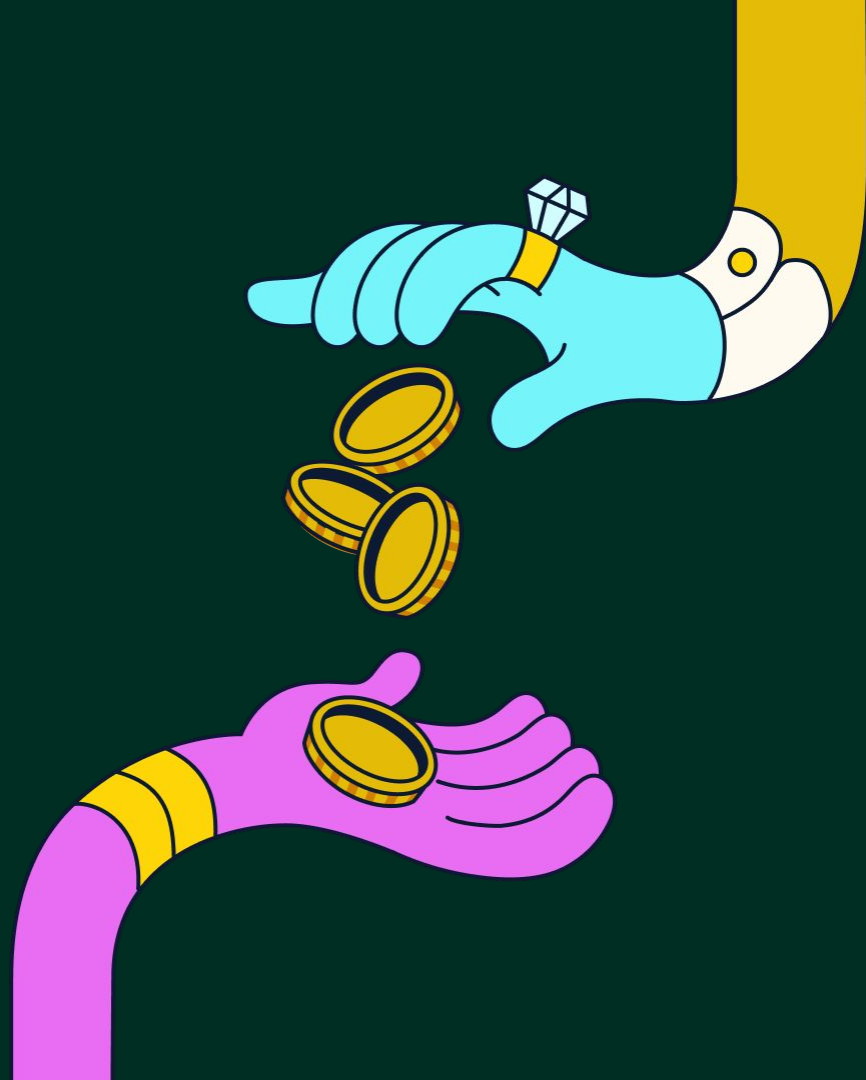


Expensify

# Q3 2023 Earnings

November 7th, 2023



Expensify

# Disclaimer

All information included in this presentation is unaudited.

