,0         1,0           Total Commerciations         1,0         <	Renewal Royalty Fees <sup>(2)</sup>		29,309	1	L9,462
Agency Fees(1)         8,921         6,6           Total Core Revenue         95,068         67.8           Cost Recovery Revenue:         81,068         3,7           Initer Stanchise Fees(2)         4,236         3,3           Total Cost Recovery Revenue         813         6           Total Cost Recovery Revenue         5,049         4,2           Ancillary Revenue:         816,675         5,6           Contingent Commissions(1)         16,675         5,6           Other Income(2)         222         1           Total Revenue         11,09         5,5           Total Revenue         11,09         5,5           Total Revenue         11,00         7,7           Total Revenue         11,00         7,7           Total Revenue         66,819         41,7           Operating Expenses:         25,532         19,0           Bad debts         1,576         7           General and administrative expenses         25,532         19,0           Bad debts         1,576         7           Operaciting expenses         9,704         63,4           Income fem operations         19,940         14,0           Other income         2<	New Business Commissions <sup>(1)</sup>		17,324	1	L1,961
Total Core Revenue         95,068         67,5           Cost Recovery Revenue:         4,236         3,3           Interest Income         813         6           Total Cost Recovery Revenue         5,049         4,2           Ancillary Revenue:         2			10,623		7,149
Cost Recovery Revenue:	Agency Fees <sup>(1)</sup>		8,921		6,058
Initial Franchise Fees <sup>(2)</sup> 4,236         3,7           Interest Income         813         6           Total Cost Recovery Revenue         5,049         4,4           Ancillary Revenue:         5,049         4,4           Cother Income <sup>(2)</sup> 16,675         5,4           Other Income <sup>(2)</sup> 222         2         1           Total Ancillary Revenue         11,014         77,7           Total Revenues         117,014         77,7           Operating Expenses:         2         2         1           Employee compensation and benefits         66,819         41,7         6         6,819         41,7         1,7         6         6,819         41,7         6         6,819         41,7         6         6,819         41,7         6         6,819         41,7         6         6,819         41,7         6         6,819         41,7         6         6,819         41,7         6         6,819         41,7         6         6,819         41,7         6         6,819         41,7         6         7         7         6         6,819         41,7         1,9         1,9         1,0         1,0         1,0         1,0         1,0	Total Core Revenue		95,068	6	7,554
Interest Income   1813   1815   181	Cost Recovery Revenue:				
Total Cost Recovery Revenue   5,049	Initial Franchise Fees <sup>(2)</sup>		4,236		3,784
Ancillary Revenue:   Contingent Commissions(i)   16,675   5,4     Other Income (iii)   222   17     Total Ancillary Revenue   16,897   5,5     Total Revenues   117,014   77,4     Other Income (iiii)   17,014   77,4     Other Income (iiii)   18,097   18,097   19,000     Bad debts   1,576   7,7     Ceneral and administrative expenses   25,532   19,000     Bad debts   1,576   7,7     Total operating expenses   25,532   19,000     Bad debts   1,576   7,7     Total operating expenses   97,074   63,4     Income from operations   19,940   14,000     Other Income (Expense):   90     Interest expense   (2,310)   (2,310)     Income before taxes   17,720   11,600     Tax (benefit) expense   (3,310)   (2,310)     Ate (Income attributable to non-controlling interests   9,468   6,800     Net Income attributable to Goosehead Insurance Inc.   9,9287   3,500     Earnings per share:   8   0,55   0,000     Basic   \$ 0,55   0,000     Basic   \$ 0,55   0,000     Basic   \$ 0,55   0,000     Weightted average shares of Class A common stock outstanding   16,785   14,800     Basic   16,785   14,800	Interest Income		813		617
Contingent Commissions(¹)         16,675         5,4           Other Income(□)         222         1           Total Ancillary Revenue         16,897         5,5           Total Revenues         117,014         77,4           Operating Expenses:         117,014         77,4           Employee compensation and benefits         66,819         41,7           General and administrative expenses         66,819         41,7           Depreciation and amortization         1,576         7           Depreciation and amortization         3,147         1,9           Total operating expenses         97,074         63,4           Income from operations         19,940         14,0           Other income (Expense):         90         1           Interest expense         (2,310)         (2,3           Tox (benefit) expense         17,720         11,6           Tax (benefit) expense         11,035         1,3           Less: net income attributable to non-controlling interests         9,468         6,8           Net Income attributable to Goosehead Insurance Inc.         9,287         3,55           Earnings per share:         8         9,287         3,55           Diluted         \$         0,55	Total Cost Recovery Revenue		5,049		4,401
