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

FORM 10-Q

(Mark One)

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

For the Quarterly Period Ended June 30, 2021

OR

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

For the transition period from ____________ to _____________

Commission File Number: 001-38632

SELECT INTERIOR CONCEPTS, INC.
(Exact name of registrant as specified in its charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**47-4640296** **(I.R.S. Employer Identification No.)**
400 Galleria Parkway, Suite 1760 **Atlanta, Georgia** **(Address of principal executive offices)**	**30339** **(Zip Code)**

Registrant's telephone number, including area code: (888) 701-4737

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value $0.01 per share	SIC	The Nasdaq Stock Market LLC

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

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

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

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

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

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

As of July 31, 2021, the registrant had 25,920,563 shares of Class A common stock, par value $0.01 per share, outstanding.

SELECT INTERIOR CONCEPTS, INC.
FORM 10-Q
For the Quarterly Period Ended June 30, 2021

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

Select Interior Concepts, Inc.
Condensed Consolidated Balance Sheets (Unaudited)

(in thousands, except share data)		June 30, 2021		December 31, 2020
Assets				
Current assets				
Cash	$	36,920	$	1,594
Restricted cash		5,000		—
Accounts receivable, net of allowance for doubtful accounts of $205 and $195 at June 30, 2021 and December 31, 2020, respectively		21,875		18,222
Inventories		90,988		84,165
Prepaid expenses and other current assets		5,133		2,312
Income taxes receivable		2,117		4,617
Current assets of discontinued operations		—		81,393
Total current assets		**162,033**		**192,303**
Property and equipment, net of accumulated depreciation of $17,487 and $15,930 at June 30, 2021 and December 31, 2020, respectively		6,071		6,713
Deferred tax assets, net		14,878		14,905
Goodwill		45,564		45,564
Customer relationships, net of accumulated amortization of $28,616 and $25,548 at June 30, 2021 and December 31, 2020, respectively		31,564		34,632
Other intangible assets, net of accumulated amortization of $3,589 and $3,172 at June 30, 2021 and December 31, 2020, respectively		4,201		4,618
Other assets		1,009		757
Non-current assets of discontinued operations		—		112,021
Total assets	**$**	**265,320**	**$**	**411,513**
Liabilities and stockholders' equity				
Current liabilities				
Accounts payable	$	32,188	$	26,337
Accrued expenses and other current liabilities		9,442		10,572
Customer deposits		6,554		5,089
Current portion of long-term debt, net of financing fees of $1,279 at December 31, 2020		—		15,482
Current portion of capital lease obligations		268		239
Current liabilities of discontinued operations		—		36,825
Total current liabilities		**48,452**		**94,544**
Line of credit		—		9,623
Long-term debt, net of current portion and financing fees of $1,486 at December 31, 2020		—		134,526
Long-term capital lease obligations		1,799		1,602
Other long-term liabilities		1,953		2,102
Non-current liabilities of discontinued operations		—		14,925
Total liabilities	**$**	**52,204**	**$**	**257,322**
Commitments and contingencies (see Note 11)				
Stockholders' equity				
Class A common stock, par value $0.01 per share; 100,000,000 shares authorized; 26,184,793 shares issued and 25,920,563 outstanding at June 30, 2021 and 25,609,758 shares issued and 25,449,025 outstanding at December 31, 2020		261		256
Treasury stock, 264,230 shares at June 30, 2021 and 160,733 shares at December 31, 2020, at cost		(2,285)		(1,279)
Additional paid-in capital		168,666		165,048
Retained earnings (accumulated deficit)		46,474		(9,834)
Total stockholders' equity	**$**	**213,116**	**$**	**154,191**
Total liabilities and stockholders' equity	**$**	**265,320**	**$**	**411,513**

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

Select Interior Concepts, Inc.
Condensed Consolidated Statements of Operations (Unaudited)

(in thousands, except share and per share data)	For the Three Months Ended June 30, 2021	For the Three Months Ended June 30, 2020	For the Six Months Ended June 30, 2021	For the Six Months Ended June 30, 2020
Revenue, net	**$ 67,186**	**$ 51,994**	**$ 124,563**	**$ 107,021**
Cost of revenue	47,208	38,800	89,253	80,600
Gross profit	**19,978**	**13,194**	**35,310**	**26,421**
Selling, general and administrative expenses	14,818	13,238	29,019	26,396
Income (loss) from operations	**5,160**	**(44)**	**6,291**	**25**
Other expense:				
Interest expense	78	48	119	98
Loss on extinguishment of debt	2,385	—	2,385	—
Total other expense, net	**2,463**	**48**	**2,504**	**98**
Income (loss) from continuing operations before provision for (benefit from) income taxes	**2,697**	**(92)**	**3,787**	**(73)**
Provision for (benefit from) income taxes	181	158	451	(80)
Net income (loss) from continuing operations	**2,516**	**(250)**	**3,336**	**7**
Discontinued operations:				
Loss from discontinued operations, net of income taxes	(3,199)	(2,929)	(5,824)	(7,188)
Gain on disposal of discontinued operations, net of income taxes	58,796	—	58,796	—
Net income (loss) from discontinued operations	**55,597**	**(2,929)**	**52,972**	**(7,188)**
Net income (loss)	**$ 58,113**	**$ (3,179)**	**$ 56,308**	**$ (7,181)**
Basic earnings (loss) per share of common stock				
Continuing operations	$ 0.10	$ (0.01)	$ 0.13	$ 0.00
Discontinued operations	2.17	(0.12)	2.07	(0.28)
Net income (loss)	$ 2.27	$ (0.13)	$ 2.20	$ (0.28)
Diluted earnings (loss) per share of common stock				
Continuing operations	$ 0.09	$ (0.01)	$ 0.12	$ 0.00
Discontinued operations	2.05	(0.12)	1.96	(0.28)
Net income (loss)	$ 2.14	$ (0.13)	$ 2.08	$ (0.28)
Weighted average shares outstanding				
Basic common stock	25,591,118	25,328,649	25,543,031	25,260,425
Diluted common stock	27,172,043	25,328,649	27,019,433	25,267,083

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

Select Interior Concepts, Inc.
Condensed Consolidated Statements of Cash Flows (Unaudited)

(in thousands)	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Cash flows provided by operating activities		
Net income (loss)	$ 56,308	$ (7,181)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	10,919	11,367
Gain on sale of RDS business	(65,385)	—
Loss on extinguishment of debt	2,385	—
Equity-based compensation	3,618	554
Deferred provision for income taxes	515	328
Amortized interest on deferred debt issuance costs	688	494
Provision for doubtful accounts	31	(343)
Gain on disposal of property and equipment, net	(376)	(5)
Other	(14)	(44)
Changes in operating assets and liabilities:		
Accounts receivable	3,501	5,587
Inventories	(9,648)	4,998
Prepaid expenses and other current assets	(7,016)	(3,882)
Other assets	(131)	(322)
Accounts payable	6,137	6,443
Accrued expenses and other current liabilities	(2,797)	(467)
Income taxes receivable	2,500	(2,950)
Customer deposits	554	2,047
Other long-term liabilities	(195)	936
Net cash provided by operating activities	**1,594**	**17,560**
Cash flows provided by (used in) investing activities		
Purchase of property and equipment	(1,546)	(2,436)
Proceeds from disposal of property and equipment	127	22
Proceeds from the sale of the RDS business, net	204,332	—
Net cash provided by (used in) investing activities	**202,913**	**(2,414)**
Cash flows used in financing activities		
Proceeds from ERP financing	—	376
Payments on the line of credit, net	(9,872)	(12,601)
Deferred issuance costs	(327)	(2,231)
Purchase of treasury stock	(1,006)	(704)
Payments on notes payable and capital leases	(1,582)	(1,527)
Principal payments on long-term debt	(152,774)	(525)
Net cash used in financing activities	**(165,561)**	**(17,212)**
Net increase (decrease) in cash	**$ 38,946**	**$ (2,066)**
Cash and restricted cash, beginning of period	1,594	1,070
Cash and restricted cash - discontinued operations, beginning of period	1,380	3,932
Cash and restricted cash - discontinued operations, end of period	—	872
Cash and restricted cash, end of period	**$ 41,920**	**$ 2,064**
Supplemental disclosures of cash flow information		
Cash paid for interest	$ 6,044	$ 7,018
Cash paid (refunded) for income taxes, net of refunds	$ (1,230)	$ 211
Supplemental disclosures of non-cash investing activities		
Acquisition of equipment and vehicles with long-term debt and capital leases	$ 563	$ 596

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

Select Interior Concepts, Inc. and Subsidiaries
Consolidated Statements of Changes in Equity (Unaudited)

(in thousands, except share data)	Class A Common Stock Shares	Class A Common Stock	Treasury Stock, at Cost	Total Additional Paid-in Capital	Total Retained Earnings (Accumulated Deficit)	Total
Balance as of December 31, 2019	**25,139,542**	**$ 251**	**$ (391)**	**$ 161,396**	**$ 19**	**$ 161,275**
Equity-based compensation	—	—	—	(669)	—	(669)
Issuance of Class A common stock awards	69,377	1	—	863	—	864
Issuance of Class A common stock due to restricted stock vesting	213,339	2	—	—	—	2
Repurchase of Class A common stock	—	—	(655)	—	—	(655)
Net loss	—	—	—	—	(4,002)	(4,002)
Balance as of March 31, 2020	**25,422,258**	**$ 254**	**$ (1,046)**	**$ 161,590**	**$ (3,983)**	**$ 156,815**
Equity-based compensation	—	—	—	1,223	—	1,223
Issuance of Class A common stock due to restricted stock vesting	78,591	1	—	—	—	1
Repurchase of Class A common stock	—	—	(49)	—	—	(49)
Net loss	—	—	—	—	(3,179)	(3,179)
Balance as of June 30, 2020	**25,500,849**	**$ 255**	**$ (1,095)**	**$ 162,813**	**$ (7,162)**	**$ 154,811**
Balance as of December 31, 2020	**25,609,758**	**$ 256**	**$ (1,279)**	**$ 165,048**	**$ (9,834)**	**$ 154,191**
Equity-based compensation	—	—	—	1,194	—	1,194
Issuance of Class A common stock due to restricted stock vesting	121,882	1	—	—	—	1
Repurchase of Class A common stock	—	—	(372)	—	—	(372)
Net loss	—	—	—	—	(1,805)	(1,805)
Balance as of March 31, 2021	**25,731,640**	**$ 257**	**$ (1,651)**	**$ 166,242**	**$ (11,639)**	**$ 153,209**
Equity-based compensation	—	—	—	2,424	—	2,424
Issuance of Class A common stock due to restricted stock vesting	453,153	4	—	—	—	4
Repurchase of Class A common stock	—	—	(634)	—	—	(634)
Net income	—	—	—	—	58,113	58,113
Balance as of June 30, 2021	**26,184,793**	**$ 261**	**$ (2,285)**	**$ 168,666**	**$ 46,474**	**$ 213,116**

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

Note 1. Organization and Business Description

These financial statements reflect the consolidated operations of Select Interior Concepts, Inc. (“SIC” or the “Company”).

SIC is a Delaware corporation that was restructured in November 2017 to be a holding company through which to consolidate diversified building products and services companies. Through its primary operating subsidiary, Architectural Surfaces Group (“ASG”), the Company imports and distributes natural and engineered stone slabs for kitchen and bathroom countertops. The Company has operations in the Northeast, Southeast, Southwest, Midwest, Mountain West, and West Coast regions of the United States.

The Company sold its former operating subsidiary Residential Design Services (“RDS”) in a transaction that closed June 30, 2021. See further discussion in *Note 3 – Discontinued Operations.*

Note 2. Summary of Significant Accounting Policies

Basis of Presentation and Consolidation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States (“GAAP”) and applicable rules and regulations of the U.S. Securities and Exchange Commission (the “SEC”) regarding interim financial reporting. Certain information and note disclosures normally included in the financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. As such, the information included in these unaudited interim financial statements and condensed notes should be read in conjunction with the Company’s audited consolidated financial statements and related notes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2020.

The condensed consolidated balance sheet as of December 31, 2020 included herein has been derived from the Company’s audited financial statements as of that date, but does not include all disclosures including notes required by GAAP.

The condensed consolidated financial statements include the accounts of SIC and its wholly owned subsidiary ASG, and its respective wholly-owned subsidiaries, and are presented in accordance with GAAP. The Company sold the operations of its formerly wholly-owned subsidiary RDS in a transaction that closed in June 2021. The results of RDS and its wholly-owned subsidiaries have been presented in discontinued operations in the accompanying consolidated financial statements. References to the “ASC” hereafter refer to the Accounting Standards Codification established by the Financial Accounting Standards Board (“FASB”) as the source of authoritative GAAP.

The accompanying condensed consolidated financial statements reflect all normal recurring adjustments necessary to present fairly the financial position, results of operations, and cash flows for the interim periods, but are not necessarily indicative of the results of operations to be anticipated for the full year ending December 31, 2021.

There have been no changes to our significant accounting policies described in our consolidated financial statements and related disclosures as of December 31, 2020 that have had a material impact on our condensed consolidated financial statements and related notes. There is no longer segment reporting presented under ASC 280 as only one operating segment remains as of June 30, 2021 due to the sale and discontinued operations of the RDS business.

Financial Statement Reclassification

Certain account balances from prior periods have been reclassified in these financial statements to adjust amounts for reporting under continuing and discontinued operations (see *Note 3*).

