

REFINITIV




# DELTA REPORT

## 10-Q

EXFY - EXPENSIFY, INC.

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1097
 CHANGES	230
 DELETIONS	393
 ADDITIONS	474

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549  
**FORM 10-Q**

(Mark One)

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

For the quarterly period ended **September 30, 2023** **March 31, 2024**

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 001-41043

**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**

**97204**

**Portland, Oregon**

(Address of Principal Executive Offices)

(Zip Code)

**(971) 365-3939**

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 ☒ No ☐

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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	<input checked="" type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o No x

The registrant had outstanding 69,194,671 71,764,817 shares of Class A common stock, par value of \$0.0001 per share, 7,333,619 7,333,335 shares of LT10 common stock, par value \$0.0001 per share, and 7,207,428 7,395,695 shares of LT50 common stock, par value \$0.0001 per share, as of November 3, 2023 May 6, 2024.

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Table of Contents

[Special Note Regarding Forward-Looking Statements](#)
[Part I - Financial Information](#)

Item 1.	<a href="#">Condensed Consolidated Financial Statements</a>	<a href="#">1</a>
	<a href="#">Condensed Consolidated Balance Sheets</a>	<a href="#">2</a>
	<a href="#">Condensed Consolidated Statements of Operations</a>	<a href="#">3</a>
	<a href="#">Condensed Consolidated Statements of Changes in Stockholders' Equity</a>	<a href="#">4</a>
	<a href="#">Condensed Consolidated Statements of Cash Flows</a>	<a href="#">8</a> <a href="#">6</a>
	<a href="#">Notes to Condensed Consolidated Financial Statements</a>	<a href="#">9</a> <a href="#">7</a>
Item 2.	<a href="#">Management's Discussion and Analysis of Financial Condition and Results of Operations</a>	<a href="#">24</a> <a href="#">23</a>
Item 3.	<a href="#">Quantitative and Qualitative Disclosures About Market Risk</a>	<a href="#">38</a> <a href="#">36</a>
Item 4.	<a href="#">Controls and Procedures</a>	<a href="#">38</a> <a href="#">36</a>

[Part II - Other Information](#)

Item 1.	<a href="#">Legal Proceedings</a>	<a href="#">39</a> <a href="#">37</a>
Item 1A.	<a href="#">Risk Factors</a>	<a href="#">39</a> <a href="#">37</a>
Item 2.	<a href="#">Unregistered Sales of Equity Securities</a> , <a href="#">and Use of Proceeds</a> , <a href="#">and Issuer Purchases of Equity Securities</a>	<a href="#">39</a> <a href="#">38</a>
Item 3.	<a href="#">Defaults Upon Senior Securities</a>	<a href="#">40</a> <a href="#">38</a>
Item 4.	<a href="#">Mine Safety Disclosures</a>	<a href="#">40</a> <a href="#">38</a>
Item 5.	<a href="#">Other Information</a>	<a href="#">40</a> <a href="#">38</a>
Item 6.	<a href="#">Exhibits</a>	<a href="#">41</a> <a href="#">39</a>
	<a href="#">Signatures</a>	

## 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, [strategies](#), [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 impact of inflation on us and our members;](#)
- [our borrowing costs have and may continue to increase as a result of increases in interest rates;](#)

- our expectations regarding our financial performance and future operating performance;
- our ability to attract and retain members, expand usage of our platform, sell subscriptions to our platform and convert individuals and organizations into paying customers;
- the timing and success of new features, integrations, capabilities and enhancements by us, or by competitors to their products, or any other changes in the competitive landscape of our market;
- the amount and timing of operating expenses and capital expenditures that we may incur to maintain and expand our business and operations to remain competitive;
- the sufficiency of our cash, cash equivalents and investments to meet our liquidity needs;
- our ability to make required payments under and to comply with the various requirements of our current and future indebtedness;
- our cash flows, the prevailing stock prices, general economic and market conditions and other considerations that could affect the specific timing, price and size of repurchases under our stock repurchase program or our ability to fund any stock repurchases;
- geopolitical tensions, including the war in Ukraine and the **escalating** conflict in Israel, Gaza and surrounding areas;
- **the impact of inflation on us and our members;**
- **our borrowing costs have and may continue to increase as a result of increases in interest rates**
- 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;

ii

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- the safety, affordability and convenience of our platform and our offerings;

ii

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- our ability to successfully defend litigation brought against us;
- our ability to successfully identify, manage and integrate any existing and potential acquisitions of businesses, talent, technologies or intellectual property;

