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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2022

OR

o 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 001-41043

Expensify, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**27-0239450**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
401 SW 5th Ave	
Portland Oregon	**97204**
(Address of Principal Executive Offices)	(Zip Code)

(475) 221-8402
Registrant’s telephone number, including area code

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 $0.0001 per share	EXFY	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 x No o

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a 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	x	Smaller reporting company	☐
		Emerging growth company	x

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 Act).
Yes o No x

The registrant had outstanding 68,037,063 shares of Class A common stock, par value of $0.0001 per share, 7,337,960 shares of LT10 common stock, par value $0.0001 per share, and 6,226,160 shares of LT50 common stock, par value $0.0001 per share as of May 9, 2022.

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Special Note Regarding Forward Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q, including statements regarding our strategy, future financial condition, future operations, projected costs, prospects, plans, objectives of management and expected market growth, are 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. There are a number of risks, uncertainties and other important factors, many of which are beyond our control, that could cause our actual results to differ materially from the forward-looking statements contained in this Quarterly Report on Form 10-Q. Such risks, uncertainties and other important factors include, among others:

- the economic, political and social impact of, and uncertainty relating to, the COVID-19 pandemic;
- the war in Ukraine and escalating geopolitical tensions as a result of Russia's invasion of Ukraine;
- 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 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 the societal and economic impact of the COVID-19 pandemic, and geopolitical uncertainty and instability;
- our protections against security breaches, technical difficulties, or interruptions to our platform; and
- our ability to maintain, protect and enhance our intellectual property.

We caution you that the foregoing list does not contain all of the forward-looking statements made in this Quarterly Report on Form 10-Q.

You should not rely upon forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Quarterly Report on Form 10-Q primarily on our current expectations, estimates, forecasts and projections about future events and trends that we believe may affect our business, results of operations, financial condition and prospects. Although we believe that we have a reasonable basis for each forward-looking statement contained in this Quarterly Report on Form 10-Q, we cannot guarantee that the future results, levels of activity, performance, or events and circumstances reflected in the forward-looking statements will be achieved or occur at all. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors described in the section titled “Risk Factors” and elsewhere in our Annual Report on Form 10-K for the year ended December 31, 2021, and any subsequent filings, as well as those identified in this Quarterly Report on Form 10-Q. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Quarterly Report on Form 10-Q. The results, events and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

The forward-looking statements made in this Quarterly Report on Form 10-Q relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Quarterly Report on Form 10-Q to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions, or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures, or investments we may make.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this Quarterly Report on Form 10-Q, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain, and you are cautioned not to unduly rely upon these statements. Unless otherwise indicated or unless the context requires otherwise, all references in this document to “Expensify,” the “Company,” “we,” “us,” “our” or similar references are to Expensify, Inc. Capitalized terms used and not defined above are defined elsewhere within this Quarterly Report on Form 10-Q.

Part I - Financial Information

Item 1. Condensed Financial Statements

Expensify, Inc.
Condensed Consolidated Balance Sheets
(unaudited, in thousands, except share and per share data)

	As of March 31, 2022		As of December 31, 2021	
Assets				
Cash and cash equivalents	$	101,101	$	98,398
Accounts receivable, net		16,022		15,713
Settlement assets		34,313		21,880
Prepaid expenses		7,060		7,436
Related party loan receivable, current		—		14
Other current assets		15,746		14,201
Total current assets		174,242		157,642
Capitalized software, net		6,158		6,359
Property and equipment, net		15,584		15,930
Lease right-of-use assets		1,832		2,202
Deferred tax assets, net		370		370
Other assets		628		710
Total assets	$	198,814	$	183,213
Liabilities and stockholders' equity				
Accounts payable	$	1,437	$	3,752
Accrued expenses and other liabilities		8,411		11,046
Borrowings under line of credit		15,000		15,000
Current portion of long-term debt, net of issuance costs		547		549
Lease liabilities, current		1,559		1,549
Settlement liabilities		34,113		21,680
Total current liabilities		61,067		53,576
Lease liabilities, non-current		405		802
Other liabilities		1,028		153
Long-term debt, net of issuance costs		51,847		52,067
Total liabilities		114,347		106,598
Commitments and contingencies (Note 4)				
Stockholders' equity:				
Common stock, par value $0.0001; 1,000,000,000 shares of Class A common stock authorized as of March 31, 2022 and December 31, 2021; 68,050,193 and 67,844,060 shares of Class A common stock issued and outstanding as of March 31, 2022 and December 31, 2021, respectively; 25,000,000 shares of LT10 common stock authorized as of March 31, 2022 and December 31, 2021; 7,332,640 shares of LT10 common stock issued and outstanding as of March 31, 2022 and December 31, 2021; 25,000,000 shares of LT50 common stock authorized as of March 31, 2022 and December 31, 2021; 6,224,160 shares of LT50 common stock issued and outstanding as of March 31, 2022 and December 31, 2021		6		6
Additional paid-in capital		157,743		142,515
Accumulated deficit		(73,282)		(65,906)
Total stockholders' equity		84,467		76,615
Total liabilities and stockholders' equity	$	198,814	$	183,213

See accompanying notes to condensed consolidated financial statements.

Expensify, Inc.
Condensed Consolidated Statements of Income
(unaudited, in thousands, except share and per share data)

	Three months ended March 31,	
	2022	2021
Revenue	$ 40,370	$ 29,720
Cost of revenue, net	14,133	7,637
Gross margin	26,237	22,083
Operating expenses:		
Research and development	3,701	1,097
General and administrative	14,006	6,367
Sales and marketing	13,372	3,077
Total operating expenses	31,079	10,541
(Loss) income from operations	(4,842)	11,542
Interest and other expenses, net	(902)	(737)
(Loss) income before income taxes	(5,744)	10,805
Provision for income taxes	(1,632)	(2,762)
Net (loss) income	$ (7,376)	$ 8,043
Less: income allocated to participating securities	—	(5,547)
Net (loss) income attributable to Class A, LT10 and LT50 common stockholders	$ (7,376)	$ 2,496
Net (loss) income per share attributable to Class A, LT10 and LT50 common stockholders:		
Basic	$ (0.09)	$ 0.08
Diluted	$ (0.09)	$ 0.06
Weighted-average shares of common stock used to compute net (loss) income per share attributable to Class A, LT10 and LT50 common stockholders:		
Basic	80,147,208	29,522,409
Diluted	80,147,208	40,576,339

See accompanying notes to condensed consolidated financial statements.

Expensify, Inc.
Condensed Consolidated Statements of Convertible Preferred Stock and Stockholders' Equity (Deficit)
Three Months Ended March 31
(unaudited, in thousands, except share and per share data)

	Convertible preferred stock		Common stock		Additional paid-in capital	Accumulated deficit	Total stockholders' equity (deficit)
	Shares	Amount	Shares	Amount			
Three months ended March 31, 2022							
Balance at December 31, 2021	—	$ —	81,400,860	$ 6	$ 142,515	$ (65,906)	$ 76,615
Issuance of common stock upon exercise of stock options	—	—	205,730	—	252	—	252
Vesting of early exercised stock options	—	—	—	—	295	—	295
Issuance of restricted stock units	—	—	2,733	—	18	—	18
Repurchases of early exercised stock options	—	—	(2,330)	—	(4)	—	(4)
Stock-based compensation	—	—	—	—	14,667	—	14,667
Net loss	—	—	—	—	—	(7,376)	(7,376)
Balance at March 31, 2022	—	$ —	81,606,993	$ 6	$ 157,743	$ (73,282)	$ 84,467
Three months ended March 31, 2021							
Balance at December 31, 2020	4,203,139	$ 45,105	29,366,940	$ —	$ 21,312	$ (52,348)	$ (31,036)
Issuance of common stock upon exercise of stock options	—	—	273,580	—	125	—	125
Stock-based compensation	—	—	—	—	710	—	710
Net income	—	—	—	—	—	8,043	8,043
Balance at March 31, 2021	4,203,139	$ 45,105	29,640,520	$ —	$ 22,147	$ (44,305)	$ (22,158)

See accompanying notes to condensed consolidated financial statements.

Expensify, Inc.
Condensed Consolidated Statements of Cash Flows
(unaudited, in thousands)

	Three months ended March 31,	
	2022	2021
Cash flows from operating activities:		
Net (loss) income	$ (7,376)	$ 8,043
Adjustments to reconcile net (loss) income to net cash provided (used) by operating activities:		
Depreciation and amortization	1,167	1,170
Reduction of operating lease right-of-use assets	185	181
Loss on impairment, receivables and sale or disposal of equipment	231	56
Stock-based compensation	14,667	710
Amortization of debt issuance costs	10	8
Changes in assets and liabilities:		
Accounts receivable	(482)	(1,601)
Related party loan receivables	14	—
Settlement assets	(5,689)	464
Prepaid expenses	377	(1,642)
Other current assets	(224)	318
Other assets	80	9
Accounts payable	(2,316)	236
Accrued expenses and other liabilities	(2,635)	2,821
Operating lease liabilities	(6)	(200)
Settlement liabilities	12,433	(980)
Other liabilities	787	316
Net cash provided by operating activities	11,223	9,909
Cash flows from investing activities:		
Purchase of property and equipment	(179)	(284)
Software development costs	(494)	(669)
Net cash used by investing activities	(673)	(953)
Cash flows from financing activities:		
Principal payments of finance leases	(197)	(192)
Principal payments of term loan	(146)	(616)
Payments of deferred offering costs	—	(400)
Vesting of early exercised stock options	295	—
Issuance of restricted stock units	18	—
Repurchases of early exercised stock options	(4)	—
Proceeds from issuance of common stock on exercise of stock options	252	125
Net cash provided by financing activities	218	(1,083)
Net increase in cash and cash equivalents	10,768	7,873
Cash and cash equivalents and restricted cash, beginning of period	125,315	46,878
Cash and cash equivalents and restricted cash, end of period	$ 136,083	$ 54,751
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 267	$ 723
Cash paid for income taxes	$ 284	$ 263
Noncash investing and financing items:		
Accrued deferred offering costs	$ —	$ 531
Reconciliation of cash, cash equivalents and restricted cash to the consolidated balance sheets		
Cash and cash equivalents	$ 101,101	$ 41,926
Restricted cash included in other current assets	9,973	2,818
Restricted cash included in other assets	46	48
Restricted cash included in settlement assets	24,963	9,959
Total cash, cash equivalents and restricted cash	$ 136,083	$ 54,751

See accompanying notes to condensed consolidated financial statements.

Expensify, Inc.
Notes to the Condensed Consolidated Financial Statements
(unaudited)

NOTE 1 – GENERAL INFORMATION

Description of Business

Expensify, Inc. ("Expensify"), was incorporated in Delaware on April 29, 2009. Expensify offers a comprehensive expense management platform that integrates with a variety of third-party accounting applications, including QuickBooks Desktop, QuickBooks Online, Xero, NetSuite, Intacct, Sage, Microsoft Dynamics, MYOB and others. Expensify's product simplifies the way that employees and vendors manage and submit expense receipts and bills and provides efficiencies to companies for the payment of those bills. Expensify delivers its services over the internet to corporations and individuals under a license arrangement and offers unique pricing options for small and midsized businesses ("SMB") and enterprises on a per-active-member basis. Expensify's customers are worldwide but primarily in the United States ("U.S.").

Expensify also offers an Expensify credit card (the "Expensify Card"), which is primarily distributed to large corporate customers in the U.S. that subsequently distribute the card to their employees for business use. The Expensify Card allows customers to have real-time control over their employees' spending and compliance with spending limits in addition to eReceipt reporting on purchases made.

Basis of Presentation and Principles of Consolidation

The accompanying unaudited consolidated financial statements, include the accounts of Expensify and its wholly-owned subsidiaries (the "Company"), and have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"), and the applicable rules and regulations of the Securities and Exchange Commission (the "SEC") for interim reporting in conformity with the instructions to Form 10-Q and Article 10 of Regulation S-X. We have condensed or omitted certain information and footnote disclosures normally included in financial statements presented in accordance with U.S. GAAP. Management believes the disclosures contained herein are adequate to make the information presented not misleading. However, these condensed consolidated financial statements should be read in conjunction with our consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2021 (the “2021 Annual Report").

All intercompany transactions and balances have been eliminated in consolidation. In the opinion of management, the accompanying condensed consolidated financial statements reflect all normal and recurring adjustments that are necessary to present fairly our financial position, results of operations, changes in convertible preferred stock and stockholders’ equity (deficit), and cash flows for the interim periods presented.

The consolidated statements of income for the three months ended March 31, 2022 are not necessarily indicative of the results to be expected for the year ending December 31, 2022 or for any other future annual or interim period.

On October 27, 2021, the Company effected a ten-for-one stock split of its common stock. All share and per share information has been retroactively adjusted to reflect the stock split for all prior interim periods presented.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and judgments are based on historical experience, forecasted events and various other assumptions that the Company believes to be reasonable under the circumstances. Estimates and judgments may differ under different assumptions or conditions. Estimates and judgments are evaluated on an ongoing basis. Actual results could differ from those estimates. Changes in estimates are recorded in the period in which they become known.

Significant estimates and assumptions by management affect the Company’s revenues, fair value of common stock, classification of employee and employee-related expenses, the useful lives and recoverability of long-lived assets, income taxes, capitalization of internal-use software costs, incremental borrowing rates for finance and operating lease right-of-use assets and finance and operating lease liabilities, and stock-based compensation.

Updates to Significant Accounting Policies

The Company’s significant accounting policies are discussed in “Consolidated Financial Statements — Note 2 - Summary of Significant Accounting Policies” in the 2021 Annual Report. There have been no significant changes to these policies during the three months ended March 31, 2022.

Restricted Cash

Restricted cash includes amounts deposited with a Commercial Bank required as collateral for corporate credit cards issued by the respective Commercial Bank in the U.S. and UK, cash in transit for funds held for customers to the Company's Payment Processor, Expensify Card collateral for funds held for customers, cash held by Expensify.org for social justice and equity efforts of Expensify.org, cash held on behalf of service providers to be used towards service provider share purchases at the end of the Matching Plan (as defined below) offering period, and settlement assets for funds held for customers that are deposited into a Commercial Bank account held by the Company for the benefit of the customers until remitted to the customer's members.

Recent Accounting Pronouncements Adopted

There have been no changes to the recent accounting pronouncements adopted during the three months ended March 31, 2022 as discussed in “Consolidated Financial Statements — Note 2 - Summary of Significant Accounting Policies” in the 2021 Annual Report.

Recent Accounting Pronouncements Not Yet Adopted

In June 2016, the FASB issued ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments ("Topic 326")*, which requires an impairment model (known as the current expected credit loss or "CECL Model") that is based on expected rather than incurred losses, with an anticipated result of more timely loss recognition. The CECL Model requires measurement of expected credit losses not only based on historical experience and current conditions, but also by including reasonable and supportable forecasts incorporating forward-looking information. The Company is in the process of determining key accounting interpretations, data requirements and necessary changes to our credit loss estimation methods, processes and systems. This guidance is effective for the Company for annual reporting periods beginning after December 15, 2022 and interim periods therein. The Company is currently evaluating the impact of adoption of ASU No. 2016-13 on its consolidated financial statements and related disclosures.