Other Income(c)         222         1           Total Ancillary Revenue         16,897         5,5           Total Revenues         17,74         77,4           Operating Expenses:           Employee compensation and benefits         66,819         41,7           General and administrative expenses         25,532         19,0           Bad debts         1,576         7           Depreciation and amortization         3,147         1,9           Total operating expenses         97,074         63,4           Income from operations         19,940         14,0           Other income (Expense):         9         14,0           Other income         9         1,0           Income before taxes         2,310         2,3           Income before taxes         17,720         11,6           Tax (benefit) expense         13,755         10,3           Less: net income attributable to non-controlling interests         9,468         6,8           Net Income attributable to Goosehead Insurance Inc.         \$ 9,287         \$ 3,5           Earnings per share:         \$ 0,55         0           Basic         \$ 0,55         0           Diluted         \$ 0,55         0 </td <td>Ancillary Revenue:</td> <td></td> <td></td> <td></td> <td></td>	Ancillary Revenue:				
Total Ancillary Revenue         16,897         5,5           Total Revenues         117,014         77,4           Operating Expenses:         117,014         77,4           Employee compensation and benefits         66,819         41,7           General and administrative expenses         66,819         41,7           General and administrative expenses         1,576         7           Depreciation and amortization         3,147         1,9           Total operating expenses         97,074         63,4           Income from operations         97,074         63,4           Income from operations         99,074         63,4           Other income (Expense):         99,074         63,4           Other income         90         14,0           Interest expense         (2,310)         (2,33           Income before taxes         17,720         11,6           Tax (benefit) expense         11,035         1,3           Net Income         18,755         10,3           Less: net income attributable to non-controlling interests         9,468         6,8           Net Income attributable to Goosehead Insurance Inc.         \$ 9,287         3,5           Earnings per share:         \$ 0.55         0.	Contingent Commissions <sup>(1)</sup>		16,675		5,423
Total Revenues         117,014         77,70           Operating Expenses:         86,819         41,7           Employee compensation and benefits         66,819         41,7           General and administrative expenses         25,532         19,0           Bad debts         1,576         7           Depreciation and amortization         3,147         1,9           Total operating expenses         97,074         63,4           Income from operations         19,940         14,0           Other Income (Expense):         9         1           Other income         90         1           Interest expense         (2,310)         (2,38)           Income before taxes         17,720         11,6           Tax (benefit) expense         13,30         1,3           Net Income         18,755         10,3           Less: net income attributable to non-controlling interests         9,488         6,8           Net Income attributable to Goosehead Insurance Inc.         9,287         3,55           Earnings per share:         \$         9,287         3,55           Earnings per share:         \$         0,51         0.5           Dilluted         \$         0,51         0.5 </td <td>Other Income<sup>(2)</sup></td> <td></td> <td>222</td> <td></td> <td>108</td>	Other Income <sup>(2)</sup>		222		108