## FORWARD-LOOKING STATEMENTS

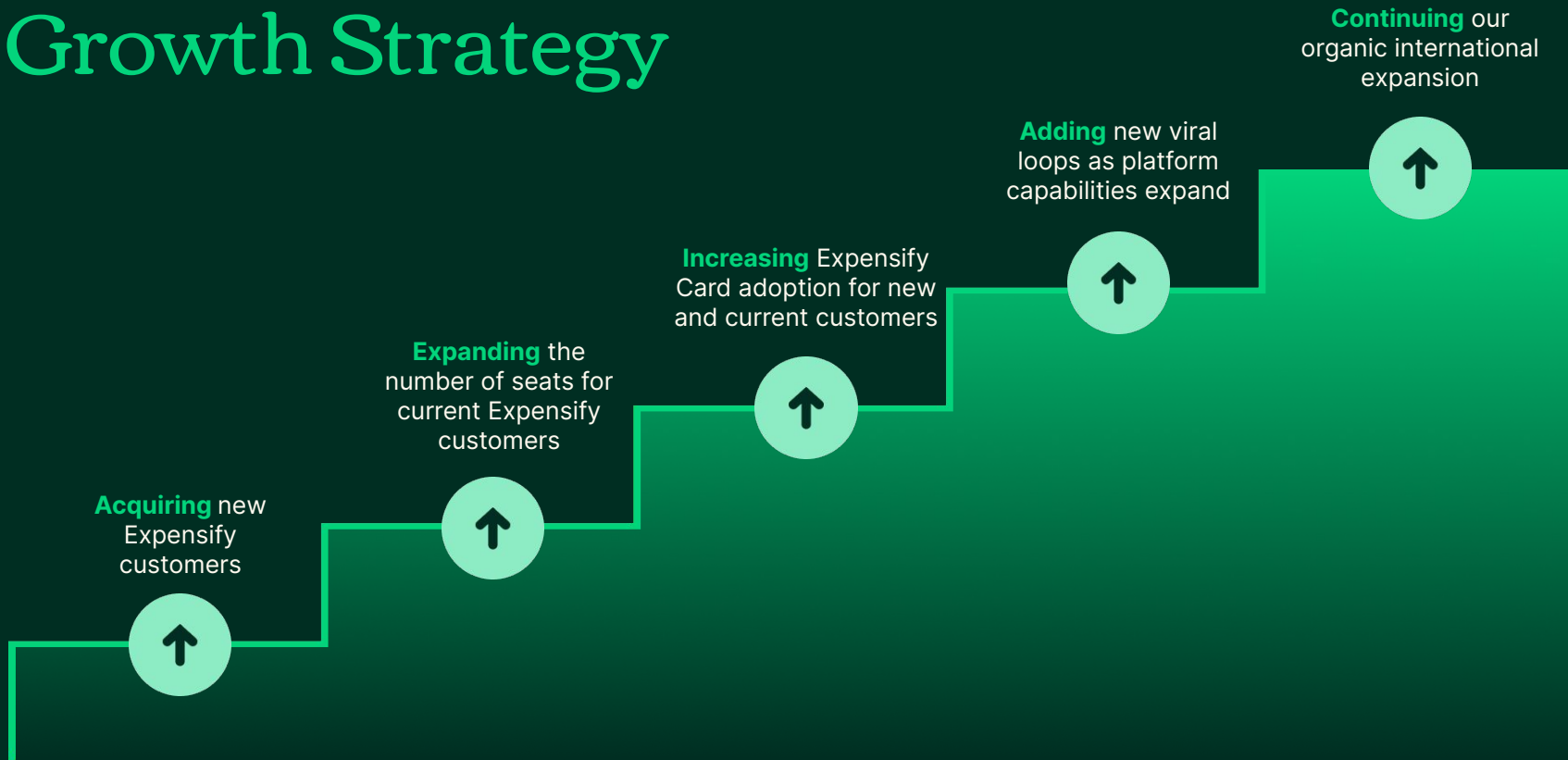
Forward-looking statements in this presentation, which are not historical facts, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include statements regarding our strategy, future financial condition, future operations, future cash flow, projected costs, prospects, plans, objectives of management, expected market growth, the amount and timing of any share repurchases and our stock-based compensation estimates, and involve known and unknown risks that are difficult to predict. As a result, our actual results, performance or achievements may differ materially from those expressed or implied by these forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as “may,” “will,” “shall,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “target,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “potential,” “goal,” “objective,” “seeks,” or “continue” or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans, or intentions. Such forward-looking statements are necessarily based upon estimates and assumptions that, while considered reasonable by us and our management, are inherently uncertain. Factors that may cause actual results to differ materially from current expectations include, but are not limited to: the impact on inflation on us and our members; our borrowing costs have and may continue to increase as a result of increases in interest rates; our expectations regarding our financial performance and future operating performance; our ability to attract and retain members, expand usage of our platform, sell subscriptions to our platform and convert individuals and organizations into paying customers; the timing and success of new features, integrations, capabilities and enhancements by us, or by competitors to their products, or any other changes in the competitive landscape of our market; the amount and timing of operating expenses and capital expenditures that we may incur to maintain and expand our business and operations to remain competitive; the sufficiency of our cash, cash equivalents and investments to meet our liquidity needs; our ability to make required payments under and to comply with the various requirements of our current and future indebtedness; our cash flows, the prevailing stock prices, general economic and market conditions and other considerations that could affect the specific timing, price and size of repurchases under our stock repurchase program or our ability to fund any stock repurchases; geopolitical tensions, including the war in Ukraine and the escalating conflict in Israel, Gaza and surrounding areas; our ability to effectively manage our exposure to fluctuations in foreign currency exchange rates; the increased expenses associated with being a public company; the size of our addressable markets, market share and market trends; anticipated trends, developments and challenges in our industry, business and the highly competitive markets in which we operate; our expectations regarding our income tax liabilities and the adequacy of our reserves; our ability to effectively manage our growth and expand our infrastructure and maintain our corporate culture; our ability to identify, recruit and retain skilled personnel, including key members of senior management; the safety, affordability and convenience of our platform and our offerings; our ability to successfully defend litigation brought against us; our ability to successfully identify, manage and integrate any existing and potential acquisitions of businesses, talent, technologies or intellectual property; general economic conditions in either domestic or international markets, including geopolitical uncertainty and instability; our protections against security breaches, technical difficulties, or interruptions to our platform; our ability to maintain, protect and enhance our intellectual property; and other risks discussed in our filings with the SEC. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements set forth above. We caution you not to place undue reliance on any forward-looking statements, which are made only as of the date of this presentation. We do not undertake or assume any obligation to update publicly any of these forward-looking statements to reflect actual results, new information or future events, changes in assumptions or changes in other factors affecting forward-looking statements, except to the extent required by applicable law. If we update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

## NON-GAAP FINANCIAL MEASURES

This presentation contains certain Non-GAAP financial measures, such as Non-GAAP net loss, adjusted EBITDA, and free cash flow which we believe are useful in evaluating our business, results of operations and financial condition. These measures are not prepared in accordance with generally accepted accounting principles in the United States (“GAAP”) and have important limitations as analytical tools. Non-GAAP financial measures are supplemental, should only be used in conjunction with results presented in accordance with GAAP, should not be considered in isolation or as a substitute for such GAAP results, and may be different from similarly titled metrics or measures presented by other companies. For a reconciliation of Non-GAAP net income, adjusted EBITDA and free cash flow to the nearest comparable GAAP figures, please see the appendix to this presentation.