NOTE 2 - REVENUE AND CERTAIN INCOME STATEMENT COMPONENTS

Our revenues by geographic region, based on user address, were as follows (in thousands):

	Three months ended March 31,	
	2022	2021
Revenue by customers' geographic locations		
United States	$ 36,518	$ 26,440
All other locations	3,852	3,280
Total revenue	$ 40,370	$ 29,720

No individual customer represents more than 10% of the Company's total revenue for the three months ended March 31, 2022 and 2021, respectively.

Cashback Rewards

The Company offers a cashback rewards program to all customers based on volume of Expensify card transactions and SaaS subscription tier. Cashback rewards are earned on a monthly basis and paid out the following month. The Company considers their cashback payments to customers as consideration payable to a customer under the scope of ASC 606 and it is therefore recorded as contra revenue within Revenue on the consolidated statements of income.

The table below provides the cashback rewards recorded as contra revenue for the three months ended March 31, 2022 and 2021 (in thousands):

	Three months ended March 31,	
	2022	2021
Cashback rewards	$ 505	$ —

Consideration From a Vendor, net

The Company receives consideration from a vendor for monetizing Expensify Card activities. This consideration, net of credit card processing fees paid to the vendor, is included as a reduction to cost of revenue within the consolidated statements of income.

The table below provides the consideration from a vendor, net of credit card processing fees paid to the vendor, for the three months ended March 31, 2022 and 2021 (in thousands):

	Three months ended March 31,	
	2022	2021
Consideration from a vendor, net	$ 1,123	$ 456

Expensify, Inc.
Notes to the Condensed Consolidated Financial Statements
(unaudited)

NOTE 3 - CERTAIN BALANCE SHEET COMPONENTS

Capitalized Software

Capitalized software, net consisted of the following (in thousands):

	As of March 31, 2022	As of December 31, 2021
Capitalized software development costs	$ 11,423	$ 10,966
Less: accumulated amortization	(5,265)	(4,607)
	$ 6,158	$ 6,359

Amortization expense related to capitalized software development costs is recorded in Cost of revenue, net on the consolidated statements of income. The table below provides the amortization expense related to capitalized software development costs for the three months ended March 31, 2022 and 2021 (in thousands):

	Three months ended March 31,	
	2022	2021
Amortization expense for capitalized software	$ 658	$ 376

Property and Equipment, net

Property and equipment, net consisted of the following (in thousands):

	As of March 31, 2022	As of December 31, 2021
Computers and equipment	$ 291	$ 311
Furniture and fixtures	1,374	1,462
Leasehold improvements	6,960	7,106
Commercial building	6,493	6,493
Land	4,151	4,151
Construction in progress	2,535	2,391
	21,804	21,914
Less: accumulated depreciation	(6,220)	(5,984)
	$ 15,584	$ 15,930

Depreciation expense related to Property and equipment is recorded in General and administrative on the consolidated statements of income.

The table below provides the depreciation expense related to Property and equipment for the three months ended March 31, 2022 and 2021 (in thousands):

	Three months ended March 31,	
	2022	2021
Depreciation expense	$ 509	$ 597

Expensify, Inc.
Notes to the Condensed Consolidated Financial Statements
(unaudited)

Other Current Assets

Other current assets consisted of the following (in thousands):

	As of March 31, 2022	As of December 31, 2021
Expensify.org restricted cash	$ 3,997	$ 3,078
Expensify Card posted collateral for funds held for customers	4,323	5,115
Cash in transit for funds held for customers	1,345	388
Contract assets	—	8
Expensify Payments LLC restricted cash	56	55
Income tax receivable	5,544	5,412
Matching plan escrow	235	—
Other	246	145
	$ 15,746	$ 14,201

Accrued expenses and other liabilities

Accrued expenses and other liabilities consisted of the following (in thousands):

	As of March 31, 2022	As of December 31, 2021
Accrued expense reports	$ 172	$ 246
Partner payouts and advertising fees	438	574
Hosting and license fees	98	36
Credit card processing fees	87	56
Professional and other fees	2,208	1,274
Sales, payroll and other taxes payable	1,819	4,936
Cashback rewards	211	239
Interest payable	771	783
Restricted common stock liability for early stock option exercises	2,231	2,443
Matching plan payroll liability	235	—
Other	141	459
	$ 8,411	$ 11,046

NOTE 4 - COMMITMENTS AND CONTINGENCIES

Finance and Operating Lease Arrangements

During three months ended March 31, 2022 and 2021, respectively, the Company did not enter into any additional operating lease agreements or finance lease agreements to finance the acquisition of new property and equipment.

Expensify, Inc.
Notes to the Condensed Consolidated Financial Statements
(unaudited)

The components of lease cost were as follows (in thousands):

	Three months ended March 31,	
	2022	2021
Finance lease cost:		
Amortization of ROU assets	$ 198	$ 198
Interest on lease liabilities	7	12
Total finance lease cost	205	210
Operating lease cost	185	285
Total lease cost	$ 390	$ 495

Other information related to leases is as follows (in thousands):

	As of March 31, 2022	As of December 31, 2021
Finance lease ROU asset (included within Lease right-of-use assets)	$ 1,053	$ 1,251
Operating lease ROU asset (included within Lease right-of-use assets)	$ 779	$ 951
Weighted-average remaining lease term (in years):		
Finance leases	1.33	1.58
Operating leases	1.17	1.40
Weighted-average discount rate:		
Finance leases	2.5 %	2.5 %
Operating leases	5.3 %	5.3 %

	Three months ended March 31,	
	2022	2021
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ (192)	$ (224)
Operating cash flows from finance leases	(7)	(12)
Financing cash flows from finance leases	(197)	(192)

Maturities of lease liabilities as of March 31, 2022 were as follows (in thousands):

	Finance leases	Operating leases
For the year ending:		
Remainder of 2022	$ 619	$ 604
2023	476	333
2024	—	—
2025	—	—
2026	—	—
Thereafter	—	—
Total lease payments	1,095	937
Less: imputed interest	(26)	(42)
Less: lease liabilities, current	(798)	(761)
Lease liabilities, non-current	$ 271	$ 134

Financing Arrangements

Amortizing Term Mortgage

Under the amortizing term mortgage agreement with CIBC for the Company's commercial building in Portland, Oregon, the Company borrowed $8.3 million in August 2019, which requires interest and principal payments be made each month over a 30-year period. Interest accrues at a fixed rate of 5% per year until August 2024, at which point the interest rate changes to the Wall Street Journal Prime Rate minus 0.25% for the remaining term of the mortgage. The borrowings are secured by the building. As of March 31, 2022 and December 31, 2021, the outstanding balance of the amortizing term mortgage was $7.9 million and $8.0 million, respectively.

2021 Amended Term Loan

In September 2021, the Company amended and restated its loan and security agreement with CIBC (the "2021 Amended Term Loan") to refinance the existing non-amortizing and amortizing term loans, establish a single term loan of up to $75.0 million, consisting of a $45.0 million initial term loan effective immediately with an option at a later date to enter into an additional $30.0 million delayed term loan, and increase the monthly revolving line of credit to $25.0 million. Approximately $23.5 million of the loan proceeds were used to immediately repay the remaining balances under the amortizing and non-amortizing term loans at the time of the amendment and restatement in September 2021 as well as the commitment fees and any other debt issuance costs associated with the amended agreement. The remaining proceeds from the initial term loan went towards the Company's normal business operations.

Under the 2021 Amended Term Loan with CIBC, the initial term loan of $45.0 million entered into by the Company in September 2021 is payable over a 60 month period with principal and accrued interest payments due each quarter thereafter, which commences with the first payment due on September 30, 2021. Quarterly principal payments are fixed and began with quarterly payments of $0.1 million commencing on September 30, 2021 with increases to $0.2 million beginning October 1, 2024 and $0.6 million beginning October 1, 2025 with any remaining principal balance becoming due and payable at the end of the term loan in September 2026. The amounts borrowed are payable with interest at the bank’s reference rate plus 2.25% (5.75% as of March 31, 2022) beginning on September 30, 2021 and continuing on a quarterly basis through the end of the term loan. The borrowings are secured by substantially all the Company’s assets. As of March 31, 2022 and December 31, 2021, the outstanding balance of the 2021 Amended Term Loan was $44.8 million and $44.9 million, respectively.

Monthly Revolving Line of Credit

The line of credit agreement with CIBC, as amended with the 2021 amended term loan entered into by the Company in September 2021, provides borrowings up to $25.0 million. Borrowings under the line bear interest at the bank's reference rate plus 1.00% (4.50% as of March 31, 2022) and are secured by substantially all of the Company's assets. As of March 31, 2022 and December 31, 2021, the line of credit balance remained at $15.0 million with $10.0 million of capacity available for borrowings under the line of credit.

For the three months ended March 31, 2022 and 2021, respectively, the Company incurred an immaterial amount of costs related to the amortizing term mortgage and term loan agreements. These debt issuance costs are reflected as a reduction of the carrying amount of the long-term debt and are being amortized to interest expense over the term of the agreements. As of March 31, 2022 and December 31, 2021, the unamortized debt issuance costs remaining are $0.3 million and $0.2 million, respectively.

Future aggregate annual principal payments on all long-term debt are as follows for the next five years:

As of March 31, 2022	(in thousands)
Remainder of 2022	$ 15,441
2023	595
2024	715
2025	1,397
2026 and thereafter	49,546
	67,694
Less: discount for issuance costs	(300)
	67,394
Less: line of credit	(15,000)
Less: current portion, net of issuance costs	(547)
Total long-term debt, net of issuance costs	$ 51,847

As of March 31, 2022, the Company was in compliance with all debt covenants.

Defined Contribution Plans

401(k) plan

In fiscal 2009, the Company sponsored a U.S. 401(k) defined contribution plan covering eligible employees who elect to participate. The Company is allowed to make discretionary profit sharing and 401(k) matching contributions as defined in the plan and as approved by the Board of Directors. Effective January 1, 2018, the Company matches up to 4.5% of each eligible participant's 401(k) contribution. The Company's actual contribution may be reduced by certain available forfeitures, if any, during the plan year. No discretionary profit-sharing contributions were made during the three months ended March 31, 2022 and 2021. The Company's 401(k) matching contributions for the three months ended March 31, 2022 and March 31, 2021 was $0.2 million.

From time to time in the normal course of business, the Company may be involved in claims, proceedings and litigation. In the case of any litigation, the Company records a provision for a liability when management believes that it is both probable that a liability has been incurred, and the amount of the loss can be reasonably estimated. The Company reviews these provisions at least quarterly and adjusts these provisions to reflect the impact of negotiations, settlements, rulings, advice of legal counsel and other information and events pertaining to a particular case.

As of March 31, 2022, there were no legal contingency matters, either individually or in aggregate, that would have a material adverse effect on the Company’s financial position, results of operations, or cash flows.

NOTE 5 - STOCK INCENTIVE PLANS

2009 and 2019 Stock Plans

In 2009, the Company’s Board of Directors approved the Company's 2009 Stock Plan (the "2009 Stock Plan"). As amended in 2015, the 2009 Stock Plan permitted the Company to grant awards covering up to 16,495,150 shares of the Company’s common stock. In January 2018, the Company increased the number of shares of common stock reserved under the 2009 Stock Plan by 535,130 shares, from 16,495,150 shares to 17,030,280. In April 2019, the Company approved the adoption of the 2019 Stock Plan (the "2019 Stock Plan", and together with the 2009 Stock Plan, the "Stock Plans"). The 2019 Stock Plan permitted the Company to grant up to 8,173,970 additional shares, increasing the overall common stock reserved for grant under the Stock Plans 25,204,250 shares. In September 2021, under the 2019 Stock Plan, the Company's Board of Directors approved the grant of 8,679,380 restricted stock units under the 2019 Stock Plan, which covered of an aggregate of 4,339,690 shares of each of Class A and LT50 common stock effective as of immediately prior to the effectiveness of the Company's IPO Registration Statement on November 9, 2021. On November 9, 2021, the Company's Board of Directors amended and restated the 2019 Stock Plan to, among other things, increased the common stock reserved for issuance under the 2019 Stock Plan to an aggregate of 16,856,770 shares of the Company's LT50 and Class A common stock.

Following the completion of the IPO, the Company did not and will not make any further grants under the Stock Plans. However, the Stock Plans will continue to govern the terms and conditions of the outstanding awards granted under the Stock Plans. Upon the expiration, forfeiture, cancellation, withholding of shares upon exercise or settlement of an award to satisfy the exercise price or tax withholding, or repurchase of any shares of Class A common stock underlying outstanding stock-based awards granted under the 2009 Stock Plan or of Class A or LT50 common stock underlying outstanding stock-based awards granted under the 2019 Stock Plan, an equal number of shares of Class A common stock will become available for grant under the Company's 2021 Incentive Award Plan (the "2021 Plan") and the Company's 2021 Stock Purchase and Matching Plan ("Matching Plan" and together with the 2021 Plan, the "2021 Incentive Plans"), each of which was adopted by the Company immediately before the effectiveness of the IPO Registration Statement.

2021 Incentive Plans

In November 2021, the Company’s Board of Directors adopted, and its stockholders approved, the 2021 Incentive Plans, which both became effective immediately before the effectiveness of the IPO Registration Statement and use a combined share reserve. Under the 2021 Incentive Plans, 11,676,932 shares of the Company's Class A common stock are reserved for issuance pursuant to a variety of stock-based awards, including incentive stock options, nonqualified stock options, stock appreciation rights ("SARs"), restricted stock awards, RSUs, and other forms of equity and cash compensation under the 2021 Plan and purchase rights and matching awards under the Matching Plan. The number of shares initially reserved for issuance or transfer pursuant to awards under the 2021 Incentive Plans was increased by 776,600 shares that were available for issuance under the Stock Plans as of the effective date of the 2021 Incentive Plans and will be increased upon the expiration, forfeiture, cancellation, withholding of shares upon exercise or settlement of an award to satisfy the exercise price or tax withholding, or repurchase of any shares of Class A common stock underlying outstanding stock-based awards granted under the 2009 Stock Plan or of Class A or LT50 common stock underlying outstanding stock-based awards granted under the 2019 Stock Plan. The number of shares of Class A common stock reserved for issuance under the 2021 Incentive Plans increased by 747,212 shares on January 1, 2022 and will automatically increase each subsequent January 1 through January 1, 2031, by the lesser of (A) 6% of the aggregate number of shares of all classes of the Company's common stock outstanding on the immediately preceding calendar year, or (B) such lesser number of shares as determined by the Company’s board of directors or compensation committee; provided, however, that no more than 87,576,990 shares of stock may be issued upon the exercise of incentive stock options.

Matching Plan

The Matching Plan operates using consecutive 3 month offering periods that commenced on March 15, 2022. Service providers of the Company, including employees and consultants, can participate in the Matching Plan by electing to contribute compensation through payroll deductions or from fee payments or may be granted discretionary awards under the Matching Plan. On the last day of the offering period the contributions made during the offering period are used to purchase shares of Class A common stock.

The price at which Class A common stock is purchased under the Matching Plan equals the average of the high and low trading price of a share of the Company’s Class A common stock as of the last trading day of the offering period. At the end of each offering period, the Company may provide a discretionary match up to 1/10 of a share of the Company's Class A common stock for each share of Class A common stock purchased by or issued to an employee under the Matching Plan that is retained through the end of the applicable offering period. For the current offering period, the Company has elected to match each share of Class A common stock purchased by or issued to an employee under the Matching Plan that is retained through June 14, 2022 with 1/20 of a share of Class A common stock. No fractional shares will be issued by the Company. The Company will round to the nearest full share for shares purchased by an employee as well as any matched shares issued to an employee under the Matching Plan. The match rate applicable to each offering period shall be limited to 1.5% of the shares of any class of Company capital stock outstanding as of the exercise date applicable to such offering period.