Earnings (Loss) per Share of Common Stock

Basic earnings (loss) per share for the three and six months ended June 30, 2021 and 2020, are computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding. Diluted earnings per share for common stock is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding plus the dilutive effect of restricted stock-based awards using the treasury stock method. The following table sets forth the computation of basic and diluted earnings/(loss) per share for the three and six months ended June 30, 2021 and 2020:

(in thousands, except share and per share data)	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020
Net income (loss) from continuing operations	$ 2,516	$ (250)
Net income (loss) from discontinued operations	55,597	(2,929)
Net income (loss)	$ 58,113	$ (3,179)
Weighted average shares of common stock outstanding:		
Basic common stock	25,591,118	25,328,649
Diluted common stock	27,172,043	25,328,649
Basic earnings (loss) per share of common stock		
Continuing operations	$ 0.10	$ (0.01)
Discontinued operations	2.17	(0.12)
Net income (loss)	$ 2.27	$ (0.13)
Diluted earnings (loss) per share of common stock		
Continuing operations	$ 0.09	$ (0.01)
Discontinued operations	2.05	(0.12)
Net income (loss)	$ 2.14	$ (0.13)

(in thousands, except share and per share data)	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Net income from continuing operations	$ 3,336	$ 7
Net income (loss) from discontinued operations	52,972	(7,188)
Net income (loss)	$ 56,308	$ (7,181)
Weighted average shares of common stock outstanding:		
Basic common stock	25,543,031	25,260,425
Diluted common stock	27,019,433	25,267,083
Basic earnings (loss) per share of common stock		
Continuing operations	$ 0.13	$ 0.00
Discontinued operations	2.07	(0.28)
Net income (loss)	$ 2.20	$ (0.28)
Diluted earnings (loss) per share of common stock		
Continuing operations	$ 0.12	$ 0.00
Discontinued operations	1.96	(0.28)
Net income (loss)	$ 2.08	$ (0.28)

Restricted stock awards outstanding totaling 2,067,202 were excluded from the computation of diluted earnings per share for the three months ended June 30, 2020, because the Company reported a net loss from continuing operations.

Use of Estimates

The preparation of consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingencies, and reported revenues and expenses as of and for periods ended on the date of the consolidated financial statements. Actual results may vary materially from the estimates that were used. The Company's significant accounting estimates include the determination of allowances for doubtful accounts, the lives and methods for recording depreciation and amortization on property and equipment, the fair value of reporting units and indefinite life intangible assets, deferred income taxes and the purchase price allocations used in the Company's acquisitions.

Restricted Cash

At June 30, 2021, the Company had restricted cash of $5.0 million. The restricted cash is funds held in escrow related to the sale of the RDS business. See further discussion in *Note 3 – Discontinued Operations*.

Fair Value Measurement

ASC 820-10 requires entities to disclose the fair value of financial instruments, both assets and liabilities recognized and not recognized on the balance sheet for which it is practicable to estimate fair value. ASC 820-10 defines the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties.

The three levels of the fair value hierarchy are as follows:

Level 1—Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity has the ability to access.

Level 2—Valuations based on quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets or liabilities.

Level 3—Valuations based on inputs that are unobservable, supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The level of the fair value hierarchy in which the fair value measurement falls is determined by the lowest level input that is significant to the fair value measurement.

At June 30, 2021 and December 31, 2020, the carrying value of the Company's cash, accounts receivable, accounts payable, and short-term obligations approximate their respective fair values because of the short maturities of these instruments. The recorded values of the line of credit, term loans, and notes payable approximate their fair values, as interest rates approximate market rates. There were no transfers within Level 3 fair value measurements during the six months ended June 30, 2021.

Intangible Assets

Intangible assets consist of customer relationships, trade names and non-compete agreements. The Company considers all its intangible assets to have definite lives, and such intangible assets are being amortized on the straight-line method over the estimated useful lives of the respective assets or on an accelerated basis based on the expected cash flows generated by the existing customers as follows:

	Range of estimated useful lives	Weighted average useful life
Customer relationships	6 years – 10 years	10 years
Trade names	5 years – 11 years	10 years
Non-compete agreements	Life of agreement	4 years

Business Combinations

The Company records business combinations using the acquisition method of accounting. Under the acquisition method of accounting, identifiable assets acquired and liabilities assumed are recorded at their acquisition date fair values. The excess of the purchase price over the estimated fair value is recorded as goodwill. The measurement period remains open pending the completion of valuation procedures related to the acquired assets and assumed liabilities. Measurement period adjustments are reflected in the period in which they occur.

Impairment of Long-Lived Assets

The Company reviews the recoverability of its long-lived assets, such as property and equipment and intangible assets, whenever events or changes in circumstances occur that indicate the carrying value of the asset or asset group may not be recoverable, or at least annually. The assessment for possible impairment is based on the Company's ability to recover the carrying value of the asset or asset group from the expected future undiscounted cash flows of the related operations. If the aggregate of these cash flows is less than the carrying value of such assets, an impairment loss is recognized for the difference between the estimated fair value and the carrying value. The measurement of impairment requires management to estimate future cash flows and the fair value of long-lived assets. There were no impairment losses on long-lived assets for the six month period ended June 30, 2021 or the year ended December 31, 2020.

Goodwill

Goodwill represents the excess of the cost of an acquired entity over the fair value of the acquired net assets, including intangible assets. Goodwill is tested annually for impairment as of December 31, and whenever events or circumstances arise that indicate impairment may have occurred. No events or circumstances occurred during the interim period ending June 30, 2021, that required interim testing of goodwill.

Revenue Recognition

The Company's revenue derived from the sale of imported granite, marble, and related items is recognized at a point in time when control over a product is transferred to a customer. This transfer occurs primarily when goods are picked up by a customer at the branch or when goods are delivered to a customer location.

Revenue is measured at the transaction price, which is based on the amount of consideration the Company expects to receive in exchange for transferring the promised goods or services to the customer. The transaction price includes estimates of variable consideration, such as any returns and sales incentives. Applicable customer sales taxes, when remitted, are recorded as a liability and excluded from revenue on a net basis. Customer payments may be due in advance of contract work performed, at the time the performance obligation is completed, or with payment terms following performance completion of generally 30-60 days.

Shipping and Handling Charges

Fees charged to customers for shipping and handling of product are included in revenues. The costs for shipping and handling of product are recorded as a component of cost of revenue. Additionally, we consider shipping and handling costs charged to a customer as a fulfillment cost rather than a promised service and expense as incurred.

Equity-based Compensation

The Company accounts for equity-based awards by measuring the awards at the date of grant and recognizing the grant-date fair value as an expense using either straight-line or accelerated attribution, depending on the specific terms of the award agreements over the requisite service period, which is usually equivalent to the vesting period. See *Note 12* for further discussion.

Recently Issued and Adopted Accounting Pronouncements

The Company is an "emerging growth company," as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). The JOBS Act permits emerging growth companies to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. The Company has elected to use the extended transition period for complying with new or revised accounting standards under Section 107 of the JOBS Act. This election allows the Company to delay the adoption of new or revised accounting standards that have different effective dates for public and private companies until those standards apply to private companies.

In August 2018, the FASB issued ASU 2018-15, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40) No. 2018-15 Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract* (ASU 2018-15). ASU 2018-15 provides additional guidance on the accounting for costs of implementation activities performed in a cloud computing arrangement that is a service contract. The amendments in ASU 2018-15 align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal use software license). Costs for implementation activities in the application development stage are capitalized depending on the nature of the costs, while costs incurred during the preliminary project and post implementation stages are expensed as the activities are performed. ASU 2018-15 is effective for fiscal years beginning after December 15, 2020. The adoption of this standard did not have a material impact on the Company's consolidated financial statements and related disclosures.

Accounting Pronouncements Issued but Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous standards. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of asset not to recognize lease assets and lease liabilities. In November 2019, the FASB issued ASU 2019-10, *Financial Instruments — Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates*, and in June 2020, the FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, to defer the effective date of ASU No.2016-02 for certain entities. For the Company, the new standard is effective for the annual period beginning January 1, 2022. The Company is currently evaluating the impact of the provisions of ASU 2016-02 on the presentation of its consolidated financial statements and related disclosures.

In June 2016, the FASB issued ASU 2016-13, "*Measurement of Credit Losses on Financial Instruments,*" (ASU 2016-03) which amends ASC 326 "*Financial Instruments—Credit Losses*." Subsequent to the issuance of ASU 2016-13, ASC 326 was amended by various updates that amend and clarify the impact and implementation of the aforementioned update. The new guidance introduces the current expected credit loss (CECL) model, which will require an entity to record an allowance for credit losses for certain financial instruments and financial assets, including trade receivables, based on expected losses rather than incurred losses. Under this update, on initial recognition and at each reporting period, an entity will be required to recognize an allowance that reflects the entity's current estimate of credit losses expected to be incurred over the life of the financial instrument. In November 2019, the FASB issued ASU 2019-10, *Financial Instruments — Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates* which delays the effective date of ASU 2016-13 until fiscal years beginning after December 15, 2022. The Company is currently evaluating the impact of the provisions of ASU 2016-13 on the presentation of its consolidated financial statements and related disclosures.

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles — Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*, which simplifies the goodwill impairment test by eliminating the step 2 requirement to determine the fair value of its assets and liabilities at the impairment testing date. ASU 2017-04 is effective for annual periods beginning after December 15, 2021. The Company is currently evaluating the effect of this ASU on the Company's consolidated financial statements and related disclosures.

In December 2019, the FASB issued ASU 2019-12, "*Simplifying the Accounting for Income Taxes*" which amends ASC 740 "Income Taxes" (ASC 740). This update is intended to simplify accounting for income taxes by removing certain exceptions to the general principles in ASC 740 and amending existing guidance to improve consistent application of ASC 740. This update is effective for fiscal years beginning after December 15, 2021. The guidance in this update has various elements, some of which are applied on a prospective basis and others on a retrospective basis with earlier application permitted. The Company is currently evaluating the effect of this ASU on the Company's consolidated financial statements and related disclosures.

Note 3. Discontinued Operations

On May 9, 2021, the Company announced it had entered into an Equity Purchase Agreement, dated May 9, 2021 (the "Purchase Agreement"), with Signal Holdco, LP, the parent of Interior Logic Group and a portfolio company of Blackstone ("Signal"). Pursuant to the Purchase Agreement, Signal agreed to purchase from Residential Design Services, LLC ("Seller") all of the issued and outstanding shares of common stock of L.A.R.K. Industries, Inc. (the "RDS Divestiture"). L.A.R.K. Industries, Inc., together with its subsidiaries, operates the Company's Residential Design Services business (the "RDS Business").

On June 7, 2021, Signal assigned all of its rights, title and interest in and to the Purchase Agreement to its affiliate, Interior Logic Group Holdings IV, LLC, a Delaware limited liability company ("Purchaser"). On June 30, 2021, the Company and Seller completed the RDS Divestiture. Pursuant to the Purchase Agreement, Purchaser acquired the RDS Business for a purchase price of $215 million in cash, subject to customary purchase price adjustments. Pursuant to the Transition Services Agreement within the Purchase Agreement, the Company will provide certain transition services for finance, accounting, and tax for specified periods extending up to the filing of the 2021 income tax returns for no additional consideration. Additionally, information technology services will be provided as requested for a term of up to three months after closing for estimated fair value consideration. Reciprocal services will be provided by the Purchaser for no consideration for periods also extending through the filing of the 2021 income tax returns. The value of these services are not estimated to be material and are reciprocal in nature and accordingly, no fair value has been assigned to these services.

Proceeds received from the transaction include $5.0 million of cash that was put into an escrow account subject to the settlement of working capital adjustments within 75 days of the closing on June 30, 2021. This cash is included within Restricted Cash in the accompanying condensed consolidated financial statements.

The Company recorded an estimated pre-tax gain on the RDS Divestiture of $63.1 million in the second quarter of 2021, which is inclusive of transaction and closing costs. Final working capital adjustments provided within 75 days of close of the transaction may impact the final gain calculation. The Company recognized income tax expense associated with the gain on disposal of $4.31 million during the second quarter of 2021, which included the impact of the disposal of non-deductible goodwill.

Information related to the RDS Divestiture has been reflected in the accompanying condensed consolidated financial statements as follows:

- Balance sheets - As a result of the sale of the RDS business on June 30, 2021, there are no remaining RDS business assets and liabilities on the balance sheet as of June 30, 2021. RDS' business assets and liabilities as of December 31, 2020 have been presented as discontinued operations.
- Statements of operations - The RDS business results of operations for the three and six months ended June 30, 2021 and 2020 have been presented as discontinued operations.
- Statements of cash flows - The RDS business cash flows prior to its sale have been included in the consolidated statement of cash flows. The consolidated statement of cash flows for the six months ended June 30, 2021 also includes the effects of the sale of the RDS business.