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# Growth Strategy



# Three key strategies for Expensify's long-term success

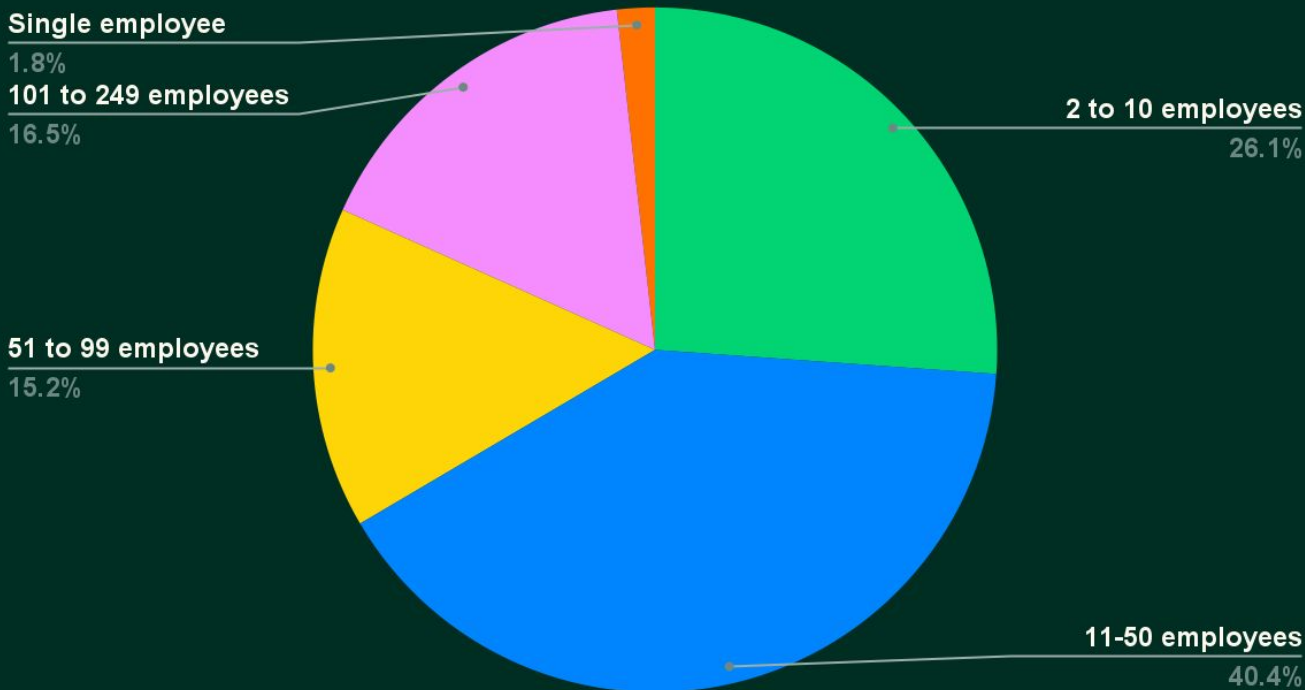
1 Enormous untapped market opportunity

2 Unique bottom-up acquisition model

3 Subscription based core business model

# The VSB/SMB market is huge

1.3Bn people work at firms with 0-250 employees



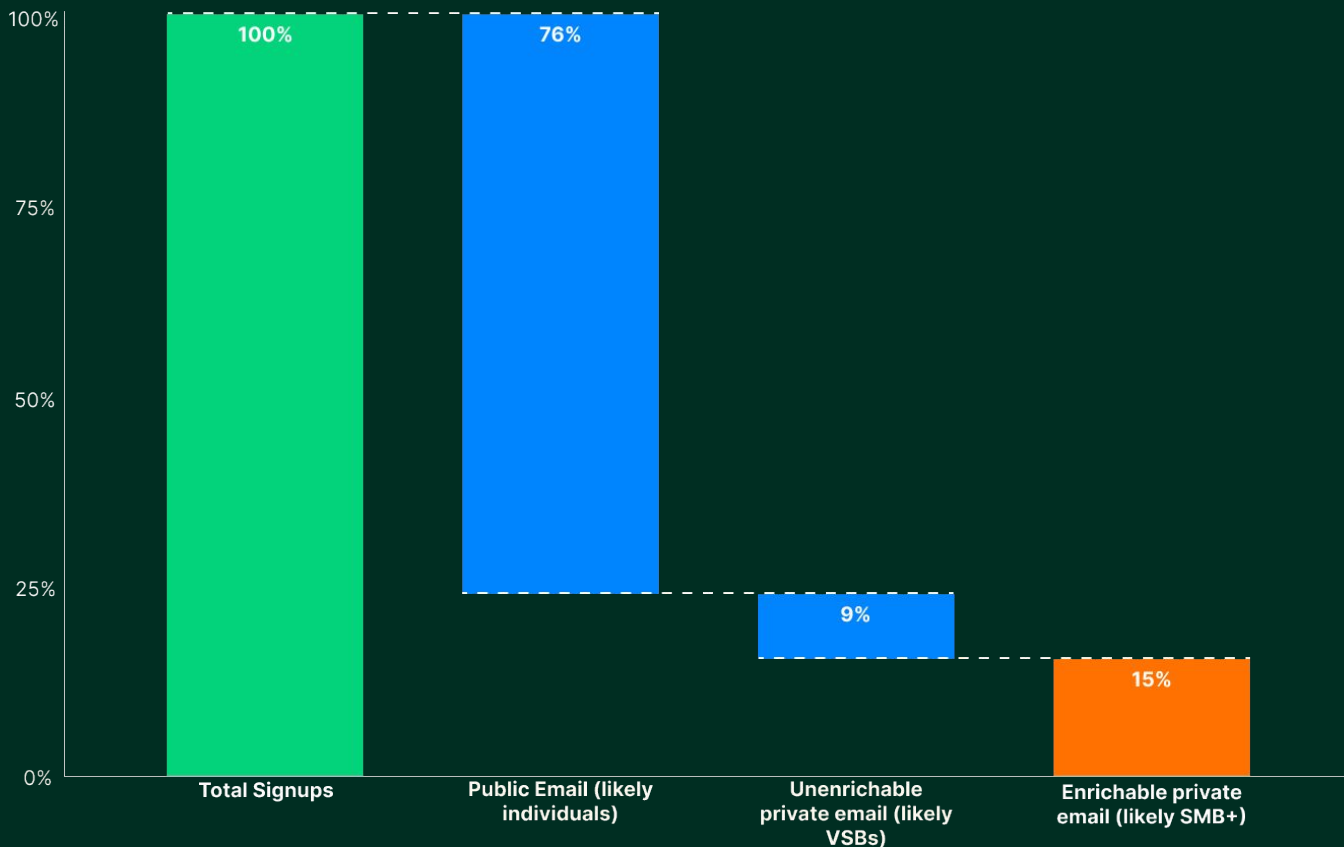
# Expensify But you cannot underwrite the smallest firms for a corporate card

	<b>% of Total Employees*</b>	<b>Annual Revenue per Firm</b>	<b>Underwriting Efficiency</b>
<b>Single employee firms</b>	2%	\$200k	LOW
<b>Firms with 2-10 employees</b>	26%	\$450k	LOW
<b>Firms with 11-50 employees</b>	40%	\$2.5M	MEDIUM
<b>Firms with 51-100 employees</b>	15%	\$10M	HIGH
<b>Firms with 101-250 employees</b>	17%	\$26M	HIGH