The Company estimates the fair value of matched shares provided by the Company under the Matching Plan using the Black-Scholes option-pricing model on the date of grant. The Company recognizes stock-based compensation expense related to the matched shares provided by the Company pursuant to its Matching Plan on a straight-line basis over the applicable 3-month offering period. As of March 31, 2022, no Class A common stock has been issued or purchased by service providers under the Matching Plan. During the three months ended March 31, 2022, the Company granted an estimated total of 4,365 Class A common shares, which will be provided to all service providers participating in the Matching Plan at the end of the current offering period on June 14, 2022.

Restricted Stock Units

On September 24, 2021, the Company approved the grant of RSUs to service providers covering Class A common stock and LT50 common stock effective as of the date the Company amended its certificate of incorporation to include, among other things, LT50 common stock, which was November 9, 2021. RSUs granted to employees in September 2021 vest upon the satisfaction of both a performance and service condition. The performance condition was satisfied immediately prior to the effectiveness of the IPO Registration Statement on November 9, 2021. The RSUs approved on September 24, 2021 vest over eight years with 1/8 of the grant vesting on September 15, 2022 and quarterly vesting of 1/32 of the grant every December 15, March 15, June 15 and September 15 (each, a "Specified Quarterly Date") thereafter until fully vested, in each case subject to continued service to the Company. All RSUs granted to employees during and after November 2021 have a service condition only, which vests over 8 years from a vesting commencement date corresponding to one of the Specified Quarterly Dates near the date of grant, with 1/8 of each grant vesting on the first anniversary of the vesting commencement date and 1/32 of each grant vesting in equal quarterly installments thereafter until fully vested, in each case, subject to continued service to the Company.

During the three months ended March 31, 2022, the Company granted certain service providers a total of 43,060 RSUs, covering shares of Class A common stock, at a grant date fair value of $18.93 per share. These RSUs vest as described above. The Company had 2,316 RSUs covering shares of Class A common stock vest during the three months ended March 31, 2022 related to previously granted RSU awards to Non-Employee Directors as the quarterly service conditions were satisfied. There were no RSUs granted during the three months ended March 31, 2021.

During the three months ended March 31, 2022, RSU activity was as follows:

	Class A Common Stock(1)	LT50 Common Stock(1)	Weighted average grant date fair value per share
Outstanding at December 31, 2021	4,329,530	4,301,750	$ 33.75
RSUs granted	43,060	—	$ 18.93
RSUs vested	(2,316)	—	$ 47.62
RSUs cancelled/forfeited/expired	(88,020)	(88,020)	$ 33.14
Outstanding at March 31, 2022	4,282,254	4,213,730	$ 33.92

(1) On November 9, 2021, immediately prior to the effectiveness of the Company's IPO Registration Statement, the Company's certificate of incorporation was amended to provide for, among other things, LT50 common stock.

As of March 31, 2022, there was $263.3 million of unamortized stock-based compensation cost related to unvested RSUs, which is expected to be recognized over the remaining weighted average life of 6.81 years. As of December 31, 2021, there was $282.0 million of unamortized stock-based compensation cost related to unvested RSUs, which is expected to be recognized over the remaining weighted average life of 6.92 years.

Stock Options

Both Stock Plans, as well as the 2021 Plan, provide for the grant of incentive and nonstatutory stock options to employees, nonemployee directors and consultants of the Company. Under the Stock Plans and the 2021 Plan, the exercise price of incentive stock options must be at least equal to 110% of the fair market value of the common stock on the grant date for a "ten-percent holder" or 100% of the fair market value of the common stock on the grant date for any other employee. The exercise price of nonstatutory options granted must be at least equal to 100% of the fair market value of the Company's common stock on the date of grant.

The Company has only granted options under the Stock Plans. Under both Stock Plans, most options typically vest over four years and are exercisable at any time after the grant date, provided that service providers exercising unvested options receive restricted common stock that is subject to repurchase at the original exercise price upon a termination of service. The repurchase right lapses in accordance with the vesting schedule of the exercised option. Early exercises of options prior to vesting are not deemed to be substantive exercises for accounting purposes and accordingly, amounts received for early exercises of unvested options are recorded as a liability. These repurchase terms are considered to be a forfeiture provision and do not result in variable accounting. During the three months ended March 31, 2022, the Company repurchased an immaterial amount of exercised restricted common stock. There were no repurchases of common stock during the three months ended March 31, 2021.

As of March 31, 2022 and December 31, 2021, there were 1,282,740 and 1,437,760 shares, respectively, subject to repurchase related to stock options exercised prior to vesting that are expected to vest. As

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Notes to the Condensed Consolidated Financial Statements
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of March 31, 2022 and December 31, 2021, the Company recorded a liability related to these shares subject to repurchase in the amount of $2.2 million and $2.4 million, respectively, which is included within Accrued expenses and other liabilities in the accompanying consolidated balance sheets. These amounts are reclassified to common stock and additional paid in capital as the underlying shares vest.

A summary of the Company's stock option activity was as follows:

	Shares	Weighted average exercise price per share	Weighted average remaining contractual life (in years)
Outstanding at December 31, 2021	7,193,193	$ 1.87	6.45
Options granted	—	$ —	
Options exercised	(205,730)	$ 1.60	
Options cancelled/forfeited/expired	(184,391)	$ 1.73	
Outstanding at March 31, 2022	6,803,072	$ 1.85	6.04
Exercisable at March 31, 2022	6,564,742	$ 1.06	6.29

The total pretax intrinsic value of options exercised during the three months ended March 31, 2022 and 2021 was $5.2 million and $2.0 million, respectively. The total pretax intrinsic value of options outstanding at March 31, 2022 and December 31, 2021 was $106.7 million and $302.8 million, respectively. The intrinsic value is the difference between the estimated fair market value of the Company's common stock at the date of exercise and the exercise price for in-the-money options. No options were granted during the three months ended March 31, 2022. The weighted average grant date fair value of options granted during the three months ended March 31, 2021 was $8.60.

As of March 31, 2022, there was $11.8 million of unrecognized stock-based compensation cost related to unvested stock options, which is expected to be recognized over a weighted average period of 1.57 years. As of December 31, 2021, there was $13.2 million of unrecognized stock-based compensation cost related to unvested stock options, which is expected to be recognized over a weighted average period of 1.7 years.

Cash received from option exercises and purchases of shares under the Stock Plans for the three months ended March 31, 2022 and 2021 was $0.3 million and $0.1 million, respectively.

Stock-Based Compensation

The following table summarizes the stock-based compensation expense recognized for the options granted under the 2009 Stock Plan, options and RSUs granted under the 2019 Stock Plan, RSUs granted under the 2021 Plan and matching shares issued under the Matching Plan, in each case, as plans discussed above (in thousands):

	Three months ended March 31,	
	2022	2021
Stock options	$ 1,006	$ 710
Matching shares	2	—
Restricted stock units	13,659	—
Total	$ 14,667	$ 710

Stock-based compensation expense is allocated based on the cost center to which the award holder spent time during the reported periods. Stock-based compensation is included in the following components of expenses on the accompanying consolidated statements of income (in thousands):

	Three months ended March 31,	
	2022	2021
Cost of revenue, net	$ 4,908	$ 188
Research and development	2,708	154
General and administrative	4,975	304
Sales and marketing	2,076	64
Total	$ 14,667	$ 710

Stock-based compensation expense capitalized as internally developed software costs was $0.3 million for the three months ended March 31, 2022. These amounts were immaterial for the three months ended March 31, 2021.

NOTE 6 - INCOME TAXES

The components of the Company's provision for income taxes are as follows (in thousands):

	Three months ended March 31,	
	2022	2021
Current income tax benefit (expense):		
Federal	$ (1,092)	$ (2,175)
State	(184)	(555)
Foreign	(356)	(32)
Total provision for income taxes	$ (1,632)	$ (2,762)

For the three months ended March 31, 2022, the Company prepared its interim tax provision by applying a year-to-date effective tax rate. For the three months ended March 31, 2021, the Company prepared its interim tax provision by applying an annual effective tax rate. Use of the actual year-to-date effective tax rate commenced during the three months ended September 30, 2021 and the Company believes that continuing to use the actual year-to-date effective tax rate going forward results in the best estimate of the annual effective tax rate.

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The effective income tax rate differs from the statutory rate during the three months ended March 31, 2022 primarily due to the change in valuation allowance.

	Three months ended March 31,	
	2022	**2021**
Statutory rate	21.0 %	21.0 %
State tax	4.9 %	3.8 %
Research and development (R&D) credit	0.6 %	(0.5)%
Rate differentials for controlled foreign corporations (CFCs) and charitable organizations	(1.8)%	(0.2)%
Permanent items and others	(0.3)%	— %
Change in valuation allowance	(53.4)%	— %
Stock-based compensation - federal	0.6 %	1.5 %
Total	(28.4)%	25.6 %

The Company follows the provisions of ASC Subtopic 740-10, *Accounting for Uncertainty in Income Taxes*. ASC 740-10 prescribes a comprehensive model for the recognition, measurement, presentation and disclosure in financial statements of uncertain tax positions that have been taken or expected to be taken on a tax return. As of March 31, 2022 and December 31, 2021, the Company recorded an uncertain tax position liability, exclusive of interest and penalties, of $1.0 million and $0.2 million respectively, within Other liabilities on the consolidated balance sheets.

The Company is subject to income taxes in U.S. federal and various state, local and foreign jurisdictions. The tax years ended from December 2012 to December 2020 remain open to examination due to the carryover of unused net operating losses or tax credits.

NOTE 7 - NET (LOSS) INCOME PER SHARE

The computation of net (loss) income per share attributable to common stockholders is as follows (in thousands, except share and per share data):

	Three months ended March 31, 2022	2021
Basic net (loss) income per share:		
Numerator		
Net (loss) income	$ (7,376)	$ 8,043
Less: income allocated to participating securities	—	(5,547)
Net (loss) income attributable to Class A, LT10 and LT50 common stockholders, basic and diluted	$ (7,376)	$ 2,496
Denominator		
Weighted-average shares of common stock used to compute net (loss) income per share attributable to common stockholders, basic	80,147,208	29,522,409
Net (loss) income per share attributable to Class A, LT10 and LT50 common stockholders, basic	$ (0.09)	$ 0.08
Diluted net (loss) income per share:		
Numerator		
Net (loss) income	$ (7,376)	$ 8,043
Less: income allocated to participating securities	—	(5,547)
Net (loss) income attributable to Class A, LT10 and LT50 common stockholders, diluted	$ (7,376)	$ 2,496
Denominator		
Effect of dilutive securities:		
Warrants	—	419,250
Stock options	—	10,634,680
Weighted-average shares of common stock used to compute net (loss) income per share attributable to common stockholders, diluted	80,147,208	40,576,339
Net (loss) income per share attributable to Class A, LT10 and LT50 common stockholders, diluted	$ (0.09)	$ 0.06

The rights, including the liquidation and dividend rights, of the holders of Class A, LT10 and LT50 common stock are identical, except with respect to voting, conversion and transfer rights. Each share of Class A common stock is entitled to one vote per share, each share of LT10 common stock is entitled to 10 votes per share and each share of LT50 common stock is entitled to 50 votes per share. Each share of LT10 and LT50 common stock is convertible into one share of Class A common stock voluntarily at the option of the holder after the satisfaction of certain requirements, which includes a 10 month notice period for LT10 common stock and 50 months notice period for LT50 common stock to convert to Class A common stock, or automatically upon certain events. The Class A common stock has no conversion rights. As the liquidation and dividend rights are identical for Class A, LT10 and LT50 common stock, the undistributed earnings are allocated on a proportional basis based on the number of weighted-average shares within each class of common stock during the period and the resulting net (loss) income per share attributable to common stockholders will be the same for the Class A, LT10, and LT50 common stock on an individual or combined basis.

The following potentially dilutive shares were not included in the calculation of diluted shares outstanding as the effect would have been anti-dilutive:

	Year ended Three months ended March 31,	
	2022	2021
Weighted-average stock options	6,067,912	—
Matching shares	39,756	—
Convertible preferred stock	—	42,031,390
Total	6,107,668	42,031,390

NOTE 8 - RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2022, Expensify, Inc. contributed $0.9 million to its wholly-owned subsidiary, Expensify.org, a nonprofit benefit organization established by the Company. There was an immaterial amount of contributions from Expensify, Inc. to Expensify.org during the three months ended March 31, 2021. $0.3 million in commitments from Expensify, Inc. remain open for contribution as of March 31, 2022. All intercompany transactions and balances have been eliminated in consolidation.

There are no other significant related party transactions for the Company as of March 31, 2022 except as noted elsewhere in these consolidated financial statements.

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

You should read the following discussion and analysis of our financial condition and results of operations together with our condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q and with our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2021 (the "2021 Annual Report"). This discussion contains forward-looking statements based upon current plans, expectations and beliefs involving risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under “Risk Factors” in our 2021 Annual Report and in other parts of this Quarterly Report on Form 10-Q. See “Special Note Regarding Forward-Looking Statements.”

OVERVIEW

Expensify is a cloud-based expense management software platform that helps the smallest to the largest businesses simplify the way they manage money. Every day, people from all walks of life in organizations around the world use Expensify to scan and reimburse receipts from flights, hotels, coffee shops, office supplies and ride shares. Since our founding in 2008, we have added over 10 million members to our community and processed and automated over 1.2 billion expense transactions on our platform as of March 31, 2022, freeing people to spend less time managing expenses and more time doing the things they love. For the quarter ended March 31, 2022, an average of 706,000 paid members across 200 countries and territories used Expensify to make money easy.

IMPACT OF COVID-19

As a result of the COVID-19 pandemic, we temporarily closed our offices, asked our employees to work remotely and implemented travel restrictions, all of which represent a disruption in how we operate our business. The operations of our customers, the majority of which are small and medium businesses ("SMBs"), were likewise disrupted. The outsized impact of the pandemic on SMBs was evident in 2020 as an abnormal percentage of our customers stopped adding new members to our platform, ceased (or paused) operations and/or scaled back or terminated subscriptions to the Expensify platform.

Business travel, traditionally a significant driver of expenses on our platform, has been severely curtailed during the pandemic with complex regional effects as lockdowns were put in place and altered rapidly. As a result of the pull-back in travel related expenses and other expenses that were not generated in a work from home environment, many of our customers that remained on our platform had fewer employees incurring expenses on a monthly basis in 2020. After a steady increase in paid members over multiple years, the average number of paid members on our platform declined 15% from 742,000 in the quarter ended March 31, 2020 to 633,000 in the quarter ended September 30, 2020 and we have rebounded to 706,000 paid members in the quarter ended March 31, 2022. Our activity is still recovering from May 2020 as the United States and certain other parts of the world continue to rebound from COVID-19. The amount of expenses incurred by the paid members remaining on our platform has also declined as a result of the factors stated above. While activity decreased and remains at lower levels than pre-pandemic, our revenue only declined until the quarter ended June 30, 2020. This initial adverse impact on revenue was mitigated by the prevalence of our annual contracts and minimum user requirements in those contracts as well as a price change that became effective in May 2020. We introduced the Expensify Card in 2020, immediately before the pandemic. Given the decline in the volume of expenses and potential customers’ reluctance to adopt a new card in this unusual environment, growth from monetizing the transactions from the Expensify Card has taken longer than anticipated, but the rate of adoption is increasing despite the COVID headwinds.