In accordance with the provisions of ASC 205-20, *Presentation of Financial Statements*, the assets and liabilities of the RDS business have been separately presented in discontinued operations in the consolidated balance sheet as of December 31, 2020. The following table presents the components of the RDS business assets and liabilities as of December 31, 2020:

(in thousands)		December 31, 2020
Cash	$	1,380
Accounts receivable		50,136
Inventories		14,817
Prepaid expenses and other current assets		15,060
Current assets of discontinued operations	$	81,393
Property and equipment, net	$	14,343
Goodwill		54,224
Customer relationships, net		28,068
Other intangible assets, net		10,696
Other assets		4,690
Non-current assets of discontinued operations	$	112,021
Accounts payable	$	21,386
Accrued expenses and other current liabilities		9,782
Customer deposits		3,055
Current portion of long-term debt		141
Current portion of capital lease obligations		2,461
Current liabilities of discontinued operations	$	36,825
Long-term capital lease obligations	$	3,633
Deferred income taxes		6,028
Other long-term liabilities		5,264
Non-current liabilities of discontinued operations	$	14,925

The following table presents the results of discontinued operations related to the RDS business and the gain on disposal:

(in thousands)	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Revenue, net	$ 90,270	$ 73,448	$ 170,681	$ 152,798
Cost of revenue	71,108	55,942	132,984	117,826
Gross profit	19,162	17,506	37,697	34,972
Selling, general and administrative expenses	19,905	17,499	40,069	37,008
Income (loss) from operations	(743)	7	(2,372)	(2,036)
Interest expense	3,206	3,584	6,590	7,428
Other (income) expense, net	(108)	(34)	2,003	1,343
Loss from discontinued operations before income taxes	(3,841)	(3,543)	(10,965)	(10,807)
Benefit from income taxes	(642)	(614)	(5,141)	(3,619)
Loss from discontinued operations, net of tax	(3,199)	(2,929)	(5,824)	(7,188)
Gain on disposal of discontinued operations before income taxes	63,107	—	63,107	—
Provision for income taxes on gain on disposal	4,311	—	4,311	—
Gain on disposal of discontinued operations net of income taxes	58,796	—	58,796	—
Net income (loss) from discontinued operations	$ 55,597	$ (2,929)	$ 52,972	$ (7,188)

Selling, general and administrative expenses of discontinued operations include certain corporate costs incurred directly related to the RDS business, including equity-based compensation expense for RDS employees and professional fees incurred directly in support of the RDS business. All other corporate costs are classified within the results of continuing operations. The sale of the RDS business required the Company to settle the outstanding balances on the line of credit (see *Note 9*) and the Term Loan Facility (see *Note 10*). In accordance with ASC 205, *Presentation of Financial Statements*, interest expense associated with these debt instruments are allocated to discontinued operations.

The following table presents significant non-cash items and capital expenditures of discontinued operations:

(in thousands)	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Depreciation and amortization	$ 5,720	$ 5,787
Stock compensation expense	$ 1,397	$ 486
Capital expenditures	$ 1,099	$ 1,470
Acquisition of equipment and vehicles with long-term debt and capital leases	$ 158	$ 596

The following table summarizes the gain on the disposal of the RDS business, which has been included in discontinued operations for the three and six months ended June 30, 2021:

(in thousands)	
Proceeds from sale (a)	$ 204,332
Less net assets of RDS Business (b)	139,407
Plus estimated net working capital adjustment	460
Gain on disposal before transaction costs paid by Company	65,385
Less transaction costs paid by Company	2,278
Gain on disposal of discontinued operations before income taxes	63,107
Provision for income taxes	(4,311)
Gain on disposal of discontinued operations, net of income taxes	$ 58,796

(a) Represents net proceeds received, which includes the purchase price of $215 million less net purchase price adjustments and transaction closing costs paid directly by the Purchaser on the Company's behalf.

(b) Represents net assets of the RDS business on the date of sale, less cash on hand at RDS of $2.9 million, which was netted within proceeds from the sale.

Note 4. Revenue

The timing of revenue recognition, billings, and cash collections generally results in billed accounts receivable and customer deposits in the Company's Consolidated Balance Sheets.

The Company records customer deposits, which represent contract liabilities, when it receives payment prior to fulfilling a performance obligation or has billings in excess of revenue recognized. Contract liabilities related to revenues are recorded in customer deposits in the Company's Consolidated Balance Sheets. The Company had total contract liabilities of $6.6 million and $5.1 million as of June 30, 2021 and December 31, 2020, respectively. Contract liabilities are normally recognized to net revenue within three to six months subsequent to each balance sheet date. The Company does not have any material performance obligations for contracts that extend beyond one year. The Company does not disclose the value of unsatisfied performance obligations for contracts with an original expected length of one year or less.

Revenue from contracts with customers is disaggregated by product category as this is how management evaluates the nature, amount, timing and uncertainty of revenue and cash flows as affected by economic factors.

The following table presents net revenue disaggregated by product category for the three and six months ended June 30, 2021 and 2020, respectively:

(in thousands)	For the Three Months Ended June 30, 2021	%	For the Three Months Ended June 30, 2020	%
Quartz	$ 44,442	66%	$ 30,427	59%
Stone	18,950	29%	15,898	31%
Tile	2,901	4%	3,766	7%
Other	893	1%	1,903	3%
	$ 67,186	100%	$ 51,994	100%

(in thousands)	For the Six Months Ended June 30, 2021	%	For the Six Months Ended June 30, 2020	%
Quartz	$ 80,634	65%	$ 62,821	59%
Stone	34,648	28%	32,720	30%
Tile	6,056	5%	7,526	7%
Other	3,225	2%	3,954	4%
	$ 124,563	100%	$ 107,021	100%

Note 5. Concentrations, Risks and Uncertainties

The Company maintains cash balances primarily at one commercial bank. The accounts are insured by the Federal Deposit Insurance Corporation up to $0.25 million. The amounts held at this financial institution generally exceed the federally insured limit. Management believes that this financial institution is financially sound and the risk of loss is minimal.

Credit is extended for some customers and is based on financial condition, and generally, collateral is not required. Credit losses are included in the consolidated financial statements and consistently have been within management's expectations.

For the three and six months ended June 30, 2021 and 2020, there were no customers which accounted for 10.0% or more of the Company's total revenues. There were no customers which accounted for 10.0% or more of total accounts receivable as of June 30, 2021 or December 31, 2020.

Note 6. Inventories

Inventories are valued at the lower of cost (using specific identification and first-in first-out methods) or net realizable value. Inventory consisted of raw materials as follows:

(in thousands)	June 30, 2021	December 31, 2020
Raw materials	$ 90,988	$ 84,165

Note 7. Property and Equipment, net

Property and equipment consisted of the following at:

(in thousands)	June 30, 2021	December 31, 2020
Vehicles	$ 5,011	$ 4,746
Machinery and equipment	2,652	2,582
Leasehold improvements	4,727	4,638
Furniture and fixtures	7,663	7,382
Computer equipment and internal-use software	1,889	1,763
Other	1,616	1,532
	23,558	22,643
Less: accumulated depreciation and amortization	(17,487)	(15,930)
Property and equipment, net	$ 6,071	$ 6,713

Depreciation and amortization expense of property and equipment totaled $0.8 million and $1.0 million for the three months ended June 30, 2021 and 2020, respectively. For the three months ended June 30, 2021, $0.3 million and $0.5 million of depreciation expense was included in cost of goods sold and general and administrative expense, respectively. For the three months ended June 30, 2020, $0.5 million and $0.5 million of depreciation expense was included in cost of goods sold and general and administrative expense, respectively. Depreciation and amortization expense of property and equipment for discontinued operations totaled $1.4 million and $1.5 million for the three months ended June 30, 2021 and 2020, respectively.

Depreciation and amortization expense of property and equipment totaled $1.7 million and $2.1 million for the six months ended June 30, 2021 and 2020, respectively. For six months ended June 30, 2021, $0.6 million and $1.1 million of depreciation expense was included in cost of goods sold and general and administrative expense, respectively. For six months ended June 30, 2020, $1.0 million and $1.1 million of depreciation expense was included in cost of goods sold and general and administrative expense, respectively. Depreciation and amortization expense of property and equipment for discontinued operations totaled $2.9 million and $2.9 million for the six months ended June 30, 2021 and 2020, respectively.

Note 8. Goodwill and Intangible Assets

Goodwill

The carrying amount of goodwill was $45.6 million as of June 30, 2021 and December 31, 2020.

Intangible Assets

The following table provides the gross carrying amount, accumulated amortization and net book value for each class of intangible assets as of June 30, 2021:

(in thousands)	Total Gross Carrying Amount
Gross Carrying Amount	
Customer relationships	$ 60,180
Trade names	7,740
Non-compete agreements	50
	$ 67,970

(in thousands)	Total Accumulated Amortization
Accumulated Amortization	
Customer relationships	$ (28,616)
Trade names	(3,555)
Non-compete agreements	(34)
	$ (32,205)

(in thousands)	Total Net Book Value
Net Book Value	
Customer relationships	$ 31,564
Trade names	4,185
Non-compete agreements	16
	$ 35,765

The following table provides the gross carrying amount, accumulated amortization and net book value for each class of intangible assets as of December 31, 2020:

(in thousands)		Total Gross Carrying Amount
Gross Carrying Amount		
Customer relationships	$	60,180
Trade names		7,740
Non-compete agreements		50
	$	67,970

(in thousands)		Total Accumulated Amortization
Accumulated Amortization		
Customer relationships	$	(25,548)
Trade names		(3,139)
Non-compete agreements		(33)
	$	(28,720)

(in thousands)		Total Net Book Value
Net Book Value		
Customer relationships	$	34,632
Trade names		4,601
Non-compete agreements		17
	$	39,250

Amortization expense on intangible assets from continuing operations totaled $1.7 million and $3.5 million during the three and six months ended June 30, 2021, respectively. Amortization expense on intangible assets from discontinued operations totaled $1.4 million and $2.9 million during the three and six months ended June 30, 2021, respectively.

Amortization expense on intangible assets from continuing operations totaled $1.7 million and $3.5 million during the three and six months ended June 30, 2020, respectively. Amortization expense on intangible assets from discontinued operations totaled $1.4 million and $2.9 million during the three and six months ended June 30, 2020, respectively.

The estimated annual amortization expense for the next five years and thereafter is as follows:

(in thousands)		
2021 Remaining	$	3,491
2022		6,964
2023		6,840
2024		6,563
2025		5,873
Thereafter		6,034
	$	35,765

Note 9. Line of Credit

SIC Line of Credit

In June 2018, the Company and certain of its subsidiaries entered into an amended and restated loan, security and guaranty agreement, dated as of June 28, 2018, which was amended on December 11, 2018, July 23, 2019 and August 19, 2019 ("SIC Credit Facility"), with a commercial bank, which amended and restated each of the RDS credit agreement and the ASG credit agreement in their entirety. The SIC Credit Facility is primarily used by the Company for operational purposes. Pursuant to the SIC Credit Facility, the Company has a borrowing-base-governed revolving credit facility that provides for borrowings in an initial amount up to an aggregate of $90 million, which was increased to $100 million through the amendment entered into on August 19, 2019.

Under the terms of the SIC Credit Facility, the Company has the ability to request the issuance of letters of credit up to a maximum aggregate stated amount of $15 million. The ability to borrow revolving loans under the SIC Credit Facility is reduced on a dollar-for-dollar basis by the aggregate stated amount of all outstanding letters of credit. The indebtedness outstanding under the SIC Credit Facility is secured by substantially all of the assets of the Company and its subsidiaries.

The revolving loans under the SIC Credit Facility bear interest at a floating rate, which the Company can elect between a LIBOR based rate plus an applicable margin varying from one hundred twenty five basis points (1.25%) to one hundred seventy five basis points (1.75%) based on the borrowers' average daily availability determined quarterly, or a base rate (determined as the greatest of the Prime rate, the Federal Funds rate plus a fifty basis point (0.50%) margin, or the LIBOR rate with a 30 day interest period plus a two hundred basis point (2.00%) margin) plus an applicable margin varying from twenty five basis points (0.25%) to seventy five basis points (0.75%) based on the borrowers' average daily availability determined quarterly. Upon the occurrence of certain events of default under the SIC Credit Facility, the interest rate applicable to the obligations thereunder may be increased by two hundred basis points (2.00%). The weighted average interest rate assessed during the three and six months ended June 30, 2021 on the SIC Credit Facility was 1.8% and 1.74%, respectively. Letter of credit obligations under the SIC Credit Facility are due and payable on the date set forth in the respective loan documents or upon demand by the lender.

On June 30, 2021 and in connection with the closing of the RDS Divestiture, the Company and certain of its subsidiaries (together, the "Obligors"), entered into an amendment of the SIC Credit Facility. The amendment, among other things, (i) extends the maturity date of the ABL Agreement from June 28, 2023 to June 28, 2024 and (ii) amends the ABL Agreement to permit the RDS Divestiture.

Under the SIC Credit Facility, the Company and its subsidiaries are required to comply with certain customary restrictive covenants that, among other things and with certain exceptions, limit the ability of the Company and its subsidiaries, as applicable, to (i) incur additional indebtedness and liens in connection therewith, (ii) pay dividends and make certain other restricted payments, (iii) effect mergers or consolidations, (iv) enter into transactions with affiliates, (v) sell or dispose of property or assets, and (vi) engage in unrelated lines of business.

As of June 30, 2021 and December 31, 2020, $0 and $9.9 million, respectively, were outstanding under the SIC Credit Facility. The Company also has $0.6 million in letters of credit outstanding at June 30, 2021. The SIC Credit Facility is subject to certain financial covenants. At June 30, 2021, the Company was in compliance with the financial covenants.

The Company incurred debt issuance costs of $0.6 million in connection with the SIC Credit Facility. These costs are amortized to non-cash interest expense over the term of the agreement on a straight-line basis which approximates the effective interest method. Non-cash interest expense related to these costs were less than $0.1 million for the three and six months ended June 30, 2021 and 2020. At June 30, 2021 and December 31, 2020, SIC had $0.3 million and $0.2 million, respectively, of unamortized debt issuance costs related to the SIC Credit Facility. These costs are shown as a direct deduction of the line of credit liability as of December 31, 2020 and within other assets as of June 30, 2021 in the accompanying condensed consolidated balance sheets.

Note 10. Long-Term Debt

Term Loan

On February 28, 2017, AG&M and Pental, as the borrowers, entered into a financing agreement, as amended, with third party lenders (the "Term Loan Facility"), which initially provided for a $105.0 million term loan facility. The Term Loan Facility was amended in June 2018 to define the borrowers as Select Interior Concepts, Inc. and its subsidiaries, was further amended in August 2018 to adjust the borrowing capacity to $101.4 million and was further amended in December 2018 to increase the borrowing capacity to $174.2 million. On February 7, 2020, the Term Loan Facility was amended to revise certain leverage ratio covenant requirements. The required leverage ratio measured as of the end of each fiscal quarter ending on March 31, 2020, and each fiscal quarter thereafter to (and including) the fiscal quarter ending December 31, 2020, was increased to 3.90:1.00, after which it would be reduced to 3.75:1.00 for the fiscal quarter ending March 31, 2021, and each fiscal quarter ending thereafter. On March 10, 2021, the Term Loan Facility was further amended to adjust the required leverage ratio (as defined in the Term Loan Facility). The required leverage ratio as of March 31, 2021, and each fiscal quarter ending thereafter was increased from 3.75:1.00 to 4.00:1.00.