\* Employees working at firms with headcount of 0-250 (Source: <https://www.census.gov/data/tables/2022/econ/abs/2022-abs-company-summary.html>. Census data collected in 2021.)

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# We already have inbound momentum



Source: Weekly sign up data broken down by public domain emails, private emails that Clearbit can provide company enrichment data for, and private emails that Clearbit cannot provide company enrichment data for.

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To capitalize on the momentum, we need to strengthen the engagement for the massive freemium lead pipeline



Discover

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Start



Activate

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Convert

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Scale

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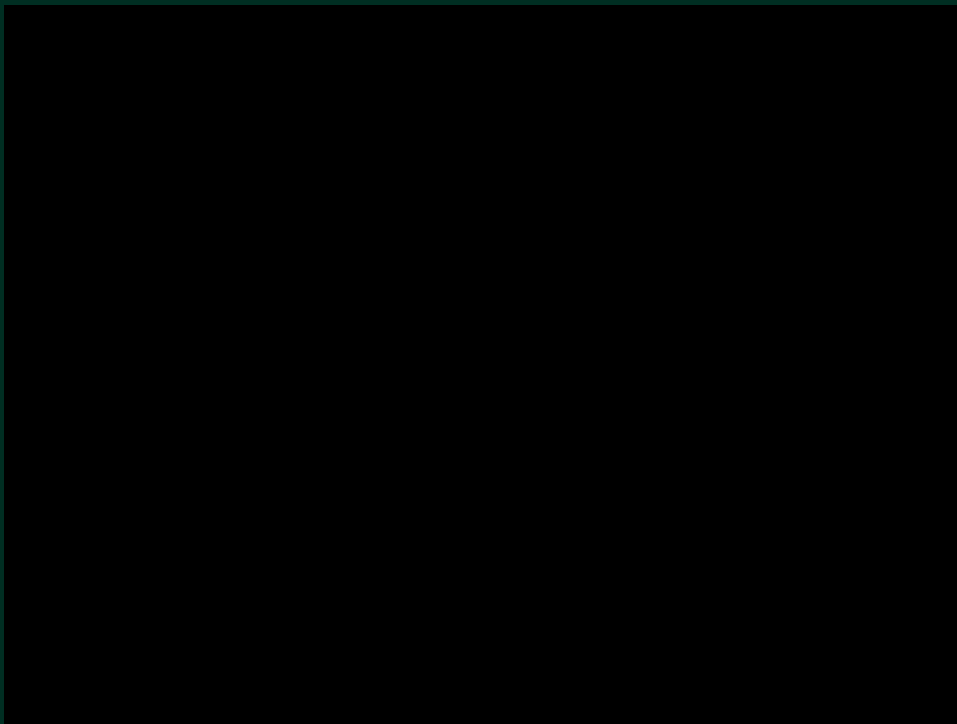