While the full lasting impact of the COVID-19 pandemic on the global economy and SMBs in particular remains uncertain, we believe that use of our platform will increase as economies reopen and business travel resumes, which we have started to see.

While uncertainty remains on many fronts, we are confident that the pandemic has also had a positive impact on the way we operate our business. We have fully embraced the distributed workforce and reimagined how we use our existing office space. As demand for expense management slowed during the pandemic, we invested in building our platform outside of our core expense management features, which will result in a more diversified range of use cases that is better insulated against similar shocks in the future.

See the section titled “Risk Factors” in our 2021 Annual Report for further discussion of the possible impact of the COVID-19 pandemic on our business.

Key Business Metrics and Non-GAAP Financial Measures

We review the following key metrics and non-GAAP financial measures to evaluate our business, measure our performance, identify trends affecting our business, formulate business plans and make strategic decisions. Accordingly, we believe that these key business metrics and non-GAAP financial measures provide useful information to investors and others in understanding and evaluating our results of operations in the same manner as our management team. These key business metrics and non-GAAP financial measures are presented for supplemental informational purposes only, should not be considered a substitute for financial information presented in accordance with GAAP, and may be different from similarly titled metrics or measures presented by other companies.

KEY BUSINESS METRICS

Paid Members

We believe that our ability to increase the number of paid members on our platform will drive our success as a business. Companies pay for subscriptions on behalf of employees and contractors who use the platform, whom we refer to as paid members. We define paid members as the average number of users (employees, contractors, volunteers, team members, etc.) who are billed on *Collect* or *Control* plans during any particular quarter. For SMBs or sole proprietors with only one employee, the business owner may also be the only paid member.

While the full lasting impact of the COVID-19 pandemic on the global economy and SMBs in particular remains uncertain, and the resulting impact on our number of paid members, remains uncertain, there have been signs of recovery as the economy has slowly reopened. See the section titled “Impact of COVID-19” above for additional information.

The following table sets forth the average number of paid members for the three months ended March 31, 2022 and 2021, respectively.

Three months ended	Paid members (in thousands)
March 31, 2022	706
March 31, 2021	633

NON-GAAP FINANCIAL MEASURES

Adjusted EBITDA and Adjusted EBITDA Margin

We define adjusted EBITDA as net income from operations excluding provision for income taxes, interest and other expenses, net, depreciation and amortization and stock-based compensation. We define adjusted EBITDA margin as adjusted EBITDA divided by total revenue for the same period. We are focused on profitable growth and we consider adjusted EBITDA to be an important measure because it helps illustrate underlying trends in our business that could otherwise be masked by the effect of the income or expenses that are not indicative of the core operating performance of our business.

	Three months ended March 31,	
	2022	2021
	(in thousands, except percentages)	
Adjusted EBITDA	$ 10,992	$ 13,422
Adjusted EBITDA margin	27 %	45 %

Non-GAAP Net Income and Non-GAAP Net Income Margin

We define non-GAAP net income as net income from operations in accordance with US GAAP excluding stock-based compensation and bonus costs related to our initial pubic offering ("IPO"), which we consider to be the discretionary cash bonuses paid to our employees during 2021. Refer to "Part II, Item 7. Management's Discussion and Analysis of Financial Conditions and Results of Operations — Liquidity and Capital Resources" in our 2021 Annual Report for further detail over the discretionary cash bonuses paid to employees in 2021. We define non-GAAP net income margin as non-GAAP net income divided by total revenue for the same period. We are focused on profitable growth and we consider non-GAAP net income to be an important measure because it helps illustrate underlying trends in our business that could otherwise be masked by the effect of stock-based compensation and the one-time IPO-related discretionary cash bonus costs. Both expenses are not considered indicative of the core operating performance of our business. IPO-related bonus costs impacted the second, third and fourth fiscal quarters of 2021, but are not expected to impact future periods beginning with the first quarter of 2022.

	Three months ended March 31,	
	2022	2021
	(in thousands, except percentages)	
Non-GAAP net income	$ 7,291	$ 8,753
Non-GAAP net income margin	18 %	29 %

Limitations and Reconciliations of Non-GAAP Financial Measures

Non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation or as substitutes for financial information presented under GAAP. There are a number of limitations related to the use of non-GAAP financial measures versus comparable financial measures determined under GAAP. For example, other companies in our industry may calculate these non-GAAP financial measures differently or may use other measures to evaluate their performance. All of these limitations could reduce the usefulness of these non-GAAP financial measures as analytical tools. Investors are encouraged to review the related GAAP financial measures and the reconciliations of these non-GAAP financial measures to their most directly comparable GAAP financial measures and to not rely on any single financial measure to evaluate our business.

The following tables reconcile the most directly comparable GAAP financial measure to each of these non-GAAP financial measures.

Adjusted EBITDA and Adjusted EBITDA Margin

	Three months ended March 31,	
	2022	2021
	(in thousands, except percentages)	
Net (loss) income	$ (7,376)	$ 8,043
Net (loss) income margin	(18)%	27 %
Add:		
Provision for income taxes	1,632	2,762
Interest and other expenses, net	902	737
Depreciation and amortization	1,167	1,170
Stock-based compensation	14,667	710
Adjusted EBITDA	$ 10,992	$ 13,422
Adjusted EBITDA margin	27 %	45 %

Non-GAAP net income and non-GAAP net income margin

	Three months ended March 31,	
	2022	2021
	(in thousands, except percentages)	
Net (loss) income	$ (7,376)	$ 8,043
Net (loss) income margin	(18)%	27 %
Add:		
Stock-based compensation	14,667	710
IPO-related bonus expense	—	—
Non-GAAP net income	$ 7,291	$ 8,753
Non-GAAP net income margin	18 %	29 %

Components of Results of Operations

Revenue

We generate revenue from subscription fees based on the usage of our expense reporting cloud-based platform under arrangements paid monthly in arrears that are either month-to-month that can be terminated by either party without penalty at any time or annual arrangements based on a minimum number of monthly members. Annual subscription customers who wish to terminate their contracts before the end of the term are required to pay the remaining obligation in full plus any fees or penalties set forth in the agreement. In May 2020, we updated our terms of service whereby annual contracts became non-cancelable. We charge our customers subscription fees for access to our platform based on the number of monthly active members and level of service. The contractual price is based on either negotiated fees or rates published on our website. We generate most of our revenue from customers who have a credit card or debit card on file with us that is automatically charged each month. Virtually all of our customers have a standard terms of service contract, with the few exceptions on bespoke service contracts.

Our contracts with our customers include two performance obligations: access to the hosted software service, inclusive of all features available within the platform and related customer support. We account for the platform access and the support as a combined performance obligation because they have the same pattern of transfer over the same period and are therefore delivered concurrently. We satisfy our performance obligation over time each month as we provide platform access and support services to customers and as such recognize revenue over time. We recognize revenue net of applicable taxes imposed on the related transaction.

Beginning in August 2021, we offer a cashback rewards program to all customers based on volume of Expensify card transactions and SaaS subscription tier. Cashback rewards are earned on a monthly basis and paid out the following month. We consider our cashback payments to customers as consideration payable to a customer under the scope of ASC 606 and it is therefore recorded as contra revenue within Revenue on the consolidated statements of income. We also record a cashback rewards liability that represents the consideration payable to customers for earned cashback rewards. The cashback rewards liability is impacted over time by customers meeting eligibility requirements in conjunction with the SaaS subscription tier of the customer and the timing of payments to customers.

Cost of Revenue, Net

Cost of revenue, net primarily consists of expenses related to hosting the company's service, including the costs of data center capacity, credit card processing fees, third-party software license fees, outsourcing costs to support customer service and outsourcing costs to support and process our patented scanning technology SmartScan, net of consideration from a vendor. Additional costs include amortization expense on capitalized software development costs and personnel-related expenses, including stock-based compensation and employee costs attributable to supporting our customers and maintenance of our platform.

The consideration from a vendor is related to the Expensify Card. We use a third-party vendor to issue Expensify Cards and process the related transactions. When purchases are made with the Expensify Card, a fee is charged by the card network to the merchant (also known as "Interchange"). The vendor is contractually entitled to the Interchange through its relationships with the card network and card issuing bank. The vendor keeps a portion of the Interchange for their services, and our agreement with the vendor results in us receiving the remainder of the Interchange minus the amount retained by the vendor (our remainder portion, the "Expensify Interchange Amount"). The vendor also charges us fees (the "Vendor Fees") for the services it provides to us. Due to the nature of the vendor agreement, we do not record the Expensify Interchange Amount as revenue. Instead, the net of the Expensify Interchange Amount and Vendor Fees are paid to us, and we record it as "consideration from a vendor", a contra-expense in Cost of revenue, net. The following summarizes these various amounts for the periods presented:

	Three months ended March 31,	
	2022	2021
	(in thousands)	
Expensify Interchange Amount	$ 1,220	$ 488
Vendor Fees	(97)	(32)
Consideration from a Vendor	$ 1,123	$ 456

OPERATING EXPENSES

Research and Development

Research and development expenses consist primarily of personnel-related expenses, including stock-based compensation, incurred related to the planning and preliminary project stage and post-implementation stage of new products or enhancing existing products or services. We capitalize certain software development costs that are attributable to developing or adding significant functionality to our internal-use software during the application development stage of the projects. All research and development expenses, excluding capitalized software development costs, are expensed as incurred.

We believe delivering new functionality is critical to attract new customers and expand our relationships with existing customers. We expect to continue to make investments in and expand our product and service offerings to enhance our customers' experience and satisfaction and to attract new customers. We expect research and development expenses will increase as we expand our research and development team to develop new products and product enhancements.

Sales and Marketing

Sales and marketing expenses primarily consist of personnel-related expenses, including stock-based compensation, advertising expenses, branding and public relations expenses and referral fees for strategic partners and other benefits that we provide to our referral and affiliate partners. We expect sales and marketing expenses will increase as we expand our sales efforts to pursue our market opportunity.

General and Administrative

General and administrative expenses primarily consist of personnel-related expenses, including stock-based compensation, for executive management and any employee time allocated to administrative functions, including finance and accounting, legal and human resources. In addition to personnel-related expenses, general and administrative expenses consist of rent, utilities, depreciation on property and equipment, amortization of finance lease right-of-use assets and external professional services, including accounting, audit, tax, finance, legal and compliance, human resources and information technology. We expect that general and administrative expenses will continue to increase as we scale our business and as we incur additional costs associated with being a publicly traded company, including legal, audit, business insurance and consulting fees.

Interest and Other Expenses, Net

Interest and other expenses, net, consist primarily of interest paid under our credit facilities with Canadian Imperial Bank of Commerce ("CIBC"). It also includes realized gains and losses on foreign currency transactions and foreign currency remeasurement.

Provision for Income Taxes

Income taxes primarily consist of income taxes in the United States, United Kingdom, Australia, Netherlands and Canada, as well as states in the United States in which we do business.

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Results of Operations

The results of operations presented below should be reviewed in conjunction with the consolidated financial statements and notes included elsewhere in this Quarterly Report on Form 10-Q.

The following table sets forth our results of operations for the periods presented:

	Three months ended March 31,	
	2022	2021
	(in thousands, except share and per share data)	
Revenue	$ 40,370	$ 29,720
Cost of revenue, net[1]	14,133	7,637
Gross margin	26,237	22,083
Operating expenses:		
Research and development[1]	3,701	1,097
General and administrative[1]	14,006	6,367
Sales and marketing[1]	13,372	3,077
Total operating expenses	31,079	10,541
(Loss) income from operations	(4,842)	11,542
Interest and other expenses, net	(902)	(737)
(Loss) income before income taxes	(5,744)	10,805
Provision for income taxes	(1,632)	(2,762)
Net (loss) income	$ (7,376)	$ 8,043
Less: income allocated to participating securities	—	(5,547)
Net (loss) income attributable to Class A, LT10 and LT50 common stockholders	$ (7,376)	$ 2,496
Net (loss) income per share attributable to Class A, LT10 and LT50 common stockholders:		
Basic	$ (0.09)	$ 0.08
Diluted	$ (0.09)	$ 0.06
Weighted-average shares of common stock used to compute net (loss) income per share attributable to Class A, LT10 and LT50 common stockholders:		
Basic	80,147,208	29,522,409
Diluted	80,147,208	40,576,339

(1) Includes stock-based compensation expense as follows:

	Three months ended March 31,	
	2022	2021
	(in thousands)	
Cost of revenue, net	$ 4,908	$ 1
Research and development	2,708	1
General and administrative	4,975	3
Sales and marketing	2,076	
Total stock-based compensation expense	$ 14,667	$ 7

COMPARISON OF THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021

Revenue

	Three months ended March 31,		Change	
	2022	2021	Amount	%
	(in thousands, except percentages)			
Revenue	$ 40,370	$ 29,720	$ 10,650	36 %

Revenue increased by $10.7 million, or 36%, for the three months ended March 31, 2022 compared to the same period in 2021, primarily due to (i) an increase in the number of paid members and reimbursement activity, which was the result of increased demand for business travel due to continued lifting of travel restrictions globally and higher rates of returning the office compared to the same period in 2021 when the COVID-19 vaccines did not yet have widespread availability and distribution and (ii) an increase in average fees per paid member due to an increase in the number of pay-per-use members, who have a higher average fee per member than our annual members, compared to the same period in 2021.

Cost of Revenue, Net and Gross Margin

	Three months ended March 31,		Change	
	2022	2021	Amount	%
	(in thousands, except percentages)			
Cost of revenue, net	$ 14,133	$ 7,637	$ 6,496	85 %
Gross margin	26,237	22,083	$ 4,154	19 %
Gross margin %	64 %	74 %		

Cost of revenue, net increased by $6.5 million, or 85%, for the three months ended March 31, 2022 compared to the same period in 2021. Cost of revenue, net increased primarily due to the recognition of $4.9 million of stock-based compensation costs during the three months ended March 31, 2022 primarily related to the RSUs granted in September and November of 2021 to employees directly engaged in supporting our customers and providing maintenance of our platform. In addition to increased stock-based compensation, Cost of revenue, net increased due to a higher volume of payment processing fees directly related to an increase in reimbursement activity, increased efforts in support and implementation services, and increased outsourcing activities related to maintaining the platform. These increases were partially offset by consideration from a vendor, which reduced Cost of revenue, net by $1.1 million and $0.5 million for the three months ended March 31, 2022 and 2021, respectively. This increase in consideration from a vendor was driven primarily by the increased adoption and spend captured from members using the Expensify Card.

Gross margin decreased to 64% for the three months ended March 31, 2022 compared to 74% in the same period in 2021. Although revenue increased by 36% for the same period, Cost of revenue, net increased at a higher rate due to the factors described in the preceding paragraph.

Research and Development

	Three months ended March 31,		Change	
	2022	2021	Amount	%
	(in thousands, except percentages)			
Research and development	$ 3,701	$ 1,097	$ 2,604	237 %

Research and development expenses increased by $2.6 million, or 237%, for the three months ended March 31, 2022 compared to the same period in 2021 primarily due to the recognition of $2.7 million of stock-based compensation costs during the three months ended March 31, 2022 primarily related to the RSUs granted in September and November of 2021 to employees directly engaged in the planning and preliminary project stage and post-implementation stage of new products and features. Increases to Research and development expenses were partially offset by decreased employee time spent in the planning and preliminary project stage and post-implementation stage of new products and features primarily due to an increase in employee focus on the customer support and sales and marketing of recently developed products and services such as the Free Plan and our Expensify Card.