On April 8, 2020, the Term Loan Facility was further amended, which amendment, among other things, (i) waived the requirement that the Company prepay the Term Loans with Excess Cash Flow (as defined in the Term Loan Facility) then due for payment in respect of the fiscal year ending December 31, 2019, (ii) amended the Fixed Charge Coverage Ratio (as defined in the Term Loan Facility) covenant applicable to the fiscal year ending December 31, 2020, to be tested on a monthly basis and requires the Company and its subsidiaries to maintain a reduced Fixed Charge Coverage Ratio (as defined in the Term Loan Facility) of not less than 1.00:1.00 for each month during such fiscal year, and (iii) does not require the Company to test the Total Leverage (as defined in the Term Loan Facility) covenant effective as of the execution date of April 8, 2020, through and including December 31, 2020, for any fiscal quarter end during such period, for so long as the Company and its subsidiaries maintain Financial Covenant Availability (as defined in the Term Loan Facility) of not less than $35 million at all times during such fiscal quarter.

Borrowings under the Term Loan Facility bear interest per year equal to either: (i) the base rate plus 4.75% for a base rate loan, or (ii) the LIBOR rate plus 6.75% for a LIBOR loan in the event the leverage ratio is greater than 2.40:1.00. In the event the leverage ratio is less than 2.40:1.00, the rates decrease to either (i) the base rate plus 4.25% for a base rate loan or (ii) the LIBOR rate plus 6.25% for a LIBOR loan. The base rate is the greater of (i) the publicly announced interest rate by the reference bank as its reference rate, the base commercial lending rate or prime rate, and (ii) 3.5% per annum.

As of December 31, 2020, the Company had $152.8 million outstanding under the Term Loan Facility. In conjunction with the RDS Divestiture as discussed in *Note 3 – Discontinued Operations,* the Company repaid the term loan in full. No balance remains on the term loan as of June 30, 2021.

Debt issuance costs in connection with the Term Loan Facility were expensed upon repayment on June 30, 2021. Total expense recorded related to loss on the extinguishment of debt was $2.4 million for the three and six month period ended June 30, 2021.

Note 11. Commitments and Contingencies

Leases

The Company leases certain vehicles under leases classified as capital leases. The leased vehicles are included as property and equipment ("PP&E") and amortized to accumulated amortization on a straight-line basis over the life of the lease, which is typically six years. The total acquisition cost included in PP&E related to the leased vehicles was $2.5 million and $2.1 million at June 30, 2021 and December 31, 2020, respectively. Total accumulated amortization related to the leased vehicles was $0.5 million and $0.3 million at June 30, 2021 and December 31, 2020, respectively. Amortization expense was $0.1 million and $0.2 million for the three and six months ended June 30, 2021. Amortization expense was $0.1 million and $0.1 million for the three and six months ended June 30, 2020.

ASG leases its facilities and equipment under long-term non-cancellable operating lease agreements expiring at various dates through December 2029. The facility leases contain predetermined fixed escalations of the minimum rentals. One of ASG's facility leases is with a related party.

SIC leases its corporate facility under a long-term non-cancelable operating lease through October 2022.

The Company recognizes rent expense on a straight-line basis and records the difference between the recognized rent expense and amounts payable under the lease as deferred rent. Aggregate deferred rent at June 30, 2021 and December 31, 2020 was $1.3 million and $1.4 million, respectively. Aggregate rent expense for the three and six months ended June 30, 2021 totaled $3.3 million and $6.5 million, respectively. Aggregate rent expense for the three and six months ended June 30, 2020 totaled $3.4 million and $6.6 million, respectively.

Litigation

The Company experiences routine litigation in the normal course of its business, which typically concern warranty or contractual claims concerning the Company's products and employment-related matters. The Company has consistently maintained general liability insurance with $2.0 million aggregate and $1.0 million per occurrence limits which may be implicated in litigated matters. Management does not believe that any pending or threatened litigation will have a material adverse effect on the Company's combined business, financial condition, results of operations, and/or cash flows.

Indemnification

In the normal course of business, the Company enters into contracts and agreements that contain a variety of representations and warranties and provide for general indemnifications, including to lessors of office and warehouse space for certain actions arising during the Company's tenancy and to the Company's customers. The Company's exposure under these agreements is unknown because it involves claims that may be made against the Company in the future but have not yet been made. To date, the Company has not paid any claims or been required to defend any action related to its indemnification obligations. However, the Company may record charges in the future as a result of these indemnification obligations.

Exclusive Distributor Rights

A main quartz supplier of ASG's Pental business has granted ASG exclusive distribution rights in 23 states in the United States. To maintain these rights, ASG must meet certain minimum purchase requirements. ASG was required to purchase between 480 and 540 containers during the year ended December 31, 2020. Minimum purchase volumes then increase to 645 containers per quarter during 2021 up to 1,332 containers per quarter during 2025.

Using an estimated price per container based on the average price per container in 2020, the future minimum purchases to maintain the exclusive rights as of June 30, 2021 are as follows:

(in thousands)		Amount
Remaining in 2021	$	50,274
2022		102,186
2023		121,837
2024		145,419
2025		174,502
	$	594,218

If ASG does not purchase at least eighty percent (80%) of the minimum purchase volumes for two consecutive quarters, or at least ninety percent (90%) of the minimum purchase volumes in any calendar year, the supplier has the right to terminate ASG's exclusive distribution rights, but there are no financial penalties to ASG if such commitments are not met. For the year ended December 31, 2020, ASG did not meet the eighty percent (80%) minimum purchase volume threshold primarily as a result of the challenging economic and business environment resulting from COVID-19 during 2020. ASG and the supplier have discussed the impact of the current economic environment on the minimum purchase volumes and have reached an informal understanding around reduced purchase volumes. The supplier must give 60 days notice to terminate this exclusivity arrangement, which has not been received by the Company. While ASG maintains good relationships with this supplier and believes that it would be unlikely that such supplier would terminate the exclusive relationship, there is no guarantee that such supplier will not terminate the exclusive relationship in the future due to ASG's failure to purchase the minimum volumes. As part of our supply chain management program, we routinely identify, evaluate and purchase from alternative sources of quartz products; however, depending on factors such as timing, notice, and industry capacity, in the event the supplier were to terminate ASG's distribution rights it could have a material impact on ASG's supply chain and ASG may be unable to find an alternative source for quartz in a timely manner or on favorable terms.

Note 12. Stock Compensation

On November 22, 2017, the Company adopted the Select Interior Concepts, Inc. 2017 Incentive Compensation Plan (the "2017 Plan"). Upon the adoption of the 2017 Plan, the maximum aggregate number of shares issuable thereunder was 2,561,463 shares. As of June 30, 2021, there were 1,249,842 shares of the Company's common stock subject to outstanding awards and 120,616 shares of the Company's common stock were reserved and available for future awards under the 2017 Plan.

On March 26, 2019, the board of directors adopted the Select Interior Concepts, Inc. 2019 Long-Term Incentive Plan (the "2019 Incentive Plan"), which was approved at the 2019 Annual Meeting of Stockholders on May 15, 2019. The 2019 Incentive Plan serves as the successor to the 2017 Plan; however, shares continued to be available for award grants under the 2017 Plan following the effectiveness of the 2019 Incentive Plan. The maximum aggregate number of shares issuable under the 2019 Incentive Plan is 1,700,000. As of June 30, 2021, there were 138,445 shares of the Company's common stock subject to outstanding awards and 1,561,555 shares of the Company's common stock were reserved and available for future awards under the 2019 Plan.

The 2017 Plan and the 2019 Incentive Plan (collectively, "the Plans"), permit the grant of incentive stock options to employees and the grant of nonstatutory stock options, performance awards, restricted stock, restricted stock units, stock appreciation rights, and other stock-based awards to the Company's employees, directors and consultants at the sole discretion of the Company's Compensation Committee of the board of directors.

Stock Options

The Company has not granted any stock options under the Plans.

Restricted Stock and Restricted Stock Units

Restricted stock awards and restricted stock unit awards are grants of shares of the Company's common stock or rights to receive shares of the Company's common stock that are subject to various restrictions, including restrictions on transferability, vesting and forfeiture provisions. Recipients of restricted stock awards generally will have voting and dividend rights with respect to such shares prior to vesting, subject to such awards' forfeiture provisions, unless the board of directors provides otherwise. Recipients of restricted stock unit awards generally will not have voting and dividend rights unless and until shares of common stock are issued with respect to such awards. Shares of restricted stock that do not vest for any reason will be forfeited by the recipient and will revert to the Company.

For the six months ended June 30, 2021, 646,445 restricted stock units were granted under the Plans to certain directors, executives, and key employees. Certain of these restricted stock units included a market condition under ASC 718 *"Compensation – Stock Compensation."*

During the three months ended March 31, 2019, restricted stock units were granted to certain executives and included both a service and a performance condition. The performance condition was achievement of a 2021 earnings target and the level of achievement of the earnings target would determine the number of shares to be issued. In the first quarter of 2020, the performance condition for these shares that was deemed probable of vesting as of December 31, 2019, was determined to be no longer probable of vesting. This resulted in a reversal of stock compensation expense of approximately $1.6 million recorded during the three months ended March 31, 2020. In the third quarter of 2020, the majority of these performance awards were cancelled, with the remainder being cancelled during the fourth quarter of 2020.

In connection with the appointment of certain executive officers in 2020, the Company awarded 675,000 time-based restricted stock units and 675,000 performance-based restricted stock units in total to the new executive officers. All of these restricted stock units were granted to these new executives as inducement awards in accordance with NASDAQ Listing Rule 5635(c)(4) and were not granted under the Plans. The time-based restricted stock units vest in equal annual installments over four years, subject to continued employment with the Company. The performance-based restricted stock units contain market conditions based on the closing price of the Company's common stock exceeding specific price hurdles for 20 consecutive trading days, and subject to continued employment with the Company. Total outstanding inducement awards as of June 30, 2021, and December 31, 2020, were 1,071,875 and 1,350,000, respectively. These inducement awards are not included in the table below.

The Company estimated the fair value of all shares granted on the date the shares were granted and recognizes the resulting fair value over the requisite service period. The grant date fair value for the restricted stock units issued during the three months ended June 30, 2021 was determined using the closing share price on the date of grant. For shares issued with a market condition, the Monte Carlo simulation model was used to determine the fair value of the award.

A summary of the Company's restricted stock activity for the Plans for the six months ended June 30, 2021 is as follows:

	Nonvested Shares Outstanding	Weighted Average Grant Date Fair Value
Nonvested shares at January 1, 2021	1,447,419	$ 5.33
Granted	646,445	$ 9.23
Forfeited	302,699	$ 10.69
Vested	402,878	$ 7.80
Nonvested shares at June 30, 2021	1,388,287	$ 6.07

As of June 30, 2021, total remaining stock-based compensation expense for nonvested restricted stock units is $10.4 million, which is expected to be recognized over a weighted average remaining period of 2.8 years.

Total stock-based compensation expense recognized for continuing operations for restricted stock units for the three and six months ended June 30, 2021 was $1.1 million and $2.2 million, respectively. Total stock-based compensation expense recognized for discontinued operations for restricted stock units for the three and six months ended June 30, 2021 was $1.3 million and $1.4 million, respectively.

Total stock-based compensation expense recognized for continuing operations for restricted stock units for the three and six months ended June 30, 2020 was $0.9 million and $0.1 million, respectively. Total stock-based compensation expense recognized for discontinued operations for restricted stock units for the three and six months ended June 30, 2020 was $0.4 million and $0.5 million, respectively.

Phantom Stock

Phantom stock awards are grants of phantom stock with respect to shares of the Company's common stock that are settled in cash and subject to various restrictions, including restrictions on transferability, vesting and forfeiture provisions. Shares of phantom stock that do not vest for any reason will be forfeited by the recipient and will revert to the Company. All shares of phantom stock have vested and there are no outstanding shares of phantom stock. As a result of the cash-settlement feature of these awards, the Company considers these awards to be liability awards, which are measured at fair value at each reporting date and the pro-rata vested portion of the award is recognized as a liability.

The Company did not record any phantom stock-based compensation expense during the three or six months ended June 30, 2021, respectively. The Company recorded phantom stock-based compensation expense of less than $0.01 million during the three and six months ended June 30, 2020. There were no outstanding phantom shares as of December 31, 2020.

Note 13. Provision for Income Taxes

The Company determines its periodic income tax benefit or expense based upon the current period income and the annual estimated tax rate for the Company adjusted for discrete items. The estimated tax rate is revised, if necessary, as of the end of each successive interim period during the fiscal year to the Company's current annual estimated tax rate.

For the six months ended June 30, 2021, the effective tax rate of 11.91% decreased compared to the effective tax rate of 109.96% for the six months ended June 30, 2020, due to the impact of discrete items in relation to the amount of the Company's pre-tax earnings. Pre-tax earnings for the six months ended June 30, 2021 and 2020 were $3.8 million and ($0.1 million), respectively. The discrete items include adjustments resulting from ASU 2016-09, which requires excess tax benefits and deficiencies related to stock compensation to be recognized as a component of income tax expense rather than stockholders' equity, and permanent items.

In response to the global impacts of COVID-19 on U.S. companies and citizens, the federal government enacted the CARES Act on March 27, 2020. The CARES Act included several temporary tax relief provisions for companies, including modifications to the interest deduction limitation and a five-year net operating loss carryback. In response to these tax relief provisions, the Company adjusted its deferred tax asset related to the interest limitation and anticipates carrying back any net operating loss generated in 2020 to prior tax periods.