Operating Expenses:           Employee compensation and benefits         66,819         41,7           General and administrative expenses         25,532         19,0           Bad debts         1,576         7           Depreciation and amortization         3,147         1,9           Total operating expenses         97,074         63,4           Income from operations         19,940         14,0           Other income (Expense):         90         10           Other income         90         (2,310)         (2,31           Income before taxes         17,720         11,6           Tax (benefit) expense         (1,035)         1,3           Net Income         18,755         10,3           Less: net income attributable to non-controlling interests         9,468         6,8           Net Income attributable to Goosehead Insurance Inc.         9,287         3,5           Earnings per share:         8         9,287         3,5           Earnings per share:         8         0,55         0.           Basic         \$ 0,55         0.         0.           Dilluted         \$ 0,51         0.         0.           Weighted average shares of Class A common stock outstanding	Total Ancillary Revenue		16,897		5,531
Employee compensation and benefits         66,819         41,7           General and administrative expenses         25,532         19,0           Bad debts         1,576         7           Depreciation and amortization         3,147         1,9           Total operating expenses         97,074         63,4           Income from operations         19,940         14,0           Other Income (Expense):         9         14,0           Other income         9         (2,310)         (2,31           Income before taxes         17,720         11,6           Tax (benefit) expense         (1,035)         1,3           Less: net income attributable to non-controlling interests         9,468         6,8           Net Income attributable to Goosehead Insurance Inc.         9,287         3,55           Earnings per share:         \$ 0.55         0.5           Basic         \$ 0.55         0.5           Diluted         \$ 0.55         0.5           Weighted average shares of Class A common stock outstanding         16,785         14,8	Total Revenues		117,014	7	77,486
General and administrative expenses       25,532       19,00         Bad debts       1,576       7         Depreciation and amortization       3,147       1,9         Total operating expenses       97,074       63,4         Income from operations       19,940       14,0         Other Income (Expense):       90       14,0         Other income       90       2,310       (2,310)       (2,310)         Income before taxes       17,720       11,6       13,6       13,755       10,33       13,3         Net Income       18,755       10,3       6,8       6,8       6,8         Net Income attributable to non-controlling interests       9,468       6,8       6,8         Net Income attributable to Goosehead Insurance Inc.       9,287       3,5       3,5         Earnings per share:       8       0,55       0.         Basic       \$ 0,55       0.       0.         Weighted average shares of Class A common stock outstanding       16,785       14,8	Operating Expenses:				
Bad debts         1,576         7.7           Depreciation and amortization         3,147         1,9           Total operating expenses         97,074         63,4           Income from operations         19,940         14,0           Other Income (Expense):         90         10,0           Uncome before taxes         (2,310)         (2,330)         <	Employee compensation and benefits		66,819	42	1,715
Depreciation and amortization         3,147         1,9           Total operating expenses         97,074         63,4           Income from operations         19,940         14,0           Other Income (Expense):         90         2,33           Other income         90         (2,330) <th< td=""><td>General and administrative expenses</td><td></td><td>25,532</td><td>19</td><td>9,042</td></th<>	General and administrative expenses		25,532	19	9,042
Total operating expenses         97,074         63,4           Income from operations         19,940         14,0           Other Income (Expense):         90         90           Interest expense         (2,310)         (2,34           Income before taxes         17,720         11,6           Tax (benefit) expense         (1,035)         1,3           Net Income         18,755         10,3           Less: net income attributable to non-controlling interests         9,468         6,8           Net Income attributable to Goosehead Insurance Inc.         \$ 9,287         \$ 3,5           Earnings per share:         8         9,287         \$ 3,5           Earnings per shares of Class A common stock outstanding         \$ 0.55         0.55         0.55           Basic         \$ 0.51         0.55         0.55         0.55           Weighted average shares of Class A common stock outstanding         \$ 0.51         0.55	Bad debts		1,576		725