Sales and Marketing

	Three months ended March 31,		Change	
	2022	2021	Amount	%
	(in thousands, except percentages)			
Sales and marketing	$ 13,372	$ 3,077	$ 10,295	335 %

Sales and marketing expenses increased by $10.3 million, or 335%, for the three months ended March 31, 2022 compared to the same period in 2021 primarily due to an increase in advertising spend to gain further brand awareness and increased employee focus on marketing initiatives related to our recently developed products and services such as the Free Plan and our Expensify Card in addition to continued reduction of our advertising and other sales and marketing expenses during the three months ended March 31, 2021 in direct result of the COVID-19 pandemic. Furthermore, sales and marketing expenses were higher due to the recognition of $2.1 million of stock-based compensation costs during the three months ended March 31, 2022 primarily related to the RSUs granted in September and November of 2021 to employees directly engaged in sales and marketing activities during the three months ended March 31, 2022.

General and Administrative

	Three months ended March 31,		Change	
	2022	2021	Amount	%
	(in thousands, except percentages)			
General and administrative	$ 14,006	$ 6,367	$ 7,639	120 %

General and administrative expenses increased by $7.6 million, or 120%, for the three months ended March 31, 2022 compared to the same period in 2021, primarily due to increased compensation to our officers and the recognition of $5.0 million of stock-based compensation costs during the three months ended March 31, 2022 primarily related to the RSUs granted in September and November of 2021 to employees directly engaged in general and administrative activities. Furthermore, general and administrative expenses increased due to additional employee time and professional service costs incurred for accounting, auditing and legal services as a result of our continued requirements as a public entity compared to the same period in 2021.

Interest and Other Expenses, Net

	Three months ended March 31,		Change	
	2022	2021	Amount	%
	(in thousands, except percentages)			
Interest and other expenses, net	$ (902)	$ (737)	$ (165)	22 %

Interest and other expenses, net increased by $0.2 million, or 22%, for the three months ended March 31, 2022 compared to the same period in 2021. The increase was primarily driven by the 2021 amended term loan entered into by the Company in September 2021, which resulted in additional interest expense for the Company during the three months ended March 31, 2022 compared to the same period in 2021.

Provision for Income Taxes

	Three months ended March 31, 2022	Three months ended March 31, 2021	Change Amount	Change %
	(in thousands, except percentages)			
Provision for income taxes	$ (1,632)	$ (2,762)	$ 1,130	(41)%

We recorded a provision for income taxes of $1.6 million during the three months ended March 31, 2022 compared to a $2.8 million provision for income taxes for the same period in 2021. We follow the asset and liability method of accounting for income taxes, whereby we recognize deferred income taxes for the tax consequences of temporary differences between the financial statement carrying amounts and the tax basis of the assets and liabilities. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized. During the three months ended March 31, 2022, we recorded a valuation allowance of $2.4 million. No valuation allowance was recorded during the three months ended March 31, 2021. The provision for income taxes reflects taxable income earned and taxed in U.S. federal and state and non-U.S. jurisdictions.

During the three months ended March 31, 2022 and 2021, our effective income tax rate was (28.4)% and 25.6%, respectively. The effective income tax rate differs from the statutory rate in 2022 primarily due to the change in valuation allowance. The effective income tax rate differs from the statutory rate in 2021 primarily due to state taxes and stock-based compensation resulting from incentive stock options granted during the period.

Liquidity and Capital Resources

Since our inception, we have financed our operations primarily through our cash flow from operations, sales of our equity securities and borrowings under our credit facilities. In November 2021, upon completion of our IPO, we received aggregate net proceeds of approximately $57.5 million after deducting underwriting discounts and commissions of approximately $4.9 million and offering costs of approximately $8.0 million. As of March 31 2022, we had $101.1 million in cash and cash equivalents. As of March 31, 2022, we had $67.7 million in outstanding indebtedness.

Our future capital requirements will depend on many factors, including revenue growth and costs incurred to support growth in our business and our need to respond to business opportunities, challenges or unforeseen circumstances. We believe that our existing cash resources will be sufficient to finance our continued operations, growth strategy and the additional expenses we expect to incur for at least the next 12 months.

CASH FLOWS

The following table summarizes our cash flows for the periods indicated:

	Three months ended March 31, 2022	Three months ended March 31, 2021
	(in thousands)	
Net cash provided by operating activities	$ 11,223	$ 9,909
Net cash used by investing activities	(673)	(953)
Net cash provided by financing activities	218	(1,083)
Net increase in cash, cash equivalents and restricted cash	$ 10,768	$ 7,873

CASH PROVIDED BY OPERATING ACTIVITIES

During the three months ended March 31, 2022, cash provided by operating activities was $11.2 million, which was primarily driven by increases in settlement liabilities which represent increased expense reimbursement activity and increases in other liabilities. The timing of the settlement of certain operating liabilities and receipt of certain operating assets can affect the amounts reported as net cash provided by operating activities on the consolidated statements of cash flows. The main offsets to net cash provided by operating activities were an increased net loss primarily due to the recognition of stock-based compensation costs as a result of the RSUs granted to certain employees in September and November 2021, the increases in settlement assets, which represent increased expense reimbursement activity, and the timing of settlement of accounts payable and accrued expenses and other liabilities.

Net cash provided by operating activities increased for the three months ended March 31, 2022 compared to the same period in 2021 primarily due to increases in settlement liabilities partially offset by the increases in settlement assets, which was primarily driven by increased expense reimbursement activity.

CASH USED IN INVESTING ACTIVITIES

During the three months ended March 31, 2022, cash used in investing activities was $0.7 million, primarily consisting of software development costs and the purchase of property and equipment related to the build-out of our offices in Portland and San Francisco.

Net cash used in investing activities decreased for the three months ended March 31, 2022 compared to the same period in 2021, primarily due to a decrease in software development costs. Software development costs decreased due to additional time spent by employees during the three months ended March 31, 2022 on the customer support and sales and marketing of recently developed products and services such as the Free Plan and our Expensify Card. The Free Plan resulted in higher software development costs for the same period in 2021 as it was still in the application development stage.

CASH PROVIDED BY FINANCING ACTIVITIES

During the three months ended March 31, 2022, cash provided by financing activities was $0.2 million, primarily consisting of proceeds from exercises of stock options, including the vesting of early exercised common stock, which was partially offset by principal payments of our term loan and finance leases.

Net cash provided by financing activities increased for the three months ended March 31, 2022 compared to the same period in 2021, primarily due to lower principal payments of term loan and no payments on deferred offering costs.

CREDIT FACILITIES

Amortizing Term Mortgage

Under the amortizing term mortgage agreement with CIBC for our commercial building in Portland, Oregon, the Company borrowed $8.3 million in August 2019, which requires interest and principal payments be made each month over a 30-year period. Interest accrues at a fixed rate of 5% per year until August 2024, at which point the interest rate changes to the Wall Street Journal Prime Rate minus 0.25% for the remaining term of the mortgage. The borrowings are secured by the building. As of March 31, 2022, the outstanding balance of the amortizing term mortgage was $7.9 million.

Loan and Security Agreement

Our loan and security agreement with CIBC, as amended and restated in September 2021 (the "2021 Amended Term Loan"), includes a $75.0 million term loan, consisting of a $45.0 million initial term loan with an option at a later date to enter into an additional $30.0 million delayed term loan, and a $25.0 million revolving line of credit. Approximately $23.5 million of the loan proceeds were used to immediately repay the remaining balances under the amortizing and non-amortizing term loans at the time of the amendment and restatement in September 2021 as well as the commitment fees and any other debt issuance costs associated with the amended agreement. The remaining proceeds from the initial term loan went towards our normal business operations.

The loan and security agreement was originally entered into in May 2018. The initial term loan of $45.0 million entered into by the Company in September 2021 is payable over a 60 month period with principal and accrued interest payments due each quarter thereafter, which commences with the first payment due on September 30, 2021. Quarterly principal payments are fixed and escalate throughout the term. The amounts borrowed are payable with interest at the bank’s reference rate plus 2.25% (5.75% as of March 31, 2022) and continuing on a quarterly basis through the end of the term loan. The borrowings are secured by substantially all our assets. As of March 31, 2022, the outstanding balance of the 2021 Amended Term Loan and revolving line of credit was $44.8 million and $15.0 million, respectively. The term loan and revolving line of credit mature in September 2026 and September 2024, respectively.

See Note 4 to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for further information.

Certain Covenants

We are subject to customary covenants under our loan and security agreement, which unless waived by CIBC, restrict our and our subsidiaries' ability to, among other things incur additional indebtedness, create or incur liens, permit a change of control or merge or consolidate with other companies, sell or transfer assets, pay dividends or make distributions, make acquisitions, investments or loans, or payments and prepayments of subordinated indebtedness, subject to certain exceptions. We must also maintain certain financial covenants: for the first year, a total annual recurring revenue leverage ratio not to exceed 0.8 to 1.0, tested on the last day of each fiscal quarter, and maintaining liquidity at times not less than $10.0 million, in each case as defined in the loan and security agreement; and thereafter, a total EBITDA net leverage ratio, tested each quarter, of not less than 5.00 to 1.00 from September 30, 2022 through and including June 30, 2023, not less than 4.00 to 1.00 from September 30, 2023 through and including June 30, 2024, and not less than 3.00 to 1.00 from September 30, 2024 and thereafter, and a fixed charge coverage ratio of not less than 1.10 to 1.00, tested on the last day of each calendar quarter.

If we fail to perform our obligations under these and other covenants, CIBC’s credit commitments could be terminated and any outstanding borrowings, together with accrued interest, under the credit or loan agreements could be declared immediately due and payable.

As of March 31, 2022, we were in compliance with all debt covenants.

Contractual Obligations and Commitments

As of March 31, 2022, there have been no material changes in our contractual obligations and commitments disclosed in our 2021 Annual Report.

Indemnification Agreements

In the ordinary course of business, we enter into agreements of varying scope and terms whereby we agree to indemnify customers, issuing banks, card networks, vendors, and other parties with respect to certain matters, including, but not limited to, losses arising out of the breach of such agreements, services to be provided by us or from intellectual property infringement claims made by third parties. In addition, we have entered into indemnification agreements with our directors and certain officers and employees that will require us, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors, officers, or employees. No demands have been made upon us to provide indemnification under such agreements and there are no claims that we are aware of that could have a material effect on our condensed consolidated balance sheets, condensed consolidated statements of income, condensed consolidated statements of convertible preferred stock and stockholders' equity (deficit), or condensed consolidated statements of cash flows.

Off-Balance Sheet Arrangements

During the periods presented, we did not have, and we do not currently have, any off-balance sheet financing arrangements or any relationships with unconsolidated entities or financial partnerships, including entities sometimes referred to as structured finance or special purpose entities, that were established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Critical Accounting Estimates

Our condensed consolidated financial statements included elsewhere herein have been prepared in accordance with GAAP. The preparation of our financial statements requires us to make estimates and judgments that affect our reported amounts of assets, liabilities, revenues and expenses. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. For our accounting policies, see Note 2 in the audited consolidated financial statements within our 2021 Annual Report and Note 1 in our condensed consolidated financial statements contained elsewhere herein for a description of our significant accounting policies.

EMPLOYEE AND EMPLOYEE-RELATED EXPENSES

Allocating our employee and employee-related expenses, which consist of contractor costs, employee salary and wages, stock-based compensation and travel and other employee-related costs, to their appropriate financial statement line items on the consolidated statements of income, requires us to make estimates and judgments as a result of our generalist model and organizational structure. We base our estimates for allocating employee and employee related expenses on our internal productivity and team management tools. Management reviews the estimates each reporting period to evaluate the estimate of the allocated amounts to each expense financial statement line item in the consolidated financial statements.

REVENUE RECOGNITION

The Company generates revenue from subscription fees paid by its customers to access and use the Company’s hosted software services, as well as standard customer support. The Company adopted Accounting Standard Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers ("Topic 606")* as of January 1, 2019, utilizing the full retrospective method of transition.

Revenue is recognized when control of the promised goods or services is transferred to customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

The Company’s contracts are either month-to-month arrangements billed monthly in arrears based on a specified number of members or annual arrangements billed monthly in arrears based on a minimum number of monthly members. Month-to-month contracts can be terminated by either party at any time without penalty. Prior to May 2020, annual subscription customers who wish to terminate their contracts before the end of the term are required to pay the remaining obligation in full plus any fees or penalties set forth in the agreement. As of May 2020, annual contracts are noncancelable.

The Company charges its customers subscription fees for access to its platform based on the number of monthly members and level of service. The contractual price per member is based on either negotiated fees or rates published on the Company’s website. The Company’s contracts with customers include two performance obligations: access to the hosted software service ("SaaS"), inclusive of all features available within the platform and related customer support. The SaaS and the support are accounted for as a combined performance obligation because they have the same pattern of transfer over the same period and, therefore, are delivered concurrently. The Company satisfies its performance obligation over time each month as it provides the SaaS and support services to customers and as such generally recognizes revenue monthly based on the number of monthly members and contractual rate per member.

Certain annual contracts provide the customer the option to increase the minimum number of members and extend the contract term on a prospective basis or to purchase members beyond the minimum contracted number of members at a higher rate for a particular month. These options are accounted for when the customer exercises the option as they do not represent a material right and are accounted for as a contract modification.

Revenue is recognized net of applicable taxes imposed on the related transaction. The Company charges the customer on a monthly basis, in arrears, with typical payment terms being 30 days. A contract asset is the right to consideration for transferred goods or services and arises when the amount of revenue recognized exceeds amounts billed to a customer. As a result of a price increase in 2020 that was applicable to certain annual contracts and is being billed incrementally by the Company over a twelve month period ended May 2021, the Company recorded revenue for such contracts on a straight line basis over the twelve month period affected by the price increase. This resulted in contract assets that consist of unbilled receivables for revenue recognized in excess of billings. The contract asset will decrease as the price increase is applied to the amounts billed to customers, over the twelve month period. The Company had no contract assets remaining for unbilled receivables as of March 31, 2022. Since the Company's performance obligation is satisfied monthly, at any reporting period, the Company has no unsatisfied, or partially unsatisfied, performance obligations.

COMMON STOCK VALUATIONS

Prior to the IPO, given the absence of a public trading market for our common stock, and in accordance with the American Institute of Certified Public Accountants Accounting and Valuation Guide, Valuation of Privately-Held Company Equity Securities Issued as Compensation, our board of directors exercised its reasonable judgment and considered numerous objective and subjective factors to determine the best estimate of fair value of our common stock underlying the stock options and RSUs, including:

- independent third-party valuations of our common stock;
- the expected price range of our common stock upon IPO determined by bankers;
- the rights, preferences and privileges of our convertible preferred stock relative to those of our common stock;
- our financial condition, results of operations and capital resources;
- the likelihood and timing of achieving a liquidity event, such as an initial public offering or sale of the company, given prevailing market conditions;
- the lack of marketability of our common stock;
- our estimates of future financial performance;
- valuations of comparable companies;
- the hiring or loss of key personnel;
- the status of our development, product introduction and sales efforts;
- industry information, such as market growth and volume and macro-economic events; and
- additional objective and subjective factors relating to our business.