Note 14. Related Party Transactions

Facility Rent

ASG leases office space from 521 Digiulian Boulevard, LLC, a company owned by a current employee. Rent expense under this lease was $0.04 million and $0.07 million for the three and six months ended June 30, 2021, respectively. Rent expense under this lease was $0.03 million and $0.06 million for the three and six months ended June 30, 2020, respectively. No amounts were unpaid under this lease at June 30, 2021 and December 31, 2020. *S*ee *Note 11*.

Note 15. Subsequent Events

Events occurring after June 30, 2021, have been evaluated for possible adjustment to the condensed consolidated financial statements or disclosure as of August 9, 2021, which is the date the condensed consolidated financial statements were available to be issued. The Company continues to evaluate the impact of COVID-19 on its operations, although the ultimate extent to which COVID-19 impacts our business, results of operations, liquidity and financial condition will depend on future developments, which are highly uncertain.

On August 8, 2021, the Company entered into a definitive agreement under which an affiliate of Sun Capital Partners, Inc., a private equity firm, will acquire SIC for approximately $411 million in an all-cash transaction. Under the terms of the agreement, each share of SIC common stock issued and outstanding immediately prior to the transaction will be entitled to receive $14.50 per share in cash. The closing of this transaction is subject to shareholder approval and customary closing conditions, including the receipt of required regulatory approvals. Upon the completion of the transaction, SIC would become a privately held company and shares of SIC common stock would no longer be listed on any public markets.

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

Forward-Looking Statements

This Quarterly Report on Form 10-Q (which we refer to as this "Report") contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and, as such, may involve known and unknown risks, uncertainties and assumptions. Forward-looking statements relate to expectations, beliefs, projections, forecasts, future plans and strategies, anticipated events or trends, and similar expressions concerning matters that are not historical facts. Some of the forward-looking statements may be identified by the use of words such as "anticipate," "believe," "estimate," "intend," "could," "should," "would," "may," "seek," "plan," "might," "will," "expect," "predict," "project," "forecast," "potential," "continue," and other forms of these words or similar words or expressions or the negatives thereof. Forward-looking statements are based on historical information available at the time the statements are made and are based on management's reasonable belief or expectations with respect to future events. These forward-looking statements are subject to risks, contingencies, and uncertainties that are beyond our control. Further, new factors emerge from time to time that may cause our business not to develop as we expect, and it is not possible for us to predict all of them. Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at or by which such performance or results will be achieved. Forward-looking statements speak only as of the date on which they are made and the Company undertakes no obligation to update any forward-looking statement to reflect future events, developments or otherwise, except as may be required by applicable law.

These forward-looking statements are found at various places throughout this Report and include information concerning possible or assumed future results of our operations, including statements about potential acquisition or merger targets; business strategies; future cash flows; financing plans; plans and objectives of management; the ongoing impact of the COVID-19 pandemic; any other statements regarding future acquisitions, future cash needs, future operations, business plans and future financial results, and any other statements that are not historical facts.

These forward-looking statements are based on currently available information and our current assumptions, expectations and projections about future events. You should not rely on our forward-looking statements. These statements are not guarantees of future performance and are subject to future events, risks and uncertainties – many of which are beyond our control, dependent on the actions of third parties, or currently unknown to us – as well as potentially inaccurate assumptions that could cause actual results to differ materially from our expectations and projections. These risks and uncertainties include, but are not limited to, those described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020 and as also may be described from time to time in future reports we file with the SEC. You should read such information in conjunction with our consolidated financial statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Report. There also may be other factors that we cannot anticipate or that are not described in this Report, generally because we do not currently perceive them to be material. Such factors could cause results to differ materially from our expectations.

Forward-looking statements speak only as of the date they are made, and we do not undertake to update these statements other than as required by law. You are advised, however, to review any further disclosures we make on related subjects in our periodic filings with the SEC.

Overview

Select Interior Concepts, Inc. (which we refer to collectively, with all of its subsidiaries, as "SIC," the "Company," "we," "us" and "our") is a nationwide distributor of interior building products.

Sale of the Residential Design Services Business

On May 10, 2021, the Company announced it had entered into an Equity Purchase Agreement to sell all of the issued and outstanding shares of common stock of L.A.R.K. Industries, Inc. L.A.R.K. Industries, Inc., together with its subsidiaries, operates the Company's Residential Design Services business ("RDS"). On June 30, 2021, the Company and Residential Design Services, LLC completed the sale of the RDS business. Prior to the decision to sell the RDS business, we had two reporting segments, our Architectural Surfaces Group (which we refer to as "ASG") business and RDS. Corporate and other shared costs were not allocated to our reporting segments. As a result of the decision to sell our RDS business, which is now classified as discontinued operations, we now have one reporting segment. Costs including indirect corporate overhead costs are reported within results from continuing operations. All revenues and costs incurred directly in support of the RDS business are presented in results from discontinued operations. Unless otherwise stated, the information disclosed in Management's Discussion and Analysis refer to results from continuing operations. See *Note 3* for additional information regarding our sale of RDS.

Our Continuing Business

We have market positions in the selection and importation of natural and engineered stone slabs for kitchen and bathroom countertops and specialty tiles. ASG sources natural and engineered stone from a global supply base and markets these materials through a national network of distribution centers and showrooms at 21 different locations. In addition to serving the new residential and commercial construction markets with these materials, we also distribute them to the repair and remodel (which we refer to as "R&R") market.

Key Factors Affecting Operating Results

Our operating results are impacted by changes in the levels of the demand for products and services in the R&R market. These are in turn affected by a broad range of macroeconomic factors including the rate of economic growth, unemployment, job and wage growth, interest rates, multi-family project financing, and residential mortgage lending conditions. Other important underlying factors include demographic variables such as household formation, immigration and aging trends, housing stock and vacant inventory levels, changes in the labor force, raw materials prices, the legal environment, and local and regional development and construction regulation.

Recent developments relating to the outbreak of the coronavirus pandemic ("COVID-19")

In March 2020, the World Health Organization declared the COVID-19 outbreak a pandemic, the United States government declared the pandemic a national emergency, and most states imposed measures to reduce the spread of COVID-19, including orders to shelter in place, social distance, and close certain non-essential businesses. The pandemic caused widespread adverse impacts to the economy and financial markets, and to our employees, customers, suppliers and other parties with whom we do business.

While the pandemic continues to impact our business through logistics disruptions and some cost inflation, we continue to see signs of increased sales activity, as well as industry growth with robust housing starts in addition to a strengthening repair and remodel market. We continue to rationalize costs, tightly manage working capital, and leverage technology to generate additional efficiencies in our business, as well as to implement other cost-saving measures. We will continue to closely monitor the COVID-19 recovery efforts throughout 2021, although the ultimate extent to which COVID-19 impacts our business, results of operations, liquidity and financial condition will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the pace of recovery from the outbreak.

Key Components of Results of Continuing Operations

***Net Revenue*.** Net revenue is derived from the sale of our products and is recognized at a point in time when such products have been accepted at the customer's designated location and the performance obligation is completed.

Cost of Revenue. Cost of revenue consists of the direct costs associated with revenue earned by delivering product. Cost of revenue includes direct material costs, inbound and outbound freight costs, overhead (such as rent, utilities and other period costs associated with product warehouses), depreciation associated with fixed assets used in warehousing, material handling and warehousing activities, warehouse labor, taxes, benefits and other costs directly associated with receiving, storing, handling and delivering product to customers in revenue earning transactions.

***Gross Profit and Gross Margin*.** Gross profit is net revenue less the associated cost of revenue. Gross margin is gross profit divided by net revenue.

***Selling, General and Administrative Expenses*.** Selling, general and administrative ("SG&A") expenses include overhead costs such as general management, project management, purchasing, sales, customer service, accounting, finance, human resources, depreciation and amortization, information technology, public company costs and all other forms of wage and salary cost associated with operating our businesses, and the taxes and benefits associated with those costs. We also include other general-purpose expenses, including, but not limited to, office supplies, office rents, legal, consulting, insurance, and non-cash stock compensation costs. Professional services expenses, including audit and legal, and transaction costs are also included in SG&A expenses.

***Depreciation and Amortization*.** Depreciation and amortization expenses represent the estimated decline over time of the value of tangible assets such as vehicles, equipment and leasehold improvements, and intangible assets such as customer lists and trade names. We recognize the expenses on a straight-line basis over the estimated economic life of the asset in question, or over the shorter of the estimated economic life or the remaining lease term for leasehold improvements.

Interest Expense. Interest expense represents amounts paid to or which have become due during the period to lenders and lessors under credit agreements and capital leases, as well as the amortization of debt issuance costs.

Income Taxes. Income taxes are recorded using the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the deferred tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those differences are expected to be recovered or settled.

Three Months Ended June 30, 2021 Compared to Three Months Ended June 30, 2020

Net Revenue. For the three months ended June 30, 2021, net revenue increased $15.2 million, or 29.2%, to $67.2 million, from $52.0 million for the three months ended June 30, 2020. This increase was driven by favorable price/mix and higher sales volume.

Cost of Revenue. For the three months ended June 30, 2021, cost of revenue increased $8.4 million, or 21.7%, to $47.2 million, from $38.8 million for the three months ended June 30, 2020. This increase was primarily associated with the increase in net revenue.

Gross Profit and Margin. For the three months ended June 30, 2021, gross profit increased $6.8 million, or 51.4%, to $20.0 million, from $13.2 million for the three months ended June 30, 2020. For the three months ended June 30, 2021, gross margin increased 4.3 percentage points to 29.7%, from 25.4% for the three months ended June 30, 2020. This increase was primarily due to improvements in price/mix, and increased volume which resulted in better fixed cost absorption.

SG&A Expenses. For the three months ended June 30, 2021, SG&A expenses increased by $1.6 million, or 11.9%, to $14.8 million, from $13.2 million for the three months ended June 30, 2020. SG&A expenses as a percentage of net revenue were 22.1% and 25.5% for the three months ended June 30, 2021 and 2020, respectively. SG&A increased primarily due to a return to normal operations as we are recovering from COVID-19, although we continue to control costs in line with revenue.

Depreciation and Amortization. For the three months ended June 30, 2021, depreciation and amortization expenses decreased by $0.3 million, or 9.6%, to $2.5 million, from $2.8 million for the three months ended June 30, 2020 due to certain assets fully depreciating in 2021.

Interest Expense. For the three months ended June 30, 2021 and 2020, interest expense remained relatively consistent and was less than $0.1 million.

Income Taxes. For the three months ended June 30, 2021 and 2020, income tax expense remained relatively consistent at $0.2 million. During the three months ended June 30, 2021, our effective tax rate is different from what would be expected if the federal statutory rate were applied to income from continuing operations primarily because of the impact of state taxes, permanent items and discrete adjustments related to equity-based compensation.

Net Income From Continuing Operations. For the three months ended June 30, 2021, net income from continuing operations increased by $2.8 million to $2.5 million of income from a loss of $0.3 million for the three months ended June 30, 2020.

Adjusted EBITDA. For the three months ended June 30, 2021, Adjusted EBITDA increased to $8.9 million, from $6.1 million for the three months ended June 30, 2020.

	For the Three Months Ended June 30,	
(in thousands)	**2021**	**2020**
Net income (loss) from continuing operations	$ 2,516	$ (250)
Income tax expense	181	158
Interest expense	78	48
Depreciation and amortization	2,514	2,780
EBITDA	**5,289**	**2,736**
Equity-based compensation	1,154	860
Employee related reorganization costs	6	1,252
Productivity and operational efficiency initiatives costs	(46)	—
Facility closures and divestitures	(9)	301
Loss on extinguishment of debt	2,385	—
Other non-operating costs	12	343
Strategic alternatives costs	120	566
Adjusted EBITDA	**$ 8,911**	**$ 6,058**

Adjusted EBITDA Margin. For the three months ended June 30, 2021, Adjusted EBITDA margin increased to 13.3%, from 11.7% for the three months ended June 30, 2020.

Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP financial measures, please refer to "Non-GAAP Measures" below for a further discussion of these non-GAAP financial measures.

Results from Discontinued Operations

Results associated with the RDS business are classified as income from discontinued operations, net of taxes, in our Condensed Consolidated Statements of Operations. Prior year results have been recast to conform with the current presentation. Below is a summary of results for the three months ended June 30, 2021, compared to the three months ended June 30, 2020:

	For the Three Months Ended June 30,	
(in thousands)	2021	2020
Loss from discontinued operations, net of income taxes	$ (3,199)	$ (2,929)
Gain on disposal of discontinued operations, net of income taxes	58,796	—
Net income (loss) from discontinued operations	**$ 55,597**	**$ (2,929)**

The loss from discontinued operations increased by 9.2%, or $0.3 million. Results from discontinued operations were positively impacted by economic recovery from COVID-19 but offset with additional stock compensation expense and professional fees incurred related to improvements in strategic sourcing, organizational design and productivity, insurance programs, and facility footprint optimization initiatives. Additionally, a gain on the sale of our RDS business of $58.8 million was recognized during the quarter. See *Note 3* for additional information.

Six Months Ended June 30, 2021 Compared to Six Months Ended June 30, 2020

Net Revenue. For the six months ended June 30, 2021, net revenue increased $17.5 million, or 16.4%, to $124.6 million, from $107.0 million for the six months ended June 30, 2020. This increase was driven by higher sales volume and favorable price/mix.

Cost of Revenue. For the six months ended June 30, 2021, cost of revenue increased $8.7 million, or 10.7%, to $89.3 million, from $80.6 million for the six months ended June 30, 2020. This increase was primarily associated with the increase in net revenue.