- general economic conditions in either domestic or international markets, including geopolitical uncertainty and instability;
- our **protections ability to protect** against security **breaches, incidents**, technical difficulties, or interruptions to our platform;
- our ability to maintain, protect and enhance our intellectual property; and
- the other risks and uncertainties identified under Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**.

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, 2022** **December 31, 2023**, 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. **If we update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.** 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. and its consolidated subsidiaries. Capitalized terms used and not defined above are defined elsewhere within this Quarterly Report on Form 10-Q.

iii

## Part I - Financial Information

### Item 1. Condensed Consolidated Financial Statements

		As of September 30, 2023	As of December 31, 2022
	As of March 31,		
	2024		
		As of March 31,	As of December 31,
		2024	2023
Assets	Assets		
Cash and cash equivalents	Cash and cash equivalents		
Cash and cash equivalents	Cash and cash equivalents		
Cash and cash	Cash and cash	\$ 89,118	\$ 103,787
equivalents	equivalents		
Accounts	Accounts		
receivable, net	receivable, net	14,508	16,448
Settlement assets,	Settlement assets,		
net	net	42,930	35,838
Prepaid expenses	Prepaid expenses	5,153	8,825
Other current	Other current		
assets	assets	27,934	22,217
Total current	Total current		
assets	assets	179,643	187,115
Capitalized	Capitalized		
software, net	software, net	10,247	6,881
Property and	Property and		
equipment, net	equipment, net	14,598	14,492
Lease right-of-use	Lease right-of-use		
assets	assets	6,607	745
Deferred tax	Deferred tax		
assets, net	assets, net	430	344
Other assets	Other assets	789	664
Total assets	Total assets	\$ 212,314	\$ 210,241
Liabilities and stockholders' equity	Liabilities and stockholders' equity		
Accounts payable	Accounts payable	\$ 1,292	\$ 1,059
Accounts payable	Accounts payable		
Accounts payable	Accounts payable		

Accrued expenses and other liabilities	Accrued expenses and other liabilities	12,654	9,070
Borrowings under line of credit	Borrowings under line of credit	15,000	15,000
Current portion of long-term debt, net of original issue discount and debt issuance costs	Current portion of long-term debt, net of original issue discount and debt issuance costs	8,099	551
Lease liabilities, current	Lease liabilities, current	387	800
Settlement liabilities	Settlement liabilities	36,333	33,882
<b>Total current liabilities</b>	<b>Total current liabilities</b>	<b>73,765</b>	<b>60,362</b>
Lease liabilities, non-current	Lease liabilities, non-current	6,506	—
Other liabilities	Other liabilities	1,408	1,204
Long-term debt, net of original issue discount and debt issuance costs	Long-term debt, net of original issue discount and debt issuance costs	35,579	51,434
<b>Total liabilities</b>	<b>Total liabilities</b>	<b>117,258</b>	<b>113,000</b>
Commitments and contingencies (Note 4)	Commitments and contingencies (Note 4)		
Stockholders' equity:	Stockholders' equity:		
Preferred stock, par value \$0.0001; 10,000,000 shares of preferred stock authorized as of September 30, 2023 and December 31, 2022; no shares of preferred stock issued and outstanding as of September 30, 2023 and December 31, 2022	Preferred stock, par value \$0.0001; 10,000,000 shares of preferred stock authorized as of September 30, 2023 and December 31, 2022; no shares of preferred stock issued and outstanding as of September 30, 2023 and December 31, 2022	—	—
Common stock, par value \$0.0001; 1,000,000,000 shares of Class A common stock authorized as of September 30, 2023 and December 31, 2022; 69,158,181 and 68,238,245 shares of Class A common stock issued and outstanding as of September 30, 2023 and December 31, 2022, respectively; 24,994,989 and 24,997,561 shares of LT10 common stock authorized as of September 30, 2023 and December 31, 2022, respectively; 7,333,619 and 7,336,191 shares of LT10 common stock issued and outstanding as of September 30, 2023 and December 31, 2022, respectively; 24,998,941 and 24,999,020 shares of LT50 common stock authorized as of September 30, 2023 and December 31, 2022, respectively; 7,207,428 and 6,854,931 shares of LT50 common stock issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	Common stock, par value \$0.0001; 1,000,000,000 shares of Class A common stock authorized as of September 30, 2023 and December 31, 2022; 69,158,181 and 68,238,245 shares of Class A common stock issued and outstanding as of September 30, 2023 and December 31, 2022, respectively; 24,994,989 and 24,997,561 shares of LT10 common stock authorized as of September 30, 2023 and December 31, 2022, respectively; 7,333,619 and 7,336,191 shares of LT10 common stock issued and outstanding as of September 30, 2023 and December 31, 2022, respectively; 24,998,941 and 24,999,020 shares of LT50 common stock authorized as of September 30, 2023 and December 31, 2022, respectively; 7,207,428 and 6,854,931 shares of LT50 common stock issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	7	7