Income from operations         19,940         14,0           Other Income (Expense):         90           Interest expense         (2,310)         (2,36           Income before taxes         17,720         11,60           Tax (benefit) expense         (1,035)         1,3           Net Income         18,755         10,3           Less: net income attributable to non-controlling interests         9,468         6,8           Net Income attributable to Goosehead Insurance Inc.         \$ 9,287         \$ 3,5           Earnings per share:           Basic         \$ 0.55         0.           Diluted         \$ 0.51         0.           Weighted average shares of Class A common stock outstanding         16,785         14,80	Depreciation and amortization		3,147	-	1,931
Other Income (Expense):         Other income       90         Interest expense       (2,310)       (2,36)         Income before taxes       17,720       11,60         Tax (benefit) expense       (1,035)       1,3         Net Income       18,755       10,3         Less: net income attributable to non-controlling interests       9,468       6,8         Net Income attributable to Goosehead Insurance Inc.       \$ 9,287       \$ 3,5         Earnings per share:         Basic       \$ 0.55       0.         Diluted       \$ 0.51       0.         Weighted average shares of Class A common stock outstanding       16,785       14,80	Total operating expenses		97,074	63	3,413
Other income         90           Interest expense         (2,310)         (2,33           Income before taxes         17,720         11,6           Tax (benefit) expense         (1,035)         1,3           Net Income         18,755         10,3           Less: net income attributable to non-controlling interests         9,468         6,8           Net Income attributable to Goosehead Insurance Inc.         \$ 9,287         \$ 3,5           Earnings per share:           Basic         \$ 0.55         0.5           Diluted         \$ 0.51         0.5           Weighted average shares of Class A common stock outstanding         16,785         14,80	Income from operations		19,940	14	4,073
Interest expense   (2,310)   (2,31	Other Income (Expense):				
Income before taxes         17,720         11,6           Tax (benefit) expense         (1,035)         1,3           Net Income         18,755         10,3           Less: net income attributable to non-controlling interests         9,468         6,8           Net Income attributable to Goosehead Insurance Inc.         \$ 9,287         \$ 3,5           Earnings per share:         Basic         \$ 0.55         0.5           Diluted         \$ 0.51         0.5           Weighted average shares of Class A common stock outstanding Basic         16,785         14,80	Other income		90		_
Tax (benefit) expense         (1,035)         1,3           Net Income         18,755         10,3           Less: net income attributable to non-controlling interests         9,468         6,8           Net Income attributable to Goosehead Insurance Inc.         \$ 9,287         \$ 3,5           Earnings per share:         8         0.55         0.5           Diluted         \$ 0.51         0.5           Weighted average shares of Class A common stock outstanding Basic         16,785         14,80	Interest expense		(2,310)	(2	2,387)
Net Income         18,755         10,3           Less: net income attributable to non-controlling interests         9,468         6,8           Net Income attributable to Goosehead Insurance Inc.         \$ 9,287         \$ 3,5           Earnings per share:         8         0.55         0.0           Diluted         \$ 0.51         0.0           Weighted average shares of Class A common stock outstanding Basic         16,785         14,80	Income before taxes		17,720	13	1,686
Less: net income attributable to non-controlling interests  Net Income attributable to Goosehead Insurance Inc.   Earnings per share:  Basic  Basic  Diluted  S  0.55  0.50  Weighted average shares of Class A common stock outstanding Basic  Basic  16,785	Tax (benefit) expense		(1,035)	-	1,304
Net Income attributable to Goosehead Insurance Inc.  Earnings per share:  Basic \$ 0.55 0  Diluted \$ 0.51 0  Weighted average shares of Class A common stock outstanding Basic 16,785 14,80	Net Income		18,755	10	0,382
Net Income attributable to Goosehead Insurance Inc.  Earnings per share:  Basic \$ 0.55 0  Diluted \$ 0.51 0  Weighted average shares of Class A common stock outstanding Basic 16,785 14,80	Less: net income attributable to non-controlling interests		9,468	(	6,815
Basic         \$ 0.55         0.           Diluted         \$ 0.51         0.           Weighted average shares of Class A common stock outstanding         \$ 16,785         14,80	-	\$	9,287	\$	3,567
Basic         \$ 0.55         0.           Diluted         \$ 0.51         0.           Weighted average shares of Class A common stock outstanding         \$ 16,785         14,80	Earnings per share:				
Weighted average shares of Class A common stock outstanding  Basic  16,785  14,80		\$	0.55		0.24
Basic 16,785 14,8	Diluted	\$	0.51		0.22
	Weighted average shares of Class A common stock outstanding				
Diluted 18,383 16,10	Basic		16,785	14	4,864
	Diluted		18,383	16	6,100