Gross Profit and Margin. For the six months ended June 30, 2021, gross profit increased $8.9 million, or 33.6%, to $35.3 million, from $26.4 million for the six months ended June 30, 2020. For the six months ended June 30, 2021, gross margin increased 3.6 percentage points to 28.3%, from 24.7% for the six months ended June 30, 2020. This increase was primarily due to favorable price/mix and increased volume which resulted in better fixed cost absorption.

SG&A Expenses. For the six months ended June 30, 2021, SG&A expenses increased by $2.6 million, or 9.9%, to $29.0 million, from $26.4 million for the six months ended June 30, 2020. SG&A expenses as a percentage of net revenue were 23.3% and 24.7% for the six months ended June 30, 2021 and 2020, respectively. SG&A increased primarily due to a return to normal operations as we are recovering from COVID-19, although we continue to control costs in line with revenue.

Depreciation and Amortization. For the six months ended June 30, 2021, depreciation and amortization expenses decreased by $0.4 million, or 7.0%, to $5.2 million, from $5.6 million for the six months ended June 30, 2020 due to certain assets fully depreciating in 2021.

Interest Expense. For the six months ended June 30, 2021 and 2020, interest expense remained relatively consistent at $0.1 million.

Income Taxes. For the six months ended June 30, 2021, income tax expense increased by $0.5 million to $0.5 million of expense for the six months ended June 30, 2021, from a benefit of $0.1 million for the six months ended June 30, 2020. During the six months ended June 30, 2021, our effective tax rate is different from what would be expected if the federal statutory rate were applied to income from continuing operations primarily because of the impact of state taxes, permanent items and discrete adjustments related to equity-based compensation.

Net Income From Continuing Operations. For the six months ended June 30, 2021, net income from continuing operations increased by $3.3 million to $3.3 million from $0.01 million for the six months ended June 30, 2020.

Adjusted EBITDA. For the six months ended June 30, 2021, Adjusted EBITDA increased to $14.4 million, from $9.0 million for the six months ended June 30, 2020.

	For the Six Months Ended June 30,			
(in thousands)	2021		2020	
Net income from continuing operations	$	3,336	$	7
Income tax expense (benefit)		451		(80)
Interest expense		119		98
Depreciation and amortization		5,189		5,580
EBITDA		**9,095**		**5,605**
Equity-based compensation		2,227		70
Acquisition and integration related costs		-		76
Employee related reorganization costs		406		1,251
Productivity and operational efficiency initiatives costs		145		—
Facility closures and divestitures		47		301
Loss on extinguishment of debt		2,385		—
Other non-operating costs		12		662
Strategic alternatives costs		120		1,077
Adjusted EBITDA	**$**	**14,437**	**$**	**9,042**

Adjusted EBITDA Margin. For the six months ended June 30, 2021, Adjusted EBITDA margin increased to 11.6%, from 8.4% for the six months ended June 30, 2020.

Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP financial measures, please refer to “Non-GAAP Measures” below for a further discussion of these non-GAAP financial measures.

Results from Discontinued Operations

Results associated with the RDS business are classified as income from discontinued operations, net of taxes, in our Condensed Consolidated Statements of Operations. Prior year results have been recast to conform with the current presentation. Below is a summary of results for the six months ended June 30, 2021, compared to the six months ended June 30, 2020:

	For the Six Months Ended June 30,			
(in thousands)	2021		2020	
Loss from discontinued operations, net of income taxes	$	(5,824)	$	(7,188)
Gain on disposal of discontinued operations, net of income taxes		58,796		—
Net income (loss) from discontinued operations	**$**	**52,972**	**$**	**(7,188)**

The loss from discontinued operations decreased by 19.0%, or $1.4 million. Results from discontinued operations were positively impacted by economic recovery from COVID-19 but offset with additional stock compensation expense and professional fees incurred related to improvements in strategic sourcing, organizational design and productivity, insurance programs, and facility footprint optimization initiatives. Additionally, a gain on the sale of our RDS business of $58.8 million was recognized during the quarter. See *Note 3* for additional information.

Non-GAAP Measures

In addition to the results reported in accordance with United States generally accepted accounting principles (which we refer to as “GAAP”), we have provided information in this Report relating to EBITDA, Adjusted EBITDA, and Adjusted EBITDA margin. We have provided definitions below for these non-GAAP financial measures and have provided tables to reconcile these non-GAAP financial measures to the comparable GAAP financial measures.

We believe that these non-GAAP financial measures provide valuable information regarding our earnings and business trends by excluding specific items that we believe are not indicative of the ongoing operating results of our businesses, providing a useful way for investors to make a comparison of our performance over time and against other companies in our industry.

We have provided these non-GAAP financial measures as supplemental information to our GAAP financial measures and believe these non-GAAP measures provide investors with additional meaningful financial information regarding our operating performance and cash flows. Our management and board of directors also use these non-GAAP measures as supplemental measures to evaluate our businesses and the performance of management, including the determination of performance-based compensation, to make operating and strategic decisions, and to allocate financial resources. We believe that these non-GAAP measures also provide meaningful information for investors and securities analysts to evaluate our historical and prospective financial performance. These non-GAAP measures should not be considered a substitute for or superior to GAAP results. Furthermore, the non-GAAP measures presented by us may not be comparable to similarly titled measures of other companies.

EBITDA is defined as consolidated net income (loss) from continuing operations before interest, taxes and depreciation and amortization. Adjusted EBITDA is defined as consolidated net income (loss) before (i) interest expense, (ii) income tax expense (benefit), (iii) depreciation and amortization expense, (iv) equity-based compensation expense, and (v) other costs that are deemed to be transitional in nature or not related to our core operations, including employee related reorganization costs, purchase accounting fair value adjustments, acquisition and integration related costs, other non-recurring costs, productivity and operational efficiency initiatives costs, facility closures and divestitures, legal settlements, new branch startup costs, loss on extinguishment of debt, strategic alternatives costs, and other non-operating costs. Adjusted EBITDA margin is calculated as a percentage of our net revenue. EBITDA, Adjusted EBITDA, and Adjusted EBITDA margin are non-GAAP financial measures used by us as supplemental measures in evaluating our operating performance.

Liquidity and Capital Resources

Working capital is the largest element of our capital needs, as inventory and receivables are our most significant investments. We also require funding for acquisitions, to cover ongoing operating expenses, and to meet required obligations related to financing, such as lease payments and principal and interest payments.

Our capital resources primarily consist of cash from operations and borrowings under our revolving credit facilities, capital equipment leases, and operating leases. As our revenue and profitability have improved, we have used increased borrowing capacity under our revolving credit facilities to fund working capital needs. We have utilized capital leases and secured equipment loans to finance our vehicles and equipment needed for both replacement and expansion purposes.

As of June 30, 2021, we had liquidity of $90.4 million, comprised of $36.9 million of cash and $53.5 million of available borrowing capacity under our revolving credit facility.

Financing Sources; Debt

SIC Credit Facility

In June 2018, the Company and certain of its subsidiaries entered into an amended and restated loan, security and guaranty agreement, dated as of June 28, 2018, which was amended on December 11, 2018 (which we refer to as the “SIC Credit Facility”), with a commercial bank. The SIC Credit Facility is used by the Company, including both RDS and ASG, for operational purposes. Pursuant to the SIC Credit Facility, the Company has a borrowing-base-governed revolving credit facility that provides for borrowings in an initial amount of up to an aggregate of $90 million (after it was increased by $10 million through the amendment in December 2018), and which may be further increased to an aggregate amount not to exceed $130 million upon the satisfaction of certain conditions.

On June 30, 2021 and in connection with the closing of the RDS Divestiture, the Company and certain of its subsidiaries (together, the “Obligors”), entered into an amendment of the SIC Credit Facility. The amendment, among other things, (i) extends the maturity date of the ABL Agreement from June 28, 2023 to June 28, 2024 and (ii) amends the ABL Agreement to permit the RDS Divestiture. The amendment did not impact the available borrowing capacity on the SIC Credit Facility.

Under the SIC Credit Facility, the Company and its subsidiaries are required to comply with certain customary restrictive covenants that, among other things and with certain exceptions, limit the ability of the Company and its subsidiaries, as applicable, to (i) incur additional indebtedness and liens in connection therewith, (ii) pay dividends and make certain other restricted payments, (iii) effect mergers or consolidations, (iv) enter into transactions with affiliates, (v) sell or dispose of property or assets, and (vi) engage in unrelated lines of business.

The SIC Credit Facility is subject to certain financial covenants. At June 30, 2021, the Company was in compliance with the financial and non-financial covenants.

As of June 30, 2021, there was no outstanding balance under the SIC Credit Facility. The Company also had $0.6 million of outstanding letters of credit under the SIC Credit Facility at June 30, 2021.

Term Loan Facility

On February 28, 2017, AG&M and Pental, as the borrowers, entered into a financing agreement, as amended, with third party lenders (the "Term Loan Facility"), which initially provided for a $105.0 million term loan facility. The Term Loan Facility was amended in June 2018 to define the borrowers as Select Interior Concepts, Inc. and its subsidiaries, was further amended in August 2018 to adjust the borrowing capacity to $101.4 million, and was further amended in December 2018 to increase the borrowing capacity to $174.2 million. On February 7, 2020, the Term Loan Facility was amended to revise certain leverage ratio covenant requirements. The required leverage ratio measured as of the end of each fiscal quarter ending on March 31, 2020 and each fiscal quarter thereafter to (and including) the fiscal quarter ending December 31, 2020 was increased to 3.90:1.00, after which it would be reduced to 3.75:1.00 for the fiscal quarter ending March 31, 2021 and each fiscal quarter ending thereafter. On March 10, 2021, the Term Loan Facility was further amended to adjust the required leverage ratio (as defined in the Term Loan Facility). The required leverage ratio as of March 31, 2021 and each fiscal quarter ending thereafter was increased from 3.75:1.00 to 4.00:1.00.

Under the Term Loan Facility, the Company is required to comply with certain customary restrictive covenants that, among other things and with certain exceptions, limit the ability of the Company to (i) incur additional indebtedness and liens, (ii) make certain capital expenditures, (iii) pay dividends and make certain other distributions, (iv) sell or dispose of property or assets, (v) make loans, (vi) make payment of certain debt, (vii) make fundamental changes, (viii) enter into transactions with affiliates, and (ix) engage in any new businesses. The Term Loan Facility also contains certain customary representations and warranties, affirmative covenants, and reporting obligations.

Substantially all of the Company's assets are collateral for the Term Loan Facility, including accounts receivable and inventory, except assets identified as collateral for the SIC Credit Facility which hold a senior position. The Company is also restricted from paying dividends to its stockholders. Additionally, substantially all of the Company's subsidiaries are restricted by the Term Loan Facility from providing loans, advances and dividends to the SIC parent company. The Company is required to meet certain financial and nonfinancial covenants pursuant to the Term Loan Facility. The Company was in compliance with all financial and nonfinancial covenants as of June 30, 2021 and December 31, 2020.

The Company paid off its Term Loan Facility effective June 30, 2021 as part of the RDS Divestiture.

Vehicle and Equipment Financing

We have used various secured loans and leases to finance our acquisition of vehicles. As of June 30, 2021, approximately $2.1 million of indebtedness was outstanding under capital leases.

Historical Cash Flow Information

Working Capital

Inventory and accounts receivable represent approximately 60% of our tangible assets, and accordingly, management of working capital is important to our businesses. Working capital (defined as current assets less current liabilities, excluding debt, cash and current assets and liabilities of discontinued operations) totaled $71.9 million at June 30, 2021, compared to $67.3 million at December 31, 2020, for a net increase of $4.6 million, primarily due to working capital management.

Cash Flows Provided by Operating Activities

Cash flow changes below include both continuing operations and discontinued operations.

Net cash provided by operating activities was $1.6 million and $17.6 million for the six months ended June 30, 2021 and 2020, respectively. Net income was $56.3 million for the six months ended June 30, 2021, and net loss was $7.2 million for the six months ended June 30, 2020.

Adjustments for noncash expenses included in the calculation of net cash provided by operating activities, including amortization and depreciation, changes in deferred income taxes and other noncash items, totaled $(47.6) million for the six months ended June 30, 2021, and $12.4 million for the six months ended June 30, 2020.

Changes in operating assets and liabilities resulted in net cash used of $7.1 million for the six months ended June 30, 2021. Changes in operating assets and liabilities resulted in net cash provided of $12.4 million for the six months ended June 30, 2020.

Cash Flows Provided by / (Used in) Investing Activities

For the six months ended June 30, 2021, cash flow provided by investing activities was $202.9 million. We received net proceeds from the sale of the RDS business of $204.3 million and used $1.4 million for capital expenditures for property and equipment, net of proceeds from disposals. For the six months ended June 30, 2020, cash flow used in investing activities was $2.4 million for capital expenditures for property and equipment, net of proceeds from disposals.

Cash Flows Used in Financing Activities

Net cash used in financing activities was $165.6 million and $17.2 million for the six months ended June 30, 2021 and 2020, respectively.

For the six months ended June 30, 2021, we made principal payments of $152.8 million to repay the term debt. Aggregate net payments on the SIC Credit Facility were $9.9 million and payments on notes payable and capital leases were $1.6 million. During the six months ended June 30, 2021, we also purchased $1.0 million of treasury stock and incurred $0.3 million in issuance fees related to the Term Loan Facility and the SIC Credit Facility. For the six months ended June 30, 2020, we made principal payments of $0.5 million on term debt. As of June 30, 2020, aggregate net payments on the SIC Credit Facility were $12.6 million and payments on notes payable and capital leases were $1.5 million. During the six months ended June 30, 2020, we also purchased $0.7 million of treasury stock and received proceeds from our ERP system lease of $0.4 million.

Contractual Obligations

In the table below, we set forth our enforceable and legally binding obligations as of June 30, 2021. Some of the amounts included in the table are based on management’s estimates and assumptions about these obligations, including their duration, the possibility of renewal, anticipated actions by third parties, and other factors. Because these estimates and assumptions are necessarily subjective, our actual payments may vary from those reflected in the table.