Commitments and contingencies (Note 4)



Preferred stock, par value \$0.0001;  
10,000,000 shares of preferred stock  
authorized as of March 31, 2024 and  
December 31, 2023; no shares of  
preferred stock issued and  
outstanding as of March 31, 2024 and  
December 31, 2023

Preferred stock, par value \$0.0001;  
10,000,000 shares of preferred stock  
authorized as of March 31, 2024 and  
December 31, 2023; no shares of  
preferred stock issued and  
outstanding as of March 31, 2024 and  
December 31, 2023

Preferred stock, par value \$0.0001;  
10,000,000 shares of preferred stock  
authorized as of March 31, 2024 and  
December 31, 2023; no shares of  
preferred stock issued and  
outstanding as of March 31, 2024 and  
December 31, 2023

Common stock, par value \$0.0001; 1,000,000,000 shares of Class A common stock authorized as of March 31, 2024 and December 31, 2023; 71,755,477 and 70,569,815 shares of Class A common stock issued and outstanding as of March 31, 2024 and December 31, 2023, respectively; 24,994,705 and 24,994,989 shares of LT10 common stock authorized as of March 31, 2024 and December 31, 2023, respectively; 7,333,335 and 7,333,619 shares of LT10 common stock issued and outstanding as of March 31, 2024 and December 31, 2023, respectively; 24,969,634 and 24,998,941 shares of LT50 common stock authorized as of March 31, 2024 and December 31, 2023, respectively; 7,395,695 and 7,321,894 shares of LT50 common stock issued and outstanding as of March 31, 2024 and December 31, 2023, respectively

Additional paid-in capital	Additional paid-in capital	228,618	194,807
Accumulated deficit	Accumulated deficit	(133,569)	(97,573)
Total stockholders' equity	Total stockholders' equity	95,056	97,241
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	\$ 212,314	\$ 210,241

See accompanying notes to Condensed Consolidated Financial Statements.

2

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

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
Three Months Ended March 31,		Three Months Ended March 31,			
2024		2024			
		2023			
Revenue	Revenue	\$ 36,494	\$ 42,493	\$ 115,479	\$ 126,026
Cost of revenue, net	Cost of revenue, net	17,680	16,554	50,380	46,564
Gross margin	Gross margin	18,814	25,939	65,099	79,462
Operating expenses:	Operating expenses:				
	Research and development				
	Research and development				
Research and development	Research and development	6,607	3,416	17,119	10,701
General and administrative	General and administrative	14,245	15,898	38,386	45,335
Sales and marketing	Sales and marketing	12,860	12,342	36,757	37,958
Total operating expenses	Total operating expenses	33,712	31,656	92,262	93,994
Loss from operations	Loss from operations	(14,898)	(5,717)	(27,163)	(14,532)
Interest and other expenses, net	Interest and other expenses, net	(2,375)	(2,369)	(5,158)	(5,226)
Loss before income taxes	Loss before income taxes	(17,273)	(8,086)	(32,321)	(19,758)
Benefit from (provision for) income taxes		270	(156)	(1,931)	(3,854)
Provision for income taxes					

Net loss	Net loss	\$ (17,003)	\$ (8,242)	\$ (34,252)	\$ (23,612)
Net loss per share:	Net loss per share:				
Basic and diluted	Basic and diluted	\$ (0.21)	\$ (0.10)	\$ (0.42)	\$ (0.29)
Basic and diluted					
Basic and diluted					
Weighted average shares of common stock used to compute net loss per share:	Weighted average shares of common stock used to compute net loss per share:				
Basic and diluted	Basic and diluted	82,469,190	80,941,664	82,085,508	80,523,557
Basic and diluted					
Basic and diluted					

See accompanying notes to Condensed Consolidated Financial Statements.

Expensify, Inc.

Condensed Consolidated Statements of Changes in Stockholders' Equity

(unaudited, in thousands, except share data)

	Preferred stock		Common stock		Additional paid-in capital		Accumulated deficit		Total stockholders' equity
	Shares	Amount	Shares	Amount					
Three months ended September 30, 2023									
Balance at June 30, 2023	—	\$ —	82,776,491	\$ 7	\$ 216,422		\$ (116,566)		\$ 99,863
<div> <div> <div>Preferred stock</div> <div>Shares</div> </div> <div> <div>Preferred stock</div> <div>Shares</div> </div> </div>									
Three months ended March 31, 2024									

Preferred stock	Common stock	Additional paid-in capital	Accumulated deficit	Total stockholders' equity
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Three months ended March 31, 2024									
Three months ended March 31, 2024									
Balance at December 31, 2023									
Balance at December 31, 2023									
Balance at December 31, 2023									
Issuance of common stock on exercise of stock options	Issuance of common stock on exercise of stock options	—	—	97,033	—	91	—	91	
Vesting of early exercised stock options	Vesting of early exercised stock options	—	—	—	—	182	—	182	
Issuance of restricted stock units	Issuance of restricted stock units	—	—	4,221	—	30	—	30	
Repurchases of early exercised stock options	Repurchases of early exercised stock options	—	—	(1,328)	—	(8)	—	(8)	
Issuance of common stock under Matching Plan	Issuance of common stock under Matching Plan	—	—	648,729	—	1,056	—	1,056	
Issuance of common stock in connection with restricted stock units vesting	Issuance of common stock in connection with restricted stock units vesting	—	—	231,018	—	—	—	—	
Shares withheld from common stock issued to pay employee payroll taxes		—	—	(56,936)	—	(242)	—	(242)	
Stock-based compensation	Stock-based compensation	—	—	—	—	11,087	—	11,087	
Net loss	Net loss	—	—	—	—	—	(17,003)	(17,003)	
Balance at September 30, 2023	— \$ —	83,699,228	\$ 7	\$228,618	\$ (133,569)	\$ 95,056			
Balance at March 31, 2024									

See accompanying notes to Condensed Consolidated Financial Statements.

4

**Expensify, Inc.**  
**Condensed Consolidated Statements of Changes in Stockholders' Equity**  
(unaudited, in thousands, except share data)

		Preferred stock		Common stock		Additional paid-in capital		Accumulated deficit		Total stockholders' equity	
		Shares	Amount	Shares	Amount	capital	deficit	equity			
Three months ended September 30, 2022											
Balance at June 30, 2022		—	\$ —	81,773,016	\$ 6	\$ 173,961	\$ (81,276)	\$ 92,691			
		Preferred stock		Common stock		Additional paid-in capital		Accumulated deficit		Total stockholders' equity	
		Shares									
Three months ended March 31, 2023											
Three months ended March 31, 2023											
Three months ended March 31, 2023											
Balance at December 31, 2022											
Balance at December 31, 2022											
Balance at December 31, 2022											
Issuance of common stock upon exercise of stock options	Issuance of common stock upon exercise of stock options	—	—	99,664	—	181	—	181			
Vesting of early exercised stock options	Vesting of