<sup>(1)</sup> Renewal Commissions, New Business Commissions, Agency Fees, and Contingent Commissions are included in "Commissions and agency fees" as shown on the Consolidated statements of operations within Goosehead's Form 10-K for the twelve months ended December 31, 2020 and 2019.

(2) Renewal Royalty Fees, New Business Royalty Fees, Initial Franchise Fees, and Other Income are included in "Franchise revenues" as shown on the Consolidated

statements of operations within Goosehead's Form 10-K for the twelve months ended December 31, 2020 and 2019.

## Goosehead Insurance, Inc. **Segment Information** (Unaudited)

		Full Year Ended December 31, 2020				
	Franci	nise Channel	Corporate Channel	Other	Total	
Revenues:						
Core Revenue:						
Renewal Commissions <sup>(1)</sup>	\$	_	28,891	\$ —	\$ 28,891	
Renewal Royalty Fees <sup>(2)</sup>		29,309	_	_	29,309	
New Business Commissions <sup>(1)</sup>		_	17,324	_	17,324	
New Business Royalty Fees <sup>(2)</sup>		10,623	_	_	10,623	
Agency Fees <sup>(1)</sup>			8,921		8,921	
Total Core Revenue		39,932	55,136	_	95,068	
Cost Recovery Revenue:						
Initial Franchise Fees <sup>(2)</sup>		4,236	_	_	4,236	
Interest Income		813			813	
Total Cost Recovery Revenue		5,049	_	_	5,049	
Ancillary Revenue:						
Contingent Commissions <sup>(1)</sup>		10,754	5,921	_	16,675	
Other Income <sup>(2)</sup>		222			222	
Total Ancillary Revenue		10,976	5,921		16,897	
Total Revenues		55,957	61,057	_	117,014	
Operating expenses:						
Employee compensation and benefits, excluding equity based compensation		26,231	35,843	_	62,074	
General and administrative expenses		9,618	12,058	3,856	25,532	
Bad debts		387	1,189	_	1,576	
Total Operating Expenses		36,236	49,090	3,856	89,182	
Adjusted EBITDA		19,721	11,967	(3,856)	27,832	
Other income (expense)		90	_	_	90	
Equity based compensation		_	_	(4,745)	(4,745)	
Interest expense		_	_	(2,310)	(2,310)	
Depreciation and amortization		(1,775)	(1,372)	_	(3,147)	
Income tax benefit				1,035	1,035	
Net income	\$	18,036	\$ 10,595	\$ (9,876)	\$ 18,755	
December 31, 2020:						
Total Assets	\$	82,804	\$ 25,609	\$ 77,424	\$ 185,837	

<sup>(1)</sup> Renewal Commissions, New Business Commissions, Agency Fees, and Contingent Commissions are included in "Commissions and agency fees" as shown on the Consolidated statements of operations within Goosehead's Form 10-K for the twelve months ended December 31, 2020 and 2019.

(2) Renewal Royalty Fees, New Business Royalty Fees, Initial Franchise Fees, and Other Income are included in "Franchise revenues" as shown on the Consolidated statements of operations within Goosehead's Form 10-K for the twelve months ended December 31, 2020 and 2019.