	Payments due by period				
(in thousands)	**Total**	**Remaining in 2021**	**1 to 3 years**	**3 - 5 years**	**More than 5 years**
Capital lease obligations(1)	2,445	204	868	818	555
Operating lease obligations(2)	31,426	5,018	15,516	7,048	3,844
Purchase obligations(3)	594,218	50,274	224,023	319,921	—
Total	**$ 628,089**	**$ 55,496**	**$ 240,407**	**$ 327,787**	**$ 4,399**

(1) Capital lease obligations include payments, including interest, on capital leases for vehicles and equipment purchased.

(2) We lease certain locations, including, but not limited to, corporate offices, warehouses, fabrication shops, and design centers. For additional information, see *Note 11—Commitments and Contingencies* to our condensed consolidated financial statements included in this Report.

(3) These amounts take into account a contract with a supplier of engineered stone on an exclusive basis in certain states within the United States. As part of the terms of the exclusive right to distribute the products provided under the contract, we are obligated to take delivery of a certain minimum amount of product from this supplier. If we fall short of these minimum purchase requirements in any given calendar year, we have agreed to negotiate with the supplier to arrive at a mutually acceptable resolution. There are no financial penalties to us if such commitments are not met; however, in such a case, the supplier has reserved the right, under the contract, to withdraw the exclusive distribution rights granted to us. The amount of the payment is estimated by multiplying the minimum quantity required under the contract by the average price paid in 2020. See *Note 11—Commitments and Contingencies* to our condensed consolidated financial statements included in this Report for a further discussion of these minimum purchase requirements.

As of June 30, 2021, we did not have any outstanding indebtedness under the SIC Credit Facility.

Off-Balance Sheet Arrangements

As of June 30, 2021, with the exception of operating leases that we typically use in the ordinary course of business, we were not party to any material off-balance sheet financial arrangements that are reasonably likely to have a current or future effect on our financial condition or operating results. We do not have any relationship with unconsolidated entities or financial partnerships for the purpose of facilitating off-balance sheet arrangements or for other contractually narrow or limited purposes.

Critical Accounting Policies and Estimates

There have been no material changes for the three months ended June 30, 2021 from the critical accounting policies and estimates as previously disclosed in our financial statements included in our 2020 Annual Report on Form 10-K for the fiscal year ended December 31, 2020, as filed with the SEC on March 16, 2021.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Interest Rate Risk

We borrow from lenders using financial instruments such as revolving lines of credit, term loans, and notes payable. In many cases, the interest costs we incur under these agreements are calculated using a variable rate that will fluctuate with changes in a published short-term market interest rate index, such as LIBOR. Accordingly, there is no guarantee as to what our interest payments and expense will be in the future. In an economic environment where short term rates (under one year) may increase or continue to increase at any time, there can be no assurance that interest rates will not be higher in the future and have an adverse effect on our financial soundness. At June 30, 2021, we did not have any outstanding variable rate borrowings.

For variable rate debt, interest rate changes generally do not affect the fair value of the debt instrument, but do impact future earnings and cash flows, assuming other factors are held constant. We did not utilize swaps, forward or option contracts on interest rates or commodities, or other types of derivative financial instruments during the year ended December 31, 2020, or during the six months ended June 30, 2021. We have not entered into and currently do not hold derivatives for trading or speculative purposes.

Foreign Currency Exchange Rate Risk

We purchase materials from both domestic and foreign suppliers. While predominantly all of the suppliers receive payments in U.S. dollars and, as such, we are not currently exposed to any foreign currency exchange rate risk, there can be no assurance that the payments to suppliers in the future will not be affected by exchange fluctuations between the U.S. dollar and the local currencies of these foreign suppliers.

Item 4. Controls and Procedures.

Limitations on the Effectiveness of Controls

We do not expect that our disclosure controls and procedures will prevent all errors and all fraud. A system of controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the system are met. Because of the limitations in all such systems, no evaluation can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. Furthermore, the design of any system of controls and procedures is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how unlikely. Because of these inherent limitations in a cost-effective system of controls and procedures, misstatements or omissions due to error or fraud may occur and not be detected.

Scope of the Controls Evaluation

The evaluation of our disclosure controls and procedures included a review of their objectives and design, and the effect of the controls and procedures on the information generated for use in this quarterly report. In the course of our evaluation, we sought to identify whether we had any incorrect data, control issues or instances of fraud and to confirm that appropriate corrective action, including process improvements, was being undertaken as needed. This type of evaluation is performed on a quarterly basis so that conclusions concerning the effectiveness of our disclosure controls and procedures can be reported in our quarterly reports on Form 10-Q. Many of the components of our disclosure controls and procedures are also evaluated by our third-party internal auditors and by personnel in our finance and legal departments. The overall goals of these various evaluation activities are to monitor our disclosure controls and procedures on an ongoing basis, and to maintain them while addressing any changes necessary in a dynamic environment.

Evaluation of Disclosure Controls and Procedures

Our management, including our Chief Executive Officer and Chief Financial Officer (which we refer to as, together, the “Certifying Officers”), evaluated the effectiveness of our disclosure controls and procedures, as defined by Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on the evaluation of our disclosure controls and procedures, our Certifying Officers concluded that our disclosure controls and procedures were effective as of June 30, 2021.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the three months ended June 30, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

The Company and certain of its subsidiaries are from time to time subject to various claims, complaints and other legal actions arising in the ordinary course of business. In the opinion of our management, the outcome of these ordinary course matters will not have a material adverse effect upon our financial condition, results of operations or cash flows.

Item 1A. Risk Factors

In addition to the other information set forth in this Report, you should carefully consider the factors discussed under Item 1A, "Risk Factors" and elsewhere in the Company’s 2020 Annual Report on Form 10-K for the fiscal year ended December 31, 2020 (the “2020 10-K”). These risks and uncertainties could materially and adversely affect the Company’s business, consolidated financial condition, results of operations, or cash flows. The Company’s operations could also be affected by additional factors that are not presently known to us or by factors that we currently do not consider material to our business. Due to the sale of RDS, the following risk factors in our 2020 10-K are no longer applicable. Specifically, the risk factors identified under the following headings may not apply to the Company’s operations on a go-forward basis:

- *A significant portion of our, and in particular RDS’s, business is in the state of California. A slowdown in the economy or a decline in homebuilding activity in California, or the occurrence of a natural disaster, could have a disproportionately negative effect on our business, financial condition, operating results, and cash flows.*
- *If we fail to qualify for supplier rebates or are unable to maintain or adequately renegotiate our rebate arrangements, our gross margins and income could be adversely affected.*
- *RDS’s customers may be affected by shortages in labor supply, increased labor costs or labor disruptions, which could have a material adverse effect on our financial condition, results of operations, and cash flows.*
- *Our backlog estimates for our RDS segment may not be accurate and may not generate expected levels of future revenues or translate into profits.*
- *RDS’s business and results of operations are significantly dependent on the availability and skill of subcontractors.*

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

The following table provides information regarding the repurchase of our common stock for the three months ended June 30, 2021:

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet be Purchased Under the Plans or Programs
April 1, 2021 - April 30, 2021	4,114	$ 7.34	—	—
May 1, 2021 - May 31, 2021	1,197	7.53	—	—
June 1, 2021 - June 30, 2021	54,526	10.91	—	—
Total	**59,837**	**$ 10.60**	**—**	**—**

(1) Represents shares surrendered to the Company by employees to satisfy tax withholding obligations arising in connection with the vesting of 210,749 shares of restricted stock awarded under our 2017 Plan or inducement awards in accordance with NASDAQ Listing Rule 5635(c)(4).

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

The following exhibits are filed, furnished or incorporated by reference as part of this Report.

Exhibit No.	Description
3.1	Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the initial filing of the Company's Registration Statement on Form S-1 (File No. 333-226101), filed with the SEC on July 9, 2018).
3.2	Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 3.2 to Amendment No. 1 to the Company's Registration Statement on Form S-1 (File No. 333-226101), filed with the SEC on July 25, 2018).
10.1	Fourth Amendment to Amended and Restated Loan, Security and Guaranty Agreement, dated as of June 30, 2021, by and among the Company and each of its subsidiaries, as obligors, and Bank of America, N.A., as lender, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on July 6, 2021
10.2	Equity Purchase Agreement, dated May 9, 2021, by and among, Select Interior Concepts, Inc., Residential Design Services, LLC, L.A.R.K. Industries, Inc. and Signal Holdco, LP, incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K, filed with the SEC on May 10, 2021
10.3*	Form of Time-Based Restricted Stock Unit Agreement for use with the 2019 Incentive Compensation Plan
10.4*	Form of Performance-Based Restricted Stock Unit Agreement for use with the 2019 Incentive Compensation Plan
31.1*	Certification of Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Filed or furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Quarterly Report on Form 10-Q to be signed on its behalf by the undersigned thereunto duly authorized.

	SELECT INTERIOR CONCEPTS, INC.
Date: August 9, 2021	By: /s/ L.W. Varner, Jr. **L.W. Varner, Jr.** **Chief Executive Officer** ***(Principal Executive Officer)***
Date: August 9, 2021	By: /s/ Nadeem Moiz **Nadeem Moiz** **Chief Operating Officer and Chief Financial Officer** ***(Principal Financial Officer)***
Date: August 9, 2021	By: /s/ Lance D. Brown **Lance D. Brown** **Chief Accounting Officer** ***(Principal Accounting Officer)***

Exhibit 10.3

SELECT INTERIOR CONCEPTS, INC.

TIME-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT

Non-transferable

G R A N T T O

____

("Grantee")

by Select Interior Concepts, Inc. (the "Company") of __________ restricted stock units (the "Stock Units") convertible, on a one-for-one basis, into shares of the Company's common stock ("Shares"), pursuant to and subject to the provisions of the Select Interior Concepts, Inc. 2019 Incentive Compensation Plan (the "Plan"), and to terms and conditions set forth on the following pages of this award agreement (this "Agreement"). Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Plan.

Unless vesting is accelerated as provided in Section 1 of the Terms and Conditions or otherwise in the discretion of the Committee, the Units shall vest (become non-forfeitable) in accordance with the following schedule, subject to Grantee's Continuous Service on each vesting date:

Vesting Date	Percent of Stock Units Vesting
____________	25%
____________	25%
____________	25%
____________	25%

By accepting this award, Grantee shall be deemed to have agreed to the terms and conditions of this Agreement and the Plan.

IN WITNESS WHEREOF, Select Interior Concepts, Inc., acting by and through its duly authorized officers, has caused this Agreement to be executed as of the grant date indicated below (the "Grant Date").

SELECT INTERIOR CONCEPTS, INC.

By:
Its: Authorized Officer

Grant Date: ________________

Accepted by Grantee:

____

TERMS AND CONDITIONS

1. Vesting of Units. The Stock Units have been credited to a bookkeeping account on behalf of Grantee. The Units will vest and become non-forfeitable on the earliest to occur of the following (each, a "Vesting Date"):

(a) as to the percentages of the Stock Units specified on the cover page hereof, on the respective Vesting Dates specified on the cover page hereof, subject to Grantee's Continuous Service on each vesting date;

(b) as to all of the Stock Units, on the termination of Grantee's Continuous Service by the Company by reason of Grantee's death or Disability;

(c) as to the percentage of the Stock Units specified on the cover page hereof scheduled to vest on the next Vesting Date specified on the cover page hereof, on the termination of Grantee's employment by the Company without Cause or Grantee's resignation for Good Reason;

(d) as to all of the Units, on the occurrence of a Change in Control, unless the Units are assumed by the surviving entity or otherwise equitably converted or substituted in connection with the Change in Control; or

(e) as to all of the Units, if the Units are assumed by the surviving entity or otherwise equitably converted or substituted in connection with a Change in Control, on the termination of Grantee's employment by the Company without Cause or Grantee's resignation for Good Reason within twenty-four (24) months after the effective date of the Change in Control.

2. Conversion to Common Stock. Unless the Stock Units are forfeited prior to the Vesting Date as provided in Section 1 above, the Stock Units will be converted to actual Shares of common stock on the applicable Vesting Date. Stock certificates evidencing the conversion of Stock Units into Shares of common stock will be registered on the books of the Company in Grantee's name (or in street name to Grantee's brokerage account) as of the Vesting Date and delivered to Grantee, in certificated or uncertificated form, as soon as practical thereafter.

3. Dividend Equivalents. If and when dividends or other distributions are paid with respect to the common stock while the Stock Units are outstanding, the dollar amount or fair market value of such dividends or distributions with respect to the number of shares of common stock then underlying the Stock Units shall be accumulated in an account for Grantee and distributed to Grantee within 30 days after the Vesting Date for the Stock Units with respect to which they relate. If Grantee forfeits any Stock Units under this Agreement, Grantee shall forfeit the right to receive any accumulated dividend equivalents with respect to such forfeited Stock Units.

4. Restrictions on Transfer and Pledge. No right or interest of Grantee in the Stock Units may be pledged, encumbered, or hypothecated or be made subject to any lien, obligation, or liability of Grantee to any other party other than the Company or an Affiliate or Subsidiary. Except as provided in the Plan, the Stock Units may not be sold, assigned, transferred or otherwise disposed of by Grantee other than by will or the laws of descent and distribution. The designation of a beneficiary shall not constitute a transfer.

5. Limitation of Rights. The Stock Units do not confer to Grantee or Grantee's beneficiary, executors or administrators any rights of a shareholder of the Company unless and until Shares are in fact registered to or on behalf of such person in connection with the Stock Units. Grantee shall not have voting or any other rights as a shareholder of the Company with respect to the Stock Units. Upon conversion of the Stock Units into Shares, Grantee will obtain full voting and other rights as a shareholder of the Company.