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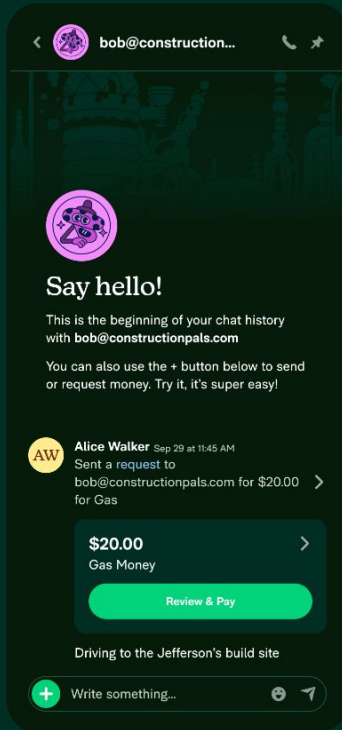
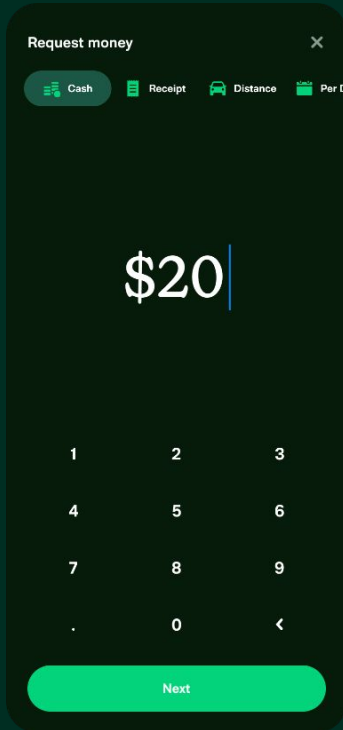
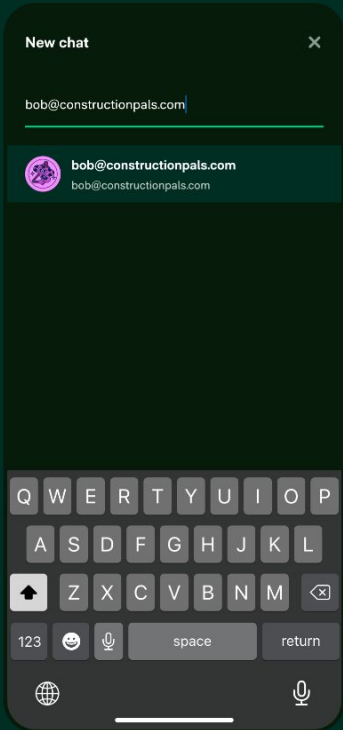
Q3 Product Update