## Goosehead Insurance, Inc. Consolidated Balance Sheets (Unaudited) (In thousands, except per share amounts)

(in anodocindo, oxoopt por orient amounts)	December 31,			L,
		2020		2019
Assets			,	
Current Assets:				
Cash and cash equivalents	\$	24,913	\$	14,337
Restricted cash		1,323		923
Commissions and agency fees receivable, net		18,604		6,884
Receivable from franchisees, net		2,100		2,602
Prepaid expenses		3,705		1,987
Total current assets		50,645		26,733
Receivable from franchisees, net of current portion		18,179		11,014
Property and equipment, net of accumulated depreciation		16,650		9,542
Right-of use asset		22,513		_
Intangible assets, net of accumulated amortization		549		445
Deferred income taxes, net		73,363		15,537
Other assets		3,938		1,357
Total assets	\$	185,837	\$	64,628
Liabilities and Stockholders' Equity		,		
Current Liabilities:				
Accounts payable and accrued expenses	\$	8,101	\$	5,033
Premiums payable		1,323		923
Lease liability		3,203		_
Deferred rent		_		683
Contract liabilities		4,233		2,771
Note payable		3,500		4,000
Total current liabilities		20,360		13,410
Lease liability, net of current portion		32,933		_
Deferred rent, net of current portion		_		6,681
Note payable, net of current portion		79,408		42,161
Contract liabilities, net of current portion		29,968		20,024
Liabilities under tax receivable agreement, net of current portion		61,572		13,359
Total liabilities		224,241		95,635
Commitments and contingencies (see notes 9, 15, and 17)				
Class A common stock, \$0.01 par value per share 300,000,000 shares authorized, 18,303,649 shares issued and outstanding as of December 31, 2020, 15,238,079 issued and outstanding as of December 31, 2019		183		152
Class B common stock, \$0.01 par value per share - 50,000,000 shares authorized, 18,446,689 issued and outstanding as of December 31, 2020, 21,054,935 issued and outstanding as of December 31, 2019		184		210
Additional paid in capital		29,371		14,442
Accumulated deficit		(34,614)		(23,811)
Total stockholders' equity and members' deficit		(4,876)		(9,007)
Non-controlling interests		(33,528)		(22,000)
Total equity		(38,404)		(31,007)
Total liabilities and equity	\$	185,837	\$	64,628
			_	

## Goosehead Insurance, Inc. Reconciliation Non-GAAP Measures to GAAP

This release includes Core Revenue, Cost Recovery Revenue, Ancillary Revenue, Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted EPS that are not required by, nor presented in accordance with, generally accepted accounting principles in the United States ("GAAP"). The Company refers to these measures as "non-GAAP financial measures." The Company uses these non-GAAP financial measures when planning, monitoring and evaluating its performance and considers these non-GAAP financial measures to be useful metrics for management and investors to facilitate operating performance comparisons from period to period by excluding potential differences caused by variations in capital structures, tax position, depreciation, amortization and certain other items that the Company believes are not representative of its core business. The Company uses Core Revenue, Cost Recovery Revenue, Ancillary Revenue, Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted EPS for business planning purposes and in measuring its performance relative to that of its competitors.

These non-GAAP financial measures are defined by the Company as follows:

- "Core Revenue" is a supplemental measure of our performance and includes Renewal Commissions, Renewal Royalty
  Fees, New Business Commissions, New Business Royalty Fees, and Agency Fees. We believe that Core Revenue is an
  appropriate measure of operating performance because it summarizes all of our revenues from sales of individual
  insurance policies.
- "Cost Recovery Revenue" is a supplemental measure of our performance and includes Initial Franchise Fees and Interest Income. We believe that Cost Recovery Revenue is an appropriate measure of operating performance because it summarizes revenues that are viewed by management as cost recovery mechanisms.
- "Ancillary Revenue" is a supplemental measure of our performance and includes Contingent Commissions and Other Income. We believe that Ancillary Revenue is an appropriate measure of operating performance because it summarizes revenues that are ancillary to our core business.
- "Adjusted EBITDA" is a supplemental measure of the Company's performance. We believe that Adjusted EBITDA is an appropriate measure of operating performance

because it eliminates the impact of items that do not relate to business performance. Adjusted EBITDA is defined as net income (the most directly comparable GAAP measure) before interest, income taxes, depreciation and amortization, adjusted to exclude equity-based compensation and other non-operating items, including, among other things, certain non-cash charges and certain non-recurring or non-operating gains or losses.