To determine the fair value of our common stock, we first determined our enterprise value and then allocated that enterprise value to our common stock and common stock equivalents. Our enterprise value was estimated using two generally accepted approaches: the income approach and the market approach.

The income approach estimates enterprise value based on the estimated present value of future cash flows the business is expected to generate over its remaining life. The estimated present value is calculated using a discount rate reflective of the risks associated with an investment in a similar company in a similar industry or having a similar history of revenue growth. The market approach measures the value of a business through an analysis of recent sales or offerings of comparable investments or assets, and in our case, focused on comparing us to a group of our peer companies. In applying this method, valuation multiples are derived from historical operating data of the peer company group. We then apply multiples to our operating data to arrive at a range of indicated values of the company.

For each valuation, we prepared a financial forecast to be used in the computation of the value of invested capital for both the income approach and market approach. The financial forecast considered our past results and expected future financial performance. The risk associated with achieving this forecast was assessed in selecting the appropriate discount rate. There is inherent uncertainty in these estimates as the assumptions used are highly subjective and subject to changes as a result of new operating data and economic and other conditions that impact our business.

As an additional indicator of fair value, we provided weighting to arm’s-length transactions involving issuances of our securities near the respective valuation dates.

Following our initial public offering, it has not been necessary to estimate the fair value of our common stock, as our shares are traded in the public market.

STOCK-BASED COMPENSATION

The Company accounts for stock-based compensation under the fair value recognition and measurement provisions of GAAP. Those provisions require all stock-based awards granted to employees, including stock options and restricted stock units, to be measured based on fair value at the date of grant, with the resulting expense generally recognized in the consolidated statements of income over the period during which the employee is required to perform service in exchange for the award.

The Company utilizes the Black-Scholes option pricing model to determine the estimated fair value of stock options.

The Black-Scholes option pricing model requires management to make a number of assumptions, including the fair value and expected volatility of the Company’s underlying common stock, expected life of the award, risk-free interest rate and expected dividend yield. The fair value of common stock is determined by the Board of Directors based on a number of factors, including independent third-party valuations of our common stock, which consider estimates of our future performance and valuations of comparable companies. The Company also considers prices at which others have purchased our stock, and the likelihood and timing of achieving a liquidity event. When awards are granted or revalued between the dates of valuation reports, the Company considers the change in common stock fair value and the amount of time that lapsed between the two reports to determine whether to use the latest common stock valuation or an interpolation between two valuation dates for purposes of valuing stock-based awards. Subsequent to the completion of the IPO, the fair value of the Company’s underlying common stock is determined by the closing price, on the date of grant, of its Class A common stock, which is traded on the Nasdaq Global Select Market.

All RSUs granted to employees before the effectiveness of the IPO Registration Statement were measured based on the fair value of the underlying common stock on the grant date, which was consistent with the factors described within the Black-Scholes option pricing model. All RSUs granted to employees after the effectiveness of the IPO Registration Statement are measured based on the fair value of the underlying common stock on the grant date, which is determined by the closing price, on the date of the grant, of its Class A common stock, which is traded on the Nasdaq Global Select Market.

Refer to Note 5 to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for further detail over stock-based compensation and the stock incentive plans of the Company.

Recent Accounting Pronouncements

See Note 1 to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for recently adopted accounting pronouncements and recently issued accounting pronouncements not yet adopted as of the date of this Quarterly Report on Form 10-Q.

Emerging Growth Company Status

We are an "emerging growth company," as defined in the JOBS Act. Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. We have elected to use this extended transition period to enable us to comply with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date we (1) are no longer an emerging growth company or (2) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our consolidated financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

FOREIGN CURRENCY EXCHANGE RISK

We report our results in U.S. dollars, which is our reporting currency. For our foreign operations, the majority of our revenues and expenses are denominated in other currencies, such as the British Pound and the Australian Dollar. Foreign currency assets and liabilities are remeasured into the U.S. dollar at the end-of-period exchange rates except for prepaid expenses, property and equipment and related depreciation and amortization, and lease right-of-use assets and related amortization, which are remeasured at the historical exchange rates. Revenues and expenses are remeasured at average exchange rates in effect during each period. Gains or losses from foreign currency transactions are included in the consolidated statements of income.

If the value of the U.S. dollar weakens relative to the foreign currencies, this may have an unfavorable effect on our cash flows and operating results. We do not believe that a 10% change in the relative value of the U.S. dollar to other foreign currencies would have a material effect on our cash flows and operating results.

INTEREST RATE RISK

We are subject to interest rate risk in connection with borrowings under our amortizing term mortgage, our monthly revolving line of credit and our amortizing term loan. Interest rate changes generally impact the amount of our interest payments and, therefore, our future net income and cash flows, assuming other factors held constant. Assuming the amounts outstanding under these borrowing facilities are fully drawn, a hypothetical 10% change in interest rates would not have a material impact on our condensed consolidated financial statements.

INFLATION RISK

We do not believe that inflation has had a material effect on our business, results of operations, or financial condition. Nonetheless, if our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs. Our inability or failure to do so could harm our business, results of operations, or financial condition.

Item 4. Controls and Procedures

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Our management, with the participation of our chief executive officer and chief financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in 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 such evaluation, and as discussed below, our chief executive officer and chief financial officer have concluded that as of March 31, 2022, our disclosure controls and procedures were not effective at a reasonable assurance level due to the material weakness in our internal control over financial reporting described below. In light of this fact, our management has performed additional analyses, reconciliations, and other post-closing procedures and has concluded that, notwithstanding the material weakness in our internal control over financial reporting, the consolidated financial statements for the periods covered by and included in this Quarterly Report on Form 10-Q fairly present, in all material respects, our financial position, results of operations and cash flows for the periods presented in conformity with GAAP.

MATERIAL WEAKNESS

As disclosed in “Part II, Item 9A. Controls and Procedures” of our 2021 Annual Report, in connection with our management’s assessment of controls over financial reporting during the years ended December 31, 2021, 2020 and 2019, we identified a material weakness in our internal controls. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. The material weakness that we identified relates to insufficient technical skills to address accounting matters combined with insufficient accounting staff and internal control knowledge to design and implement processes and controls, including the review of the completeness and accuracy of reports used to record journal entries, necessary to ensure material misstatements did not occur.

To address this material weakness, we are continuing to develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we will file with the SEC is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms and that information required to be disclosed in reports under the Exchange Act is accumulated and communicated to our principal executive and financial officers. We are also continuing to improve our internal control over financial reporting. For example, as we prepared to become a public company, we worked to improve the controls around our key accounting processes and our quarterly close process, and we hired additional accounting and finance personnel to help us implement these processes and controls. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we have expended, and anticipate that we will continue to expend, significant resources, including accounting-related costs and investments to strengthen our accounting systems. We will not be able to sufficiently remediate these control deficiencies until these steps have been completed and the controls have been operating effectively for a sufficient period of time. If any of these new or improved controls and systems do not perform as expected, we may continue to experience material weaknesses in our controls.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

Except for the remediation efforts described above, there were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the period covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

LIMITATIONS OF EFFECTIVENESS OF CONTROLS AND PROCEDURES

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Part II - Other Information

Item 1. Legal Proceedings

From time to time, we are involved in various legal proceedings arising from the normal course of business activities. We are not presently a party to any litigation the outcome of which, we believe, if determined adversely to us, would individually or taken together have a material adverse effect on our business, operating results, cash flows or financial condition. We have received, and may in the future continue to receive, claims from third parties asserting, among other things, infringement of their intellectual property rights. Defending such proceedings is costly and can impose a significant burden on management and employees, we may receive unfavorable preliminary or interim rulings in the course of litigation, and there can be no assurances that favorable final outcomes will be obtained.

Item 1A. Risk Factors

There have been no material changes to the risk factors set forth in "Part I, Item IA. Risk Factors" of our 2021 Annual Report. You should carefully read and consider the risks and uncertainties, together with all of the other information included in the 2021 Annual Report and this Quarterly Report on Form 10-Q, including the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes, and other documents that we file with the SEC.

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

USE OF PROCEEDS

On November 15, 2021 we completed our IPO. The offer and sale of the shares in the IPO were registered under the Securities Act pursuant to a registration statement on Form S-1 (File No. 333-260297), which was declared effective by the SEC on November 9, 2021. There has been no material change in the use of proceeds from our IPO as described in our final prospectus filed with the SEC pursuant to Rule 424(b) of the Securities Act and other periodic reports previously filed with the SEC.

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

None

Item 5. Other Information

None

Item 6. Exhibits

The following exhibits are filed herewith or incorporated by reference herein:

		Incorporated by Reference			
Exhibit No.	Name	Form	File No.	Exhibit	Filing Date
3.1*	Amended and Restated Certificate of Incorporation of the Registrant.				
3.2	Amended and Restated Bylaws of the Registrant.	8-K	001-41043	3.2	November 15, 2021
31.1*	Certification of the Principal Executive Officer, pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
31.2*	Certification of the Principal Financial Officer, pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
32.1**	Certification of the 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 the 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.PRE*	Inline XBRL Taxonomy Extension Presentation Linkable Document.				
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document).				

Filed herewith.

Furnished herewith. The certifications attached as Exhibits 32.1 and 32.2 that accompany this Quarterly Report on Form 10-Q are deemed furnished and not filed with the SEC and are not to be incorporated by reference into any filing of the Company under the Securities Act or the Exchange Act, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

Signatures

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

EXPENSIFY, INC.

Date: May 16, 2022	By: /s/ David Barrett David Barrett President and Chief Executive Officer *(Principal Executive Officer)*
Date: May 16, 2022	By: /s/ Ryan Schaffer Ryan Schaffer Chief Financial Officer *(Principal Financial and Accounting Officer)*

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION OF

EXPENSIFY, INC.

Expensify, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware (the "DGCL"), hereby certifies as follows:

1. The name of the corporation is Expensify, Inc. The date of the filing of its original certificate of incorporation with the Secretary of State of the State of Delaware was April 29, 2009.

2. This Amended and Restated Certificate of Incorporation (this "Certificate of Incorporation"), which restates, integrates and further amends the certificate of incorporation of this corporation as heretofore amended and restated, has been duly adopted by the corporation in accordance with Sections 242 and 245 of the DGCL and has been adopted by the requisite vote of the stockholders of the corporation, acting by written consent in lieu of a meeting in accordance with Section 228 of the DGCL.

3. The certificate of incorporation of this corporation is hereby amended and restated in its entirety to read as follows:

ARTICLE I

NAME

The name of the corporation is "Expensify, Inc." (hereinafter called the "Corporation").

ARTICLE II

REGISTERED OFFICE AND AGENT

The address of the Corporation's registered office in the State of Delaware is 3500 South DuPont Highway, Dover, Delaware, County of Kent, 19901. The name of its registered agent at such address is Incorporating Services, Ltd.

ARTICLE III

PURPOSE

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the DGCL.

ARTICLE IV

CAPITAL STOCK

Section 1. Authorized Shares.

The total number of shares of all classes of capital stock which the Corporation shall have authority to issue is 1,060,000,000 shares, consisting of one billion (1,000,000,000) shares of Class A Common Stock, par value $0.0001 per share ("Class A Common Stock"), 25 million (25,000,000) shares of LT10 Common Stock, par value $0.0001 per share ("LT10 Common Stock"), 25 million (25,000,000) shares of LT50 Common Stock, par value $0.0001 per share ("LT50 Common Stock," and together with the LT10 Common Stock, the "LT Common Stock," and together with the Class A Common Stock, the "Common Stock"), and ten million (10,000,000) shares of Preferred Stock, par value $0.0001 per share ("Preferred Stock"). Subject to the rights of holders of any series of Preferred Stock, the number of authorized shares of Class A Common Stock, LT10 Common Stock and LT50 Common Stock or Preferred Stock may be increased or decreased (but not below (i) the number of shares thereof then outstanding and (ii) with respect to the Class A Common Stock, the number of shares of Class A Common Stock reserved pursuant to Section 3(G)(ix) of this Article IV) by the affirmative vote of the holders of capital stock representing a majority of the voting power of all the then-outstanding shares of capital stock of the Corporation entitled to vote thereon irrespective of the provisions of Section 242(b)(2) of the DGCL.

Section 2. Preferred Stock

Preferred Stock may be issued from time to time in one or more series, each of such series to have such terms as stated or expressed herein and in the resolution or resolutions providing for the issue of such series adopted by the Board of Directors of the Corporation (the "Board") as hereinafter provided. Subject to the rights of the holders of any series of Preferred Stock and except as otherwise provided by law, any shares of Preferred Stock that may be redeemed, purchased or acquired by the Corporation may be reissued by the Corporation.

Authority is hereby expressly granted to the Board from time to time to issue the Preferred Stock in one or more series and in connection with the creation of any such series, by adopting a resolution or resolutions providing for the issuance of the shares thereof and by filing a certificate of designations relating thereto in accordance with the DGCL, to determine and fix the number of shares of such series and such voting powers, full or limited, or no voting powers, and such designations, preferences and relative participating, optional or other special rights, and qualifications, limitations or restrictions thereof, including without limitation thereof, dividend rights, conversion rights, redemption privileges and liquidation preferences, as shall be stated and expressed in such resolutions, all to the full extent now or hereafter permitted by the DGCL. Without limiting the generality of the foregoing, the resolutions providing for issuance of any series of Preferred Stock may provide that such series shall be superior, equal or junior to any other series of Preferred Stock to the extent permitted by law.

Section 3. Common Stock

(A) Equal Status. Except as otherwise required by law or as expressly set forth in this Section 3 of Article IV, shares of Class A Common Stock, LT10 Common Stock and LT50 Common Stock shall have the same rights, privileges and powers, rank equally, share ratably and be identical in all respects as to all matters. The voting, dividend, liquidation and other rights, powers and preferences of the holders of Class A Common Stock, LT10 Common Stock and LT50 Common Stock are subject to, and qualified by, the rights, powers and preferences of holders of the Preferred Stock of any series as may be designated by the Board upon any issuance of the Preferred Stock of any series.

(B) Voting. Except as otherwise required by applicable law, at all meetings of stockholders and on all matters submitted to a vote of stockholders of the Corporation generally, each holder of Class A Common Stock, as such, shall have the right to one (1) vote per share of Class A Common Stock held of record by such holder, each holder of LT10 Common Stock, as such, shall have the right to ten (10) votes per share of LT10 Common Stock held of record by such holder, and each holder of LT50 Common Stock, as such, shall have the right to fifty (50) votes per share of LT50 Common Stock held of record by such holder. Except as otherwise required by applicable law or provided in this Certificate of Incorporation, the holders of shares of Class A Common Stock, LT10 Common Stock and LT50 Common Stock, as such, shall (i) at all times vote together as a single class on all matters (including the election of directors) submitted to a vote of the stockholders of the Corporation generally, (ii) be entitled to notice of any stockholders' meeting in accordance with the Amended and Restated Bylaws of the Corporation (as the same may be amended and/or restated from time to time, the "Bylaws"), and (iii) be entitled to vote upon such matters and in such manner as may be provided by applicable law; *provided, however*, that, except as otherwise required by applicable law, holders of Class A Common Stock, LT10 Common Stock and LT50 Common Stock, as such, shall not be entitled to vote on any amendment to this Certificate of Incorporation that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to this Certificate of Incorporation or applicable law. There shall be no cumulative voting.