New Expensify

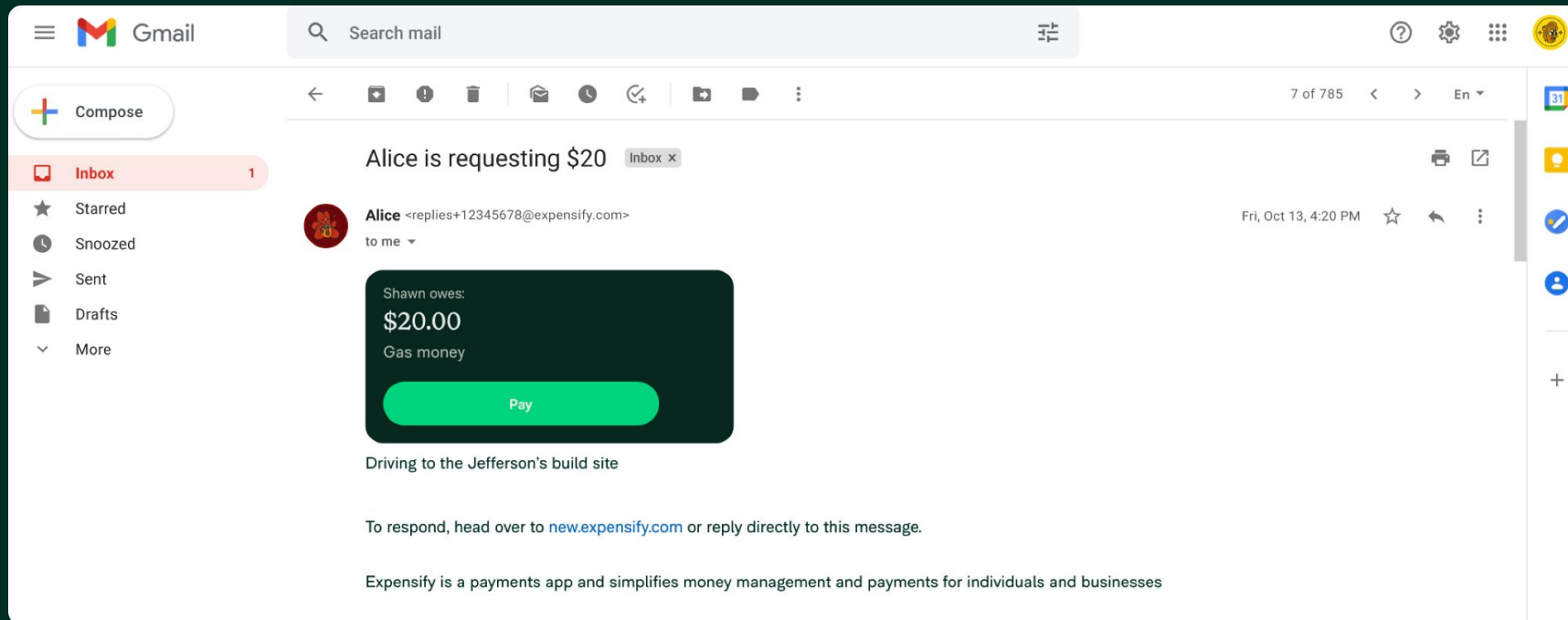
## Expensify



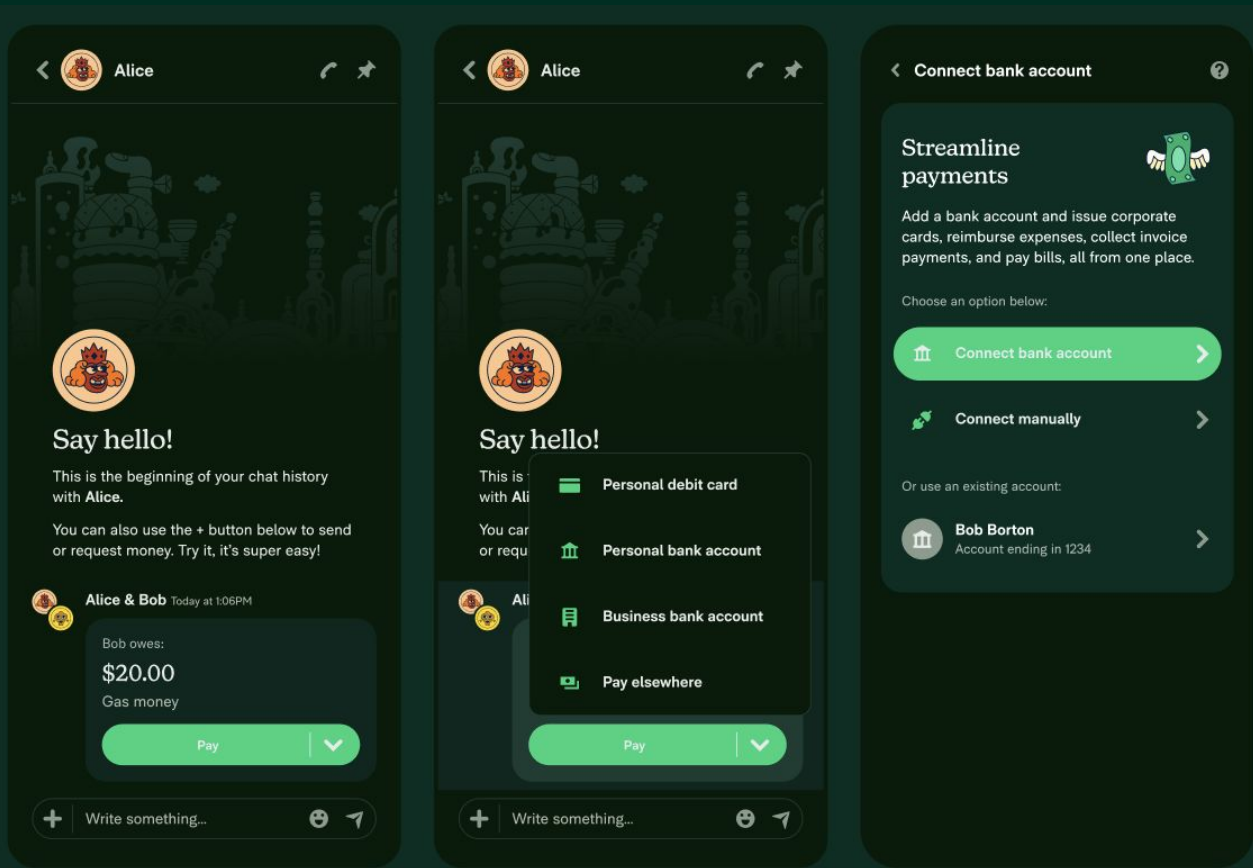
# End-user request money flow



# Manager receives an email

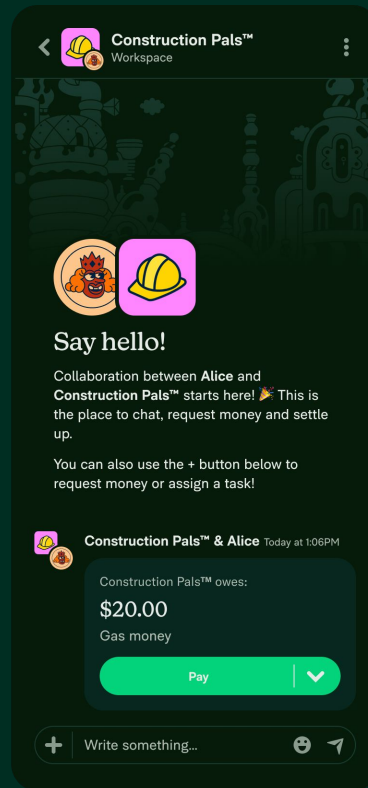
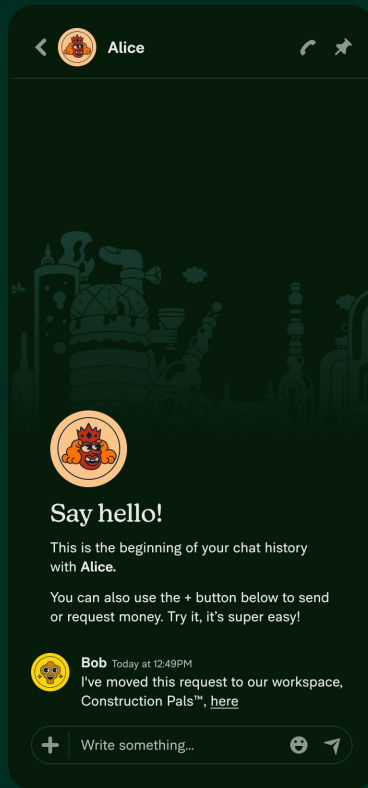


# Manager pays using a Business account



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# We create a workspace in the background



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Q3

Business Update

# Our focus remains on general awareness

- **SEO & paid digital advertising**
  - Investments in SEO, SEM, and content marketing continued in Q3; seeing promising results within the channel.
- **Conferences/Events**
  - Attended Xero and Oracle NetSuite's global conferences as top sponsors. SaaStr Global conference selected New Expensify for conference networking for its 10,000 attendees.
- **Sales update**
  - Due to the ROI on digital marketing outpacing our outbound sales efforts, the company has sunset its SDR program.



# Recent platform updates

- **The Expensify Card**
  - Accounting Partners who onboard clients to the Expensify Card receive 50 basis points in revenue share for their clients, further strengthening the company's presence in the accounting channel.
  - Net interchange derived from the Expensify Card increased 16% quarter over quarter (compared to Q2 2023) and 65% year over year (compared to Q3 2022).
- **Insights**
  - The company announced its Insights feature, which allows any Expensify member to easily monitor all aspects of company spend across categories such as employees, projects, departments, and subsidiaries.
- **Launched P2P w/ MTLs**
  - Expensify announced consumer use cases, launching new Split case and Expensify Wallets (using MTLs) at Money2020.

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Q3

Financials

Expensify

Q3 2023

Revenue

\$36.5MM