- "Adjusted EBITDA Margin" is Adjusted EBITDA as defined above, divided by total revenue excluding other non-operating items. Adjusted EBITDA Margin is helpful in measuring profitability of operations on a consolidated level.
- "Adjusted EPS" is a supplemental measure of our performance, defined as earnings per share (the most directly
  comparable GAAP measure) before non-recurring or non-operating income and expenses. Adjusted EPS is a useful
  measure to management because it eliminates the impact of items that do not relate to business performance and helps
  measure our profitability on a consolidated level.

While the Company believes that these non-GAAP financial measures are useful in evaluating its business, this information should be considered as supplemental in nature and is not meant as a substitute for revenues, net income, or earnings per share, in each case as recognized in accordance with GAAP. In addition, other companies, including companies in the Company's industry, may calculate such measures differently, which reduces their usefulness as comparative measures.

The following tables show a reconciliation from total revenues to Core Revenue, Cost Recovery Revenue, and Ancillary Revenue (non-GAAP basis) for the twelve months ended December 31, 2020 and 2019 (in thousands):

	Full Year Ended December 31,					
	2020	2019				
Total Revenues	\$ 117,014	\$	77,486			
Core Revenue:						
Renewal Commissions <sup>(1)</sup>	\$ 28,891	\$	22,924			
Renewal Royalty Fees <sup>(2)</sup>	29,309		19,462			
New Business Commissions <sup>(1)</sup>	17,324		11,961			
New Business Royalty Fees <sup>(2)</sup>	10,623		7,149			
Agency Fees <sup>(1)</sup>	8,921		6,058			
Total Core Revenue	95,068		67,554			
Cost Recovery Revenue:						
Initial Franchise Fees <sup>(2)</sup>	4,236		3,784			
Interest Income	813		617			
Total Cost Recovery Revenue	5,049		4,401			
Ancillary Revenue:						
Contingent Commissions <sup>(1)</sup>	16,675		5,423			
Other Income <sup>(2)</sup>	222		108			
Total Ancillary Revenue	16,897		5,531			

<sup>(1)</sup> Renewal Commissions, New Business Commissions, Agency Fees, and Contingent Commissions are included in "Commissions and agency fees" as shown on the Consolidated statements of operations.

**Total Revenues** 

The following tables show a reconciliation from total revenues to Core Revenue, Cost Recovery Revenue, and Ancillary Revenue (non-GAAP basis) for the three months ended December 31, 2020 and 2019 (in thousands):

117,014

77,486

<sup>(2)</sup> Renewal Royalty Fees, New Business Royalty Fees, Initial Franchise Fees, and Other Income are included in "Franchise revenues" as shown on the Consolidated statements of operations.

	 Three Months Ended December 31,					
	2020		2019			
Total Revenues	\$ 34,650	\$	23,375			
Core Revenue:						
Renewal Commissions <sup>(1)</sup>	\$ 7,509	\$	5,875			
Renewal Royalty Fees <sup>(2)</sup>	7,903		5,196			
New Business Commissions <sup>(1)</sup>	4,872		3,231			
New Business Royalty Fees <sup>(2)</sup>	2,886		1,773			
Agency Fees <sup>(1)</sup>	2,559		1,579			
Total Core Revenue	25,729		17,654			
Cost Recovery Revenue:						
Initial Franchise Fees <sup>(2)</sup>	1,205		951			
Interest Income	240		174			
Total Cost Recovery Revenue	1,445		1,125			
Ancillary Revenue:						
Contingent Commissions <sup>(1)</sup>	7,427		4,488			
Other Income <sup>(2)</sup>	49		108			
Total Ancillary Revenue	7,476		4,596			
Total Revenues	\$ 34,650	\$	23,375			

<sup>(1)</sup> Renewal Commissions, New Business Commissions, Agency Fees, and Contingent Commissions are included in "Commissions and agency fees" as shown on the Consolidated statements of operations.