(C) Dividend Rights. Subject to applicable law and the rights, if any, of the holders of any outstanding series of Preferred Stock or any class or series of stock having a preference over or the right to participate with the Class A Common Stock, LT10 Common Stock or LT50 Common Stock with respect to the payment of dividends in cash, property or shares of capital stock of the Corporation, dividends may be declared and paid on the shares of Class A Common Stock, LT10 Common Stock or LT50 Common Stock, out of any assets of the Corporation legally available therefore at such times and in such amounts as the Board in its discretion shall determine; *provided, however,* that in the event a dividend is paid in the form of shares of Class A Common Stock, LT10 Common Stock or LT50 Common Stock (or in rights to acquire, or securities convertible into or exchangeable for, such shares), then holders of Class A Common Stock shall be entitled to receive shares of Class A Common Stock (or rights to acquire, or securities convertible into or exchangeable for, such shares, as the case may be), holders of LT10 Common Stock shall be entitled to receive shares of LT10 Common Stock (or rights to acquire, or securities convertible into or exchangeable for, such shares, as the case may be), and holders of LT50 Common Stock shall be entitled to receive shares of LT50 Common Stock (or rights to acquire, or securities convertible into or exchangeable for, such shares, as the case may be), with holders of shares of Class A Common Stock, LT10 Common Stock and LT50 Common Stock receiving, on a per share basis, an identical number of shares of Class A Common Stock, LT10 Common Stock or LT50 Common Stock as the case may be (or rights to acquire, or securities convertible into or exchangeable for, such shares, as the case may be), as applicable. Notwithstanding the foregoing, the Board may declare and the Corporation may pay a disparate dividend per share of Class A Common Stock, LT10 Common Stock or LT50 Common Stock (whether the disparity shall be in the amount of such dividend payable per share, the form in which such dividend is payable (whether it shall be payable in cash, shares of capital stock of the Corporation, other securities of the Corporation, or any combination of the foregoing), the timing of the payment, or otherwise).

(D) Subdivisions, Combinations or Reclassifications. Shares of Class A Common Stock, LT10 Common Stock and LT50 Common Stock may not be subdivided, combined or reclassified unless the shares of the other classes are concurrently therewith proportionately subdivided, combined or reclassified in a manner that maintains the same proportionate equity ownership between the holders of the outstanding Class A Common Stock, LT10 Common Stock and LT50 Common Stock on the record date for such subdivision, combination or reclassification; *provided*, *however*, that shares of one such class may be subdivided, combined or reclassified in a different or disproportionate manner if such subdivision, combination or reclassification is approved by the affirmative vote of the holders of a majority of the outstanding shares of Class A Common Stock, LT10 Common Stock and LT50 Common Stock, each voting separately as a class.

(E) Liquidation, Dissolution or Winding Up. Subject to the preferential or other rights of any holders of Preferred Stock then outstanding, upon the dissolution, distribution of assets, liquidation or winding up of the Corporation, whether voluntary or involuntary, holders of Class A Common Stock, LT10 Common Stock and LT50 Common Stock will be entitled to receive ratably all assets of the Corporation available for distribution to its stockholders unless disparate or different treatment of the shares of each such class with respect to distributions upon any such liquidation, dissolution, distribution of assets or winding up is approved by the affirmative vote of the holders of a majority of the outstanding shares of Class A Common Stock, LT10 Common Stock and LT50 Common Stock, each voting separately as a class.

(F) Restrictions on Transfers of Shares of LT Common Stock.

(i) To the maximum extent permitted under applicable law, no holder of LT Common Stock shall Transfer any shares of LT Common Stock to any person or entity unless the requirements set forth in Section 3(H) of this Article IV have been satisfied. “Transfer” of a share of LT Common Stock means any sale, contract to sell, assignment, transfer, conveyance, hypothecation, pledge, sale of any option or contract to purchase, purchase of any option or contract to sell, grant of any option, right or warrant to purchase, hedging, swap or other agreement or transaction that transfers, in whole or in part, any of the economic consequences of ownership, (including, without limitation, any short sale or the purchase or sale of, or entry into, any put or call option, or combination thereof, forward, swap or any other derivative transaction or instrument, however described or defined), loan, or other transfer or disposition of such share or any legal or beneficial interest in such share, whether or not for value, whether direct or indirect, whether any such transaction is to be settled by delivery of such share of LT Common Stock, in cash or otherwise, and whether voluntary or involuntary or by operation of law, and shall include, without limitation, (a) a transfer of a share of LT Common Stock to a broker or other nominee (regardless of whether or not there is a corresponding change in beneficial ownership) or (b) the transfer of, or entering into a binding agreement with respect to, the exclusive power (whether directly or indirectly) to vote or direct the voting of such share of LT Common Stock, including by proxy, voting agreement or otherwise; *provided, however,* that a "Transfer" shall not include: (1) the grant of a proxy to officers or directors of the Corporation at the request of the Board in connection with actions to be taken at an annual or special meeting of stockholders; (2) any Transfer to or by the trust (the "Expensify Voting Trust") established under that certain Voting Trust Agreement, dated as of November 9, 2021, by and between the Company and the holders named therein (as it may be amended and/or restated from time to time in accordance with its terms, the "Voting Trust Agreement"); (3) a Transfer to a decedent's estate upon the death of a holder of LT Common Stock; (4) an Exchange as defined in and pursuant to Section 3(H)(iii) of this Article IV; or (5) the fact that the spouse of any holder of LT Common Stock possesses or obtains an interest in such holder's shares of LT Common Stock arising solely by reason of the application of the property transfer laws of any jurisdiction, so long as no other event or circumstance shall exist or have occurred that constitutes a Transfer of such shares of LT Common Stock.

(ii) Notwithstanding the foregoing, the Board shall be able to waive, upon the affirmative vote of a majority of the members of the Board, any or all of the requirements of Section 3(H) of this Article IV with respect to the Transfer of any shares of LT Common Stock.

(iii) Any Transfer of shares of LT Common Stock not made in accordance with this Section 3(F) and Section 3(H), or pursuant to Section 3(G), of this Article IV shall be void *ab initio*, and the Corporation shall not treat the transferee in such transaction as a holder of such shares for any purpose.

(G) Conversion of LT Common Stock.

(i) Optional Conversion by Holder of LT Common Stock. Each share of LT Common Stock shall be convertible into one (1) fully paid and nonassessable share of Class A Common Stock at the option of the holder thereof solely upon the satisfaction of and subject to the requirements set forth in Section 3(H) of this Article IV.

(ii) Automatic Conversion Upon Certain Transfers. Except in the case of a Non-Converting Transfer, each share of LT Common Stock shall automatically, without further action by the Corporation or the holder thereof, convert into one (1) fully paid and nonassessable share of Class A Common Stock upon the occurrence of a Transfer of such share of LT Common Stock, *provided that* such Transfer is made in compliance with the requirements outlined in Section 3(F) and Section 3(H) of this Article IV. For the avoidance of doubt, any Transfer of shares of LT Common Stock not made in accordance with such provisions shall be void and the Corporation shall not treat the transferee in such transaction as a holder of such shares for any purposes. A "Non-Converting Transfer" means a Transfer of shares of LT Common Stock (i) to be held in trust by the Trustees of the Expensify Voting Trust; (ii) in an Exchange as defined in and pursuant to Section 3(H)(iii) of this Article IV; (iii) to the estate of a decedent holder of LT Common Stock, upon such holder's death; or (iv) approved in advance by the affirmative vote of a majority of the members of the Board.

(iii) Automatic Conversion Upon Reduction in Outstanding Shares. Each outstanding share of LT Common Stock shall automatically, without further action by the Corporation or the holder thereof, convert into one (1) fully paid and nonassessable share of Class A Common Stock upon the first date on which the then-outstanding shares of LT Common Stock represent less than two percent (2%) of all then-outstanding shares of Common Stock.

(iv) Policies and Procedures. The Corporation may, from time to time, establish such policies and procedures, not in violation of applicable law or the other provisions of this Certificate of Incorporation, relating to the conversion of the LT Common Stock into Class A Common Stock and the general administration of this multi-class stock structure, including the issuance of stock certificates with respect thereto, as it may deem necessary or advisable, and may from time to time request that holders of shares of LT Common Stock furnish such certifications, affidavits or other proof to the Corporation as it deems necessary to verify the ownership of LT Common Stock and to confirm that a conversion to Class A Common Stock has not previously occurred. A determination by the Board that a Transfer has resulted or will result in a conversion of the LT Common Stock to Class A Common Stock shall be conclusive and binding on all persons to the fullest extent permitted by law.

(v) Status of Converted Stock. In the event any shares of LT Common Stock are converted into shares of Class A Common Stock pursuant to this Section 3, the shares of LT Common Stock so converted shall be retired and shall not be reissued by the Corporation.

(vi) Effect of Conversion on Payment of Dividends. Notwithstanding anything to the contrary in this Section 3(G), if the date on which any share of LT Common Stock is converted into Class A Common Stock pursuant to the provisions of this Section 3(G) occurs after the record date for the determination of holders of LT Common Stock entitled to receive any dividend to be paid on the shares of LT Common Stock, the holder of such shares of LT Common Stock as of such record date will be entitled to receive such dividend on such payment date; *provided*, that, notwithstanding any other provision of this Certificate of Incorporation, to the extent that any such dividend is payable in shares of LT Common Stock (or rights to acquire, or securities convertible into or exchangeable for, such shares, as the case may be), such dividend shall be deemed to have been declared, and shall be payable in, shares of Class A Common Stock (or rights to acquire, or securities convertible into or exchangeable for, such shares, as the case may be), and no shares of LT Common Stock shall be issued in payment thereof.

(ix) Shares Reserved for Issuance. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Class A Common Stock, solely for the purpose of effecting the conversion of the shares of LT Common Stock, such number of shares of Class A Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of LT Common Stock into shares of Class A Common Stock.

(H) LT Common Stock Transfer and Conversion Requirements.

(i) Notice Requirement. Before any shares of LT Common Stock shall be converted into shares of Class A Common Stock pursuant to Section 3(G)(i) of this Article IV or Transferred pursuant to Section 3(F) of this Article IV, the holder of such shares, or if such shares are held in the Expensify Voting Trust, the beneficial holder of such shares, shall provide written notice of such conversion or Transfer intent, delivered simultaneously to the Trustees (as defined in the Voting Trust Agreement) of the Expensify Voting Trust in the manner set forth in the Voting Trust Agreement and to the Corporation at its principal corporate office, and shall state therein the number of shares of LT10 Common Stock and/or LT50 Common Stock to be so converted or Transferred. From and after the time that a holder of LT Common Stock is no longer an employee of or other service provider to the Corporation or any of its subsidiaries, the Corporation shall have the right to submit a written notice of conversion on such holder's behalf, without the consent of such holder, delivered to the holder at the address of such holder set forth in the Company's books and records.

(ii) Notice Period. The "Notice Period" for each share of LT10 Common Stock shall be ten (10) months, and for each share of LT50 Common Stock shall be fifty (50) months, following the receipt of notice as set forth in Section 3(H)(i) of this Article IV.

(iii) Exchange. During the applicable Notice Period, the Trustees shall attempt to identify a holder of shares of Class A Common Stock who is an employee of or other service provider to the Corporation or a subsidiary and is interested in exchanging shares of Class A Common Stock (a "Class A Transferor") for the shares of LT Common Stock subject to the notice, on a one-for-one basis (an "Exchange"). If a Class A Transferor is identified, the Trustees shall provide written notice to the holder of shares of LT Common Stock seeking to convert or Transfer shares of LT Common Stock pursuant to this Section 3(H) (the "LT Holder"), the Class A Transferor and the Corporation, at its principal corporate office, stating the names of such LT Holder and Class A Transferor, the date on which the applicable notice period expires (the "Notice Expiration Date"), and any applicable instructions to facilitate the Exchange. Prior to the Notice Expiration Date, (x) the Class A Transferor shall be required to deliver to the Corporation a written instrument or instruments of transfer with respect to the shares of Class A Common Stock that are the subject of the Exchange, in form satisfactory to the Corporation, duly executed by such Class A Transferor, as well as, if applicable, a certificate or certificates representing such shares, *provided, however,* that if such shares of Class A Common Stock are held in the Expensify Voting Trust, such items shall be provided by the Trustees, (y) the LT Holder shall be required to deliver to the Trustees any written instrument or instruments requested by the Trustees, and (z) if the Class A Transferor is not a party to the Voting Trust Agreement, the Class A Transferor shall deliver to the Trustees an executed joinder agreement such that following the Exchange the Class A Transferor shall be a party to the Voting Trust Agreement and the shares of LT Common Stock subject to the Exchange shall remain in the Voting Trust. The Exchange shall be deemed effective immediately prior to the close of business on the first business day following the Notice Expiration Date; *provided, however,* that the Corporation may extend such effective date by up to five (5) days if necessary to effectuate the Exchange (such date, the "Effective Date"). The Corporation shall, as soon as practicable after the Effective Date, issue and deliver to such LT Holder a certificate or certificates representing the number of shares of Class A Common Stock to which such holder is entitled upon the Exchange (if such shares of

Class A Common Stock are certificated) or shall register such shares of Class A Common Stock in book-entry form (if such shares of Class A Common Stock are uncertificated), and the Trustees shall revise the Trust Register (as defined in the Voting Trust Agreement) accordingly, in each case effective as of the Effective Date.

(iv) Conversion of LT Common Stock if No Exchange. If the Trustees are unable to identify a Class A Transferor to participate in an Exchange prior to the Notice Expiration Date, they shall provide written notice to the Corporation no later than one business day prior to the Notice Expiration Date, and the Corporation shall, as soon as practicable following the Notice Expiration Date, effectuate the conversion of the shares of LT Common Stock subject to the notice into shares of Class A Common Stock on a one-for-one basis in accordance with this Section 3(H)(iv). In the event of such a conversion, as soon as practicable following the Notice Expiration Date, the holder of record of LT Common Stock shall surrender the certificate or certificates therefor (if any), duly endorsed, at the principal corporate office of the Corporation and shall provide written notice (the "Conversion Notice") to the Corporation at its principal corporate office stating therein the name or names (i) in which the certificate or certificates representing the shares of Class A Common Stock into which the shares of LT Common Stock being converted are to be issued (if such shares of Class A Common Stock are certificated), or (ii) in which such shares of Class A Common Stock are to be registered in book-entry form (if such shares of Class A Common Stock are uncertificated). If the shares of Class A Common Stock into which shares of LT Common Stock are to be converted are to be issued in a name or names other than the name of the beneficial holder of the shares of LT Common Stock being converted, such notice shall be accompanied by a written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the holder. The Corporation shall, as soon as practicable thereafter, issue and deliver to such holder, or to the nominee or nominees of such holder, a certificate or certificates representing the number of shares of Class A Common Stock to which such holder shall be entitled upon conversion (if such shares of Class A Common Stock are certificated) or shall register such shares of Class A Common Stock in book-entry form (if such shares of Class A Common Stock are uncertificated). Any such conversion shall be deemed effective immediately prior to the close of business on the date of such surrender of the shares of LT Common Stock to be converted(the "Conversion Effective Time"), which may occur following or contemporaneously with the provision of the Conversion Notice. The shares of Class A Common Stock issuable upon such conversion shall be deemed outstanding as of the Conversion Effective Time, and the person or persons entitled to receive the shares of Class A Common Stock issuable upon such conversion shall be deemed to be the record holder or holders of such shares of Class A Common Stock as of the Conversion Effective Time.