Average Paid Members

719,000

Net Interchange

\$3.1MM

# Q3 2023

## Operating Cash Flow

(Includes timing of customer funds)

**\$(5.1MM)**

## Free Cash Flow<sup>1</sup>

(Excludes timing of customer funds)

**\$(7.1MM)**

## Net Loss

**\$(17.0MM)**

## Non-GAAP Net Loss<sup>2</sup>

**\$(6.7MM)**

## Adj. EBITDA<sup>3</sup>

**\$(3.5MM)**

<sup>1</sup> We define Free cash flow as net cash (used in) provided by operating activities excluding changes in settlement assets and settlement liabilities, which represent funds held for customers and customer funds in transit, respectively, reduced by the purchases of property and equipment and software development costs. Please see appendix for GAAP to non-GAAP reconciliation.

<sup>2</sup> We define Non-GAAP Net Loss as net income (loss) excluding stock-based compensation.

<sup>3</sup> We define Adjusted EBITDA as net income (loss) excluding provision for income taxes, interest and other expenses, net, depreciation and amortization and stock-based compensation. Please see appendix for GAAP to Non-GAAP reconciliation.

# Interchange Treatment Update

# Expensify Card Interchange Update

- Expect to start issuing new Expensify Cards with new revenue treatment before end of year.
- Expensify is stepping in as the program manager of these new cards
  - Benefits include:
    - ~20% more interchange
    - Different accounting treatment: Interchange is revenue, rather than contra cost of revenue.
- Transition from old card program to new card program for all members expected to start in Q4 2023 and finish by EOY 2024.

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# Expense Reductions

# Internal expense reduction is an area of focus

- **Adapting to current economic conditions**

- The percentage of customers citing business closing / downsizing as reason for reducing subscriptions has jumped nearly 50% from Q1 2023.