The following tables show a reconciliation from net income to Adjusted EBITDA and Adjusted EBITDA Margin (non-GAAP basis) for the twelve months ended December 31, 2020 and 2019 (in thousands):

	Full Year Ended December 31,						
		2020		2019			
Net income (loss)	\$	18,755	\$	10,382			
Interest expense		2,310		2,387			
Depreciation and amortization		3,147		1,931			
Tax expense (benefit)		(1,035)		1,304			
Equity-based compensation		4,745		1,526			
Other income (expense, including state franchise tax)		(90)		_			
Adjusted EBITDA	\$	27,832	\$	17,530			
Adjusted EBITDA Margin(1)		24 %		23 %			

<sup>(1)</sup> Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by Total Revenue (\$27,832 / \$117,014) and (\$17,530 /\$77,486) twelve months ended December 31, 2020 and 2019.

<sup>(2)</sup> Renewal Royalty Fees, New Business Royalty Fees, Initial Franchise Fees, and Other Income are included in "Franchise revenues" as shown on the Consolidated statements of operations.

The following tables show a reconciliation from net income to Adjusted EBITDA and Adjusted EBITDA Margin (non-GAAP basis) for the three months ended December 31, 2020 and 2019 (in thousands):

	7	Three Months En	ded De	cember 31,
		2020		2019
Net income (loss)	\$	5,255	\$	5,349
Interest expense		645		526
Depreciation and amortization		994		540
Tax expense (benefit)		(423)		673
Equity-based compensation		1,415		394
Other income (expense, including state franchise tax)		(14)		_
Adjusted EBITDA	\$	7,872	\$	7,482
Adjusted EBITDA Margin(1)		23 %		32 %

<sup>(1)</sup> Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by Total Revenue (\$7,872 / \$34,650) and (\$7,482 / 23,375) three months ended December 31, 2020 and 2019

The following tables show a reconciliation from basic earnings per share to Adjusted EPS (non-GAAP basis) for the twelve months ended December 31, 2020 and 2019 (in thousands, except per share amounts). Note that totals may not sum due to rounding:

	Full Year Ended December 31,			
	2020		2019	
Earnings per share - basic (GAAP)	\$ 0.55	\$	0.24	
Add: equity-based compensation <sup>(1)</sup>	0.13		0.04	
Adjusted EPS (non-GAAP)	\$ 0.68	\$	0.28	

<sup>(1)</sup> Calculated as equity-based compensation divided by sum of Class A and Class B shares [\$4.7 million / (16.8 million + 19.7 million)] for the twelve months ended December 31, 2020 and [\$1.5 million / (14.9 million + 21.4 million)] for the twelve months ended December 31, 2019.

The following tables show a reconciliation from basic earnings per share to Adjusted EPS (non-GAAP basis) for the three months ended December 31, 2020 and 2019 (in thousands, except per share amounts). Note that totals may not sum due to rounding:

Three Months Ended December 31,

	· · · · · · · · · · · · · · · · · · ·			
	2020		2019	
Earnings per share - basic (GAAP)	\$	0.15 \$	0.12	
Add: equity-based compensation <sup>(1)</sup>		0.04	0.01	
Adjusted EPS (non-GAAP)	\$	0.19 \$	0.13	

(1) Calculated as equity-based compensation divided by sum of Class A and Class B shares [\$1.4 million / (17.9 million + 18.8 million)] for the three months ended December 31, 2020 and [\$0.4 million / (15.2 million + 21.1 million)] for the three months ended December 31, 2019.

## Goosehead Insurance, Inc. Key Performance Indicators

	December 31, 2020	December 31, 2019
Corporate sales agents < 1 year tenured	 207	141
Corporate sales agents > 1 year tenured	157	107
Operating franchises < 1 year tenured (TX)	43	18
Operating franchises > 1 year tenured (TX)	185	180
Operating franchises < 1 year tenured (Non-TX)	285	215
Operating franchises > 1 year tenured (Non-TX)	378	201
Policies in Force (in thousands)	713,000	482,000
Client Retention	88 %	88 %
Premium Retention	89 %	91 %
QTD Written Premium (in thousands)	\$ 285,207 \$	196,025
Net Promoter Score ("NPS")	92	89