ARTICLE V

AMENDMENT OF THE CERTIFICATE OF INCORPORATION

The Corporation reserves the right to amend, alter, change, adopt or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation; *provided, however,* that notwithstanding any other provision of this Certificate of Incorporation or any provision of law that might otherwise permit a lesser vote or no vote, but in addition to any vote of the holders of shares of any class or series of capital stock of the Corporation required by law or by this Certificate of Incorporation:

(A) so long as any shares of LT10 Common Stock remain outstanding, the Corporation shall not, without the prior affirmative vote of the holders of a majority of the outstanding shares of LT10 Common Stock, voting as a separate class, in addition to any other vote required by applicable law or this Certificate of Incorporation, directly or indirectly, whether by amendment, or through merger, recapitalization, consolidation or otherwise, amend, alter, change, repeal or adopt any provision of this Certificate of Incorporation (1) that alters or changes, any of the voting, conversion, dividend or liquidation provisions of the shares of LT10 Common Stock or other rights, powers, preferences or privileges of the shares of LT10 Common Stock; (2) to provide for each share of LT50 Common Stock to have more than fifty (50) votes per share or for each share of Class A Common Stock to have more than one (1) vote per share or any rights to a separate class vote of the holders of the LT50 Common Stock or the shares of Class A Common Stock other than as provided by this Certificate of Incorporation or required by the DGCL; or (3) to otherwise adversely impact the rights, powers, preferences or privileges of the shares of LT10 Common Stock in a manner that is disparate from the manner in which it affects the rights, powers, preferences or privileges of the shares of LT50 Common Stock or the shares of Class A Common Stock;

(B) so long as any shares of LT50 Common Stock remain outstanding, the Corporation shall not, without the prior affirmative vote of the holders of a majority of the outstanding shares of LT50 Common Stock, voting as a separate class, in addition to any other vote required by applicable law or this Certificate of Incorporation, directly or indirectly, whether by amendment, or through merger, recapitalization, consolidation or otherwise, amend, alter, change, repeal or adopt any provision of this Certificate of Incorporation (1) that alters or changes, any of the voting, conversion, dividend or liquidation provisions of the shares of LT50 Common Stock or other rights, powers, preferences or privileges of the shares of LT50 Common Stock; (2) to provide for each share of LT10 Common Stock to have more than ten (10) votes per share or for each share of Class A Common Stock to have more than one (1) vote per share or any rights to a separate class vote of the holders of the LT10 Common Stock or the shares of Class A Common Stock other than as provided by this Certificate of Incorporation or required by the DGCL; or (3) to otherwise adversely impact the rights, powers, preferences or privileges of the shares of LT50 Common Stock in a manner that is disparate from the manner in which it affects the rights, powers, preferences or privileges of the shares of LT10 Common Stock or the shares of Class A Common Stock; and

(C) so long as any shares of Class A Common Stock remain outstanding, the Corporation shall not, without the prior affirmative vote of the holders of a majority of the outstanding shares of Class A Common Stock, voting as a separate class, in addition to any other vote required by applicable law or this Certificate of Incorporation, directly or indirectly, whether by amendment, or through merger, recapitalization, consolidation or otherwise, amend, alter, change, repeal or adopt any provision of this Certificate of Incorporation to provide for each share of LT10 Common Stock to have more than ten (10) votes per share or for each share of LT50 Common Stock to have more than fifty (50) votes per share or for any rights to a separate class vote of the holders of shares of LT10 Common Stock or LT50 Common Stock, or of LT10 Common Stock and LT50 Common Stock voting together as a single class, other than as provided by this Certificate of Incorporation or required by the DGCL.

ARTICLE VI

AMENDMENT OF BYLAWS

In furtherance and not in limitation of the powers conferred by the DGCL, the Board shall have the power to adopt, amend, alter or repeal the Bylaws. The stockholders shall also have the power to adopt, amend, alter or repeal the Bylaws; provided, however, that in addition to any vote of the holders of any class or series of stock of the Corporation required by law or by this Certificate of Incorporation, such action by stockholders shall require the affirmative vote of the holders of at least a majority of the voting power of all of the then-outstanding shares of capital stock of the corporation entitled to vote generally in the election of directors, voting together as a single class.

ARTICLE VII

BOARD OF DIRECTORS

Section 1. Number of Directors.

(A) The business and affairs of the Corporation shall be managed by or under the direction of the Board, except as otherwise provided by law.

(B) Subject to the rights of holders of any series of Preferred Stock to elect directors, the number of the directors of the Corporation shall be fixed from time to time by resolution of the Board, but shall initially be eight (8) members. Unless and except to the extent that the Bylaws shall so require, the election of directors of the Corporation need not be by written ballot.

Section 2. Terms of Office.

Subject to the rights of holders of any series of Preferred Stock to elect directors, each director shall serve for a term ending on the date of the next annual meeting of stockholders following the annual meeting of stockholders at which such director was elected; *provided, further,* that the term of each director shall continue until the election and qualification of his or her successor and be subject to his or her earlier death, disqualification, resignation or removal.

Section 3. Vacancies

Subject to the rights of holders of any series of Preferred Stock, any newly created directorship that results from an increase in the number of directors or any vacancies on the Board that result from the death, resignation, disqualification or removal from office or from any other cause shall be filled solely by the affirmative vote of a majority of the members of the Board then in office, even if less than a quorum of the Board, or by a sole remaining director, and shall not be filled by the stockholders. Any director so chosen shall hold office until his or her successor shall be duly elected and qualified or until his or her earlier death, disqualification, resignation or removal.

Section 4. Removal

Subject to the rights of the holders of any series of Preferred Stock, any director may be removed from office at any time, with or without cause, by the affirmative vote of stockholders holding at least a majority in voting power of the shares of capital stock of the Corporation then entitled to vote generally in the election of directors, voting together as a single class.

Section 5. Committees

For as long as the Expensify Voting Trust holds securities representing at least 50% of the voting power of outstanding capital stock of the Corporation, there shall be an Executive Committee of the Board, consisting of five (5) directors of the Corporation, which shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers that may require it; *provided* that such committee shall not have power or authority in reference to the following matters: (i) matters that must be approved by an Audit Committee of the Board, (ii) matters that must be approved by a committee qualified to grant equity to persons subject to Section 16 of the Securities and Exchange Act of 1934, as amended, for purposes of exempting transactions pursuant to Section 16b-3 thereunder, (iii) matters required under the DGCL to be approved by the full Board, or (iv) as otherwise required by SEC rules and the Stock Exchange Rules. The Executive Committee may not delegate any or all of its powers and authority to a subcommittee.

Section 6. Stockholder Nominations and Introduction of Business.

Advance notice of stockholder nominations for election of directors and other business to be brought by stockholders before a meeting of stockholders shall be given in the manner provided by the Bylaws.

Section 7. Preferred Stock Directors.

During any period when the holders of any series of Preferred Stock have the right to elect additional directors as provided for or fixed pursuant to the provisions of Article IV hereof or any certificate of designation of any series of Preferred Stock, then upon commencement and for the duration of the period during which such right continues: (i) the then otherwise total number of authorized directors of the Corporation shall automatically be increased by such specified number of directors, and the holders of such Preferred Stock shall be entitled to elect the additional directors so provided for or fixed pursuant to said provisions, and (ii) each such additional director shall serve until such director’s successor shall have been duly elected and qualified, or until such director’s right to hold such office terminates pursuant to said provisions, whichever occurs earlier, subject to his earlier death, disqualification, resignation or removal. Except as otherwise provided for or fixed pursuant to the provisions of Article IV hereof or any certificate of designation of any series of Preferred Stock, whenever the holders of any series of Preferred Stock having such right to elect additional directors are divested of such right pursuant to the provisions of such stock, all such additional directors elected by the holders of such stock, or elected or appointed to fill any vacancies resulting from the death, resignation, disqualification or removal of such additional directors shall automatically cease to be qualified as directors, the terms of office of all such directors shall forthwith terminate and the total authorized number of directors of the Corporation shall be reduced accordingly.

ARTICLE VIII

LIMITATION OF DIRECTOR LIABILITY

To the fullest extent permitted by the DGCL as the same exists or as may hereafter be amended, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director; *provided*, *however*, that nothing contained in this Article VIII shall eliminate or limit the liability of a director (i) for any breach of the director’s duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) pursuant to the provisions of Section 174 of the DGCL, or (iv) for any transaction from which the director derived an improper personal benefit. If the DGCL is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the DGCL, as so amended. No amendment, repeal or modification of this Article VIII shall apply to or have any adverse effect on any right or protection of, or any limitation of the liability of, a director of the Corporation existing at the time of such amendment, repeal or modification with respect to acts or omissions occurring prior to such repeal or modification.

ARTICLE IX

INDEMNIFICATION

The Corporation shall have the power to provide rights to indemnification and advancement of expenses to its current and former officers, directors, employees and agents and to any person who is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise.

ARTICLE X

CONSENT OF STOCKHOLDERS IN LIEU OF MEETING

Subject to the terms of any series of Preferred Stock, (i) prior to the date on which the Expensify Voting Trust ceases to hold securities representing at least a majority of the voting power of outstanding capital stock of the Corporation, any action required or permitted to be taken by the stockholders of the Corporation may be effected by consent in lieu of a meeting and (ii) following such date, any action required or permitted to be taken by the stockholders of the Corporation must be effected at an annual or special meeting of the stockholders and may not be effected by consent in lieu of a meeting.

ARTICLE XI

SPECIAL MEETING OF STOCKHOLDERS

Subject to the terms of any series of Preferred Stock, special meetings of stockholders for any purpose or purposes may be called at any time by or at the direction of (i) the Board, (ii) the Chairman of the Board, (iii) the Chief Executive Officer of the Corporation or (iv) prior to the date on which the Expensify Voting Trust ceases to hold securities representing at least a majority of the voting power of outstanding capital stock of the Corporation, the holders of a majority of the total voting power of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors. Business transacted at any special meeting of stockholders shall be limited to matters relating to the purpose or purposes stated in the notice of meeting.

ARTICLE XII

FORUM SELECTION

Unless the Corporation consents in writing to the selection of an alternative forum, (a) the Court of Chancery (the "Chancery Court") of the State of Delaware (or, in the event that the Chancery Court does not have jurisdiction, the federal district court for the District of Delaware or other state courts of the State of Delaware) shall, to the fullest extent permitted by law, be the sole and exclusive forum for (i) any derivative action, suit or proceeding brought on behalf of the Corporation, (ii) any action, suit or proceeding asserting a claim of breach of a fiduciary duty owed by any current or former director, officer, other employee or stockholder of the Corporation to the Corporation or to the Corporation's stockholders, (iii) any action, suit or proceeding arising pursuant to any provision of the DGCL or the bylaws of the Corporation or this Restated Certificate (as either may be amended or restated from time to time) or as to which the DGCL confers jurisdiction on the Chancery Court or (iv) any action, suit or proceeding asserting a claim against the Corporation governed by the internal affairs doctrine of the law of the State of Delaware; and (b) subject to the preceding provisions of this Article X, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause or causes of action arising under the Securities Act of 1933, as amended. If any action the subject matter of which is within the scope of clause (a) of the immediately preceding sentence is filed in a court other than the courts in the State of Delaware (a "Foreign Action") in the name of any stockholder, such stockholder shall be deemed to have consented to (x) the personal jurisdiction of the state and federal courts in the State of Delaware in connection with any action brought in any such court to enforce the provisions of clause (a) of the immediately preceding sentence and (y) having service of process made upon such stockholder in any such action by service upon such stockholder's counsel in the Foreign Action as agent for such stockholder.

Any person or entity purchasing or otherwise acquiring or holding any interest in any security of the Corporation shall be deemed to have notice of and consented to this Article X. Notwithstanding the foregoing, the provisions of this Article X shall not apply to suits brought to enforce any liability or duty created by the Securities Exchange Act of 1934, as amended, or any other claim for which the federal courts of the United States have exclusive jurisdiction.

If any provision or provisions of this Article X shall be held to be invalid, illegal or unenforceable as applied to any circumstance for any reason whatsoever, (a) the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Article X (including, without limitation, each portion of any paragraph of this Article X containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and (b) the application of such provision to other persons or entities and circumstances shall not in any way be affected or impaired thereby.

* * *

IN WITNESS WHEREOF, this Amended and Restated Certificate of Incorporation has been executed this 15th day of November, 2021.

EXPENSIFY, INC.

By: /s/ David Barrett

Name: David Barrett

Title: Chief Executive Officer

CERTIFICATE OF RETIREMENT
OF
670 SHARES OF LT10 COMMON STOCK
OF
EXPENSIFY, INC.

Pursuant to Section 243(b)
of the General Corporation Law
of the State of Delaware

Expensify, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware (the "DGCL") (hereinafter the "Corporation"), hereby certifies as follows:

1. 670 outstanding shares of LT10 Common Stock, par value $0.0001 per share ("LT10 Common Stock"), of the Corporation have been converted into 670 shares of Class A Common Stock, par value $0.0001 per share ("Class A Common Stock"), of the Corporation.
2. The Amended and Restated Certificate of Incorporation of the Corporation filed with the Secretary of State of the State of Delaware on November 15, 2021 provides that any shares of LT10 Common Stock which are converted into shares of Class A Common Stock shall be retired and may not be reissued by the Corporation.
3. The Board of Directors of the Corporation has adopted resolutions retiring the 670 shares of LT10 Common Stock that converted into 670 shares of Class A Common Stock.
4. Accordingly, pursuant to the provisions of Section 243(b) of the DGCL, upon the filing of this Certificate of Retirement the Amended and Restated Certificate of Incorporation of the Corporation shall be amended so as to reduce the total authorized number of shares of the capital stock of the Corporation by 670 shares, such that the total number of authorized shares of the Corporation shall be 1,059,999,330, such shares consisting of 1,000,000,000 shares designated Class A Common Stock, 24,999,330 shares designated LT10 Common Stock, 25,000,000 shares designated LT50 common stock, par value $0.0001 per share, of the Corporation, and 10,000,000 shares designated preferred stock, par value $0.0001 per share, of the Corporation.

Signature page follows.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Retirement to be signed by its duly authorized officer, this 26th day of April, 2022.

Expensify, Inc.

By: /s/ Cole Eason
Cole Eason
Secretary

Exhibit 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 AMENDED, AS ADOPTED
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, David Barrett, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Expensify, 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 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)) 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. [Omitted];
    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 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.

/s/ David Barrett
David Barrett
Chief Executive Officer
(Principal Executive Officer)

Date: May 16, 2022

Exhibit 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 AMENDED, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Ryan Schaffer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Expensify, 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 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)) 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. [Omitted];
   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 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.

/s/ Ryan Schaffer
Ryan Schaffer
Chief Financial Officer
(Principal Financial Officer)

Date: May 16, 2022

Exhibit 32.1

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

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Expensify, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

(i) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

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

/s/ David Barrett
David Barrett
Chief Executive Officer
(Principal Executive Officer)

Date: May 16, 2022

Exhibit 32.2

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

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Expensify, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

(i) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

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

/s/ Ryan Schaffer
Ryan Schaffer
Chief Financial Officer
(Principal Financial Officer)

Date: May 16, 2022