- **Controlling internal costs**

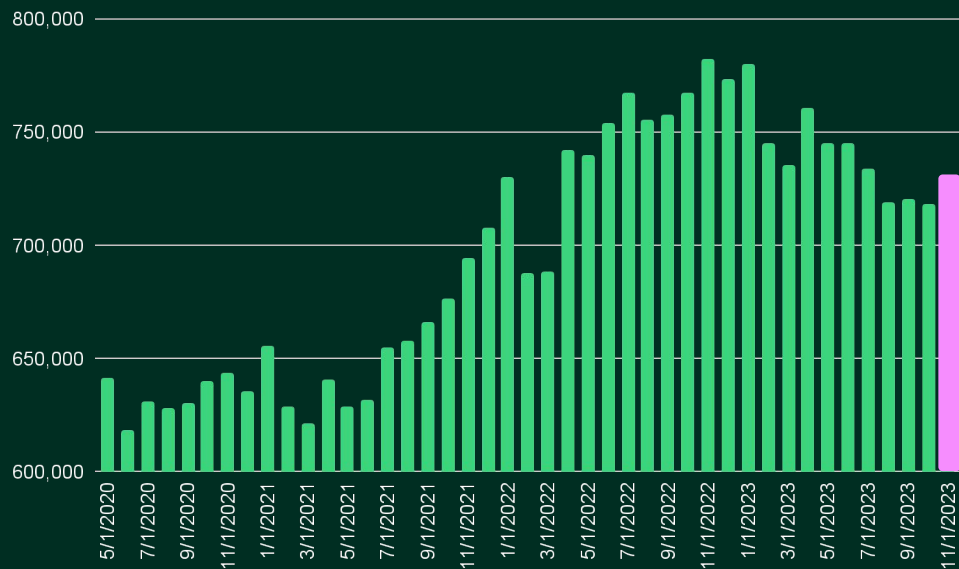
We are adjusting internal expenses in response to the economic headwinds facing revenue

- Reduced debt by \$36MM in October, reducing projected Q4 2023 and FY 2024 interest expense by \$0.9MM and \$3.8MM, respectively.
- Further internal expense cuts are expected to reduce operating costs by ~\$15MM in 2024.
- We expect to be cash flow positive in 2024 and beyond.



## Q4 2023

### Monthly Paid Members



October Paid Members

730,000



Denotes October 2023 activity

## Q3 2023 Summary

- Net interchange increased 16% quarter over quarter and 65% year over year; the Expensify Card continues to grow.
- Remain in a rebuilding phase as we continue the transition to our new platform in Q4.
- Early reception to the new platform continues to be positive; continue to push forward on an ambitious and aggressive product roadmap.
- Focus on eliminating costs across the board; expect to be free cash flow positive in 2024 and beyond.

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Q&A

**Expensify**

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# Appendix

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## GAAP to Non-GAAP Reconciliation: Non-GAAP Net Loss

	<b>Three months ended September 30, 2023</b> <i>(unaudited, in thousands)</i>
<b>Net loss</b>	<b>\$ (17,003)</b>
Add:	
Stock-based compensation	10,267
<b>Non-GAAP Net loss<sup>1</sup></b>	<b>\$ (6,736)</b>

<sup>1</sup> We define Non-GAAP Net loss as net income (loss) excluding stock-based compensation.

## Expensify

# GAAP to Non-GAAP Reconciliation: Adjusted EBITDA

	<b>Three months ended September 30, 2023</b> <i>(unaudited, in thousands)</i>
<b>Net loss</b>	<b>\$ (17,003)</b>
Provision for income taxes	(270)
Interest and other expenses, net	2,375
Depreciation and amortization	1,082
Stock-based compensation	10,267
<b>Adjusted EBITDA</b>	<b>\$ (3,549)</b>

Note: We define Adjusted EBITDA as net income (loss) excluding provision for income taxes, interest and other expenses, net, depreciation and amortization and stock-based compensation.

# GAAP to Non-GAAP Reconciliation: Free Cash Flow

	<b>Three months ended September 30, 2023</b> <i>(unaudited, in thousands)</i>
<b>Net cash used in operating activities</b>	<b>\$ (5,106)</b>
<b>(Increase) decrease in changes in customer assets and liabilities</b>	
Settlement assets	(4,137)
Settlement liabilities	3,833
<b>Adjusted operating cash flow</b>	<b>\$ (4,802)</b>
<b>Less:</b>	
Purchases of property and equipment	(624)
Software development costs	(1,687)
<b>Free cash flow</b>	<b>\$ (7,113)</b>

Note: We define Free cash flow as net cash (used in) provided by operating activities excluding changes in settlement assets and settlement liabilities, which represent funds held for customers and customer funds in transit, respectively, reduced by the purchases of property and equipment and software development costs.



# Estimated Stock-Based Compensation (Millions) - Next 4 Quarters

	Q4 2023		Q1 2024		Q2 2024		Q3 2024	
	Low	High	Low	High	Low	High	Low	High
Cost of revenue, net	\$ 3.0	\$ 3.6	\$ 2.8	\$ 3.4	\$ 2.7	\$ 3.3	\$ 2.7	\$ 3.2
Research and development	3.3	4.0	3.1	3.8	3.0	3.7	3.0	3.7
General and administrative	2.1	2.5	2.0	2.4	1.9	2.3	1.8	2.3
Sales and marketing	1.4	1.7	1.3	1.6	1.3	1.6	1.2	1.5
<b>Total</b>	<b>\$ 9.8</b>	<b>\$ 11.8</b>	<b>\$ 9.2</b>	<b>\$ 11.2</b>	<b>\$ 8.9</b>	<b>\$ 10.9</b>	<b>\$ 8.7</b>	<b>\$ 10.7</b>

Note: Expensify's outlook statements are based on current expectations. These statements are forward-looking and actual results could differ materially depending on market conditions and the factors set forth in the Disclaimer at the front of this presentation.

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