6. Continuation of Employment. Nothing in this Agreement shall interfere with or limit in any way the right of the Company or any Affiliate or Subsidiary to terminate Grantee's employment at any time, nor confer upon Grantee any right to continue in employment of the Company or any Affiliate or Subsidiary.

7. Payment of Taxes. The Company or any Affiliate or Subsidiary employing Grantee has the authority and the right to deduct or withhold, or require Grantee to remit to the employer, an amount sufficient to satisfy federal, state, and local taxes (including Grantee's FICA obligation) required by law to be withheld with respect to any taxable event arising as a result of the Stock Units. With respect to withholding required upon any taxable event arising as a result of the Stock Units, the employer shall satisfy the tax withholding requirement by withholding Shares having a Fair Market Value on the date of withholding equal to the amount required to be withheld in accordance with applicable tax requirements. The obligations of the Company under this Agreement will be conditional on such payment or arrangements, and the Company, and, where applicable, its Affiliates or Subsidiaries will, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to Grantee. At the request of Grantee, the Company shall withhold that number of Shares having a Fair Market Value equal to the amount of taxes calculated based on the maximum combined federal and state income tax rates for an individual, and will remit the amount the Company is required to withhold in accordance with applicable tax requirements to the appropriate tax authorities, and will pay the remaining amount in cash to the Grantee.

8. Restrictions on Issuance of Shares. The granting of Stock Units shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required. If at any time the Committee or the Board shall determine in its discretion, that registration, listing or qualification of the Shares underlying the Stock Units upon any securities exchange or similar self-regulatory organization or under any foreign, federal, or local law or practice, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition to the settlement of the Stock Units, the Stock Units will not be converted to Shares in whole or in part unless and until such registration, listing, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee or the Board.

9. Plan Controls. This Agreement and Grantee's rights hereunder are subject to all the terms and conditions of the Plan, as the same may be amended from time to time, as well as to such rules and regulations as the Committee may adopt for administration of the Plan. It is expressly understood that the Committee is authorized to interpret and administer the Plan and this Agreement, and to make all decisions and determinations as it may deem necessary or advisable for the administration thereof, all of which shall be final and binding upon Grantee and the Company. In the event of any actual or alleged conflict between the provisions of the Plan and the provisions of this Agreement, the provisions of the Plan shall be controlling and determinative.

10. Relationship to Other Benefits. The Stock Units shall not affect the calculation of benefits under any other compensation plan or program of the Company, except to the extent specifically provided in such other plan or program.

11. Amendment. Subject to the terms of the Plan, this Agreement may be modified or amended by the Committee; provided that no such amendment shall materially and adversely affect the rights of Grantee hereunder without the consent of Grantee. Notwithstanding the foregoing, Grantee hereby expressly agrees to any amendment to the Plan and this Agreement to the extent necessary to comply with applicable law or changes to applicable law (including, but not limited to, Code Section 409A) and related regulations or other guidance and federal securities laws.

12. Successor. All obligations of the Company under the Plan and this Agreement, with respect to the Stock Units, shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

13. Severability. The provisions of this Agreement are severable and if any one or more provisions is determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

14. Compensation Recoupment Policy. This award shall be subject to any compensation recoupment policy of the Company that is applicable by its terms to Grantee and to awards of this type.

Exhibit 10.4

SELECT INTERIOR CONCEPTS, INC.

PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT

Non-transferable

G R A N T T O

____

("Grantee")

by Select Interior Concepts, Inc. (the "Company") of ______________ restricted stock units (the "Stock Units") representing the right to earn, on a one-for-one basis, shares of the Company's common stock ("Shares"), pursuant to and subject to the provisions of the Select Interior Concepts, Inc. 2019 Incentive Compensation Plan (the "Plan"), and to the terms and conditions set forth on the following pages of this award agreement (this "Agreement"). Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Plan.

Based on the Company's attainment of stock price goals set forth in Section 2 of this Agreement, and Grantee's continued employment with the Company or its Affiliates as set forth in Section 3 of this Agreement, Grantee may earn and vest in all or a portion of the Stock Units, subject to the terms and conditions of this Agreement.

By accepting this award, Grantee shall be deemed to have agreed to the terms and conditions of this Agreement and the Plan.

IN WITNESS WHEREOF, Select Interior Concepts, Inc., acting by and through its duly authorized officers, has caused this Agreement to be executed as of the grant date indicated below (the "Grant Date").

SELECT INTERIOR CONCEPTS, INC.	Grant Date: _____________
	Accepted by Grantee:
By: Its: Authorized Officer	
	____________________________

TERMS AND CONDITIONS

1. Grant of Stock Units. The Company hereby grants to the Grantee, subject to the restrictions set forth in the Plan and this Agreement, the number of Stock Units indicated on page 1, which represent the right to receive an equal number of Shares on the terms and conditions set forth in this Agreement.

2. Earning Stock Units. The Stock Units will be deemed earned (subject to vesting pursuant to Section 3 below) if one of the following occurs on or prior to the fourth anniversary of the Grant Date: (i) the closing price of the Company's common stock has equaled or exceeded $12.00 for 20 consecutive trading days, or (ii) a Change in Control occurs, provided that the per share consideration received by the Company's stockholders in connection with the Change in Control is equal to or greater than $10.00.

Any Stock Units that have been earned pursuant to this Section 2 are referred to herein as "Earned Units." Any Stock Units that have not been earned pursuant this Section 2 will be cancelled and forfeited to the Company upon the earliest to occur of the following: (i) the fourth anniversary of the Grant Date, (ii) termination of Grantee's employment for any reason, or (iii) a Change in Control.

3. Vesting of Earned Stock Units. Earned Units shall vest and become non-forfeitable on the earliest to occur of the following (each, a "Vesting Date"):

(a) With respect to 50% of the Stock Units that become Earned Units on or prior to the third anniversary of the Grant Date, on the third anniversary of the Grant Date, provided that Grantee has continued in the employment of the Company and/or its Subsidiaries through such date;

(b) With respect to all previously unvested Earned Units, on the fourth anniversary of the Grant Date, provided that Grantee has continued in the employment of the Company and/or its Subsidiaries through such date;

(c) With respect to all of the Earned Units, on the termination of Grantee's employment due to death or Disability;

(d) With respect to 50% of the Earned Units, on the termination of Grantee's employment without Cause or for Good Reason on or prior to the second anniversary of the Grant Date;

(e) With respect to a Pro Rata Amount (as defined below) of the Earned Units, on the termination of Grantee's employment without Cause or for Good Reason after the second anniversary of the Grant Date; or

(f) With respect to all of the Earned Units, upon the occurrence of the Change in Control, if the Stock Units are not assumed by the surviving entity or otherwise equitably converted or substituted, provided Grantee has continued in the employment of the Company and/or its Subsidiaries through such date; or if the Stock Units are assumed by the surviving entity or otherwise equitably converted or substituted in connection with the Change in Control, on Grantee's termination of employment without Cause or for Good Reason.

If Grantee's employment with the Company or an Affiliate or Subsidiary terminates prior to the Vesting Date for any reason other than as described in subsections (b), (c) or (d) above, Grantee shall forfeit all right, title and interest in and to the Earned Units as of the date of such termination and the Stock Units will be forfeited to the Company without further consideration or any act or action by Grantee.

For purposes of this Agreement, "Pro Rata Amount" shall mean a number of Earned Units (rounded to the nearest whole number) equal to the product of (i) the total number of Earned Units that remain outstanding, multiplied by (ii) a fraction, the numerator of which is the number of whole months between the Grant Date and the date of the Participant's termination of Grantee's employment without Cause or for Good Reason, and the denominator of which is 48.

4. Conversion to Common Stock. Unless the Stock Units are forfeited prior to the Vesting Date as provided in Sections 2 and 3 above, Earned Units will be converted to actual Shares of common stock on the applicable Vesting Date. Stock certificates evidencing the conversion of Stock Units into Shares of common stock will be registered on the books of the Company in Grantee's name (or in street name to Grantee's brokerage account) as of the Vesting Date and delivered to Grantee, in certificated or uncertificated form, as soon as practical thereafter.

5. Dividend Equivalents. If and when dividends or other distributions are paid with respect to the common stock while the Stock Units are outstanding, the dollar amount or fair market value of such dividends or distributions with respect to the number of shares of common stock then underlying the Stock Units shall be accumulated in an account for Grantee and distributed to Grantee within 30 days after the Vesting Date for the Stock Units with respect to which they relate. If Grantee forfeits any Stock Units under this Agreement, Grantee shall forfeit the right to receive any accumulated dividend equivalents with respect to such forfeited Stock Units.

6. Restrictions on Transfer and Pledge. No right or interest of Grantee in the Stock Units may be pledged, encumbered, or hypothecated or be made subject to any lien, obligation, or liability of Grantee to any other party other than the Company or an Affiliate or Subsidiary. Except as provided in the Plan, the Stock Units may not be sold, assigned, transferred or otherwise disposed of by Grantee other than by will or the laws of descent and distribution. The designation of a beneficiary shall not constitute a transfer.

7. Limitation of Rights. The Stock Units do not confer to Grantee or Grantee's beneficiary, executors or administrators any rights of a shareholder of the Company unless and until Shares are in fact registered to or on behalf of such person in connection with the Stock Units. Grantee shall not have voting or any other rights as a shareholder of the Company with respect to the Stock Units. Upon conversion of the Stock Units into Shares, Grantee will obtain full voting and other rights as a shareholder of the Company.

8. Continuation of Employment. Nothing in this Agreement shall interfere with or limit in any way the right of the Company or any Affiliate or Subsidiary to terminate Grantee's employment at any time, nor confer upon Grantee any right to continue in employment of the Company or any Affiliate or Subsidiary.

9. Payment of Taxes. The Company or any Affiliate or Subsidiary employing Grantee has the authority and the right to deduct or withhold, or require Grantee to remit to the employer, an amount sufficient to satisfy federal, state, and local taxes (including Grantee's FICA obligation) required by law to be withheld with respect to any taxable event arising as a result of the Stock Units. With respect to withholding required upon any taxable event arising as a result of the Stock Units, the employer shall satisfy the tax withholding requirement by withholding Shares having a Fair Market Value on the date of withholding equal to the amount required to be withheld in accordance with applicable tax requirements. The obligations of the Company under this Agreement will be conditional on such payment or arrangements, and the Company, and, where applicable, its Affiliates or Subsidiaries will, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to Grantee. At the request of Grantee, the Company shall withhold that number of Shares having a Fair Market Value equal to the amount of taxes calculated based on the maximum combined federal and state income tax rates for an individual, and will remit the amount the Company is required to withhold in accordance with applicable tax requirements to the appropriate tax authorities, and will pay the remaining amount in cash to the Grantee.

10. Restrictions on Issuance of Shares. The granting of Stock Units shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges

as may be required. If at any time the Committee or the Board shall determine in its discretion, that registration, listing or qualification of the Shares underlying the Stock Units upon any securities exchange or similar self-regulatory organization or under any foreign, federal, or local law or practice, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition to the settlement of the Stock Units, the Stock Units will not be converted to Shares in whole or in part unless and until such registration, listing, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee or the Board.

11. Plan Controls. This Agreement and Grantee's rights hereunder are subject to all the terms and conditions of the Plan, as the same may be amended from time to time, as well as to such rules and regulations as the Committee may adopt for administration of the Plan. It is expressly understood that the Committee is authorized to interpret and administer the Plan and this Agreement, and to make all decisions and determinations as it may deem necessary or advisable for the administration thereof, all of which shall be final and binding upon Grantee and the Company. In the event of any actual or alleged conflict between the provisions of the Plan and the provisions of this Agreement, the provisions of the Plan shall be controlling and determinative.

12. Relationship to Other Benefits. The Stock Units shall not affect the calculation of benefits under any other compensation plan or program of the Company, except to the extent specifically provided in such other plan or program.

13. Amendment. Subject to the terms of the Plan, this Agreement may be modified or amended by the Committee; provided that no such amendment shall materially and adversely affect the rights of Grantee hereunder without the consent of Grantee. Notwithstanding the foregoing, Grantee hereby expressly agrees to any amendment to the Plan and this Agreement to the extent necessary to comply with applicable law or changes to applicable law (including, but not limited to, Code Section 409A) and related regulations or other guidance and federal securities laws.

14. Successor. All obligations of the Company under the Plan and this Agreement, with respect to the Stock Units, shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

15. Severability. The provisions of this Agreement are severable and if any one or more provisions is determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

16. Compensation Recoupment Policy. This award shall be subject to any compensation recoupment policy of the Company that is applicable by its terms to Grantee and to awards of this type.

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, L.W. Varner, Jr., certify that:

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

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

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

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

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

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

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

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

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

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

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

Dated: August 9, 2021

/s/ L.W. Varner, Jr.
L.W. Varner, Jr.
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Nadeem Moiz, certify that:

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

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

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

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

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

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

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

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

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

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

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

Dated: August 9, 2021

/s/ Nadeem Moiz
Nadeem Moiz
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Select Interior Concepts, Inc. (the “Company”) for the quarterly period ended June 30, 2021, as filed with the U.S. Securities and Exchange Commission on the date hereof (the “Report”), I, L.W. Varner, Jr., Chief Executive Officer (Principal Executive Officer) of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 9, 2021	/s/ L.W. Varner, Jr.
	L.W. Varner, Jr.
	Chief Executive Officer
	(Principal Executive Officer)

EXHIBIT 32.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Select Interior Concepts, Inc. (the “Company”) for the quarterly period ended June 30, 2021, as filed with the U.S. Securities and Exchange Commission on the date hereof (the “Report”), I, Nadeem Moiz, Chief Financial Officer (Principal Financial Officer) of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 9, 2021

/s/ Nadeem Moiz
Nadeem Moiz
Chief Financial Officer
(Principal Financial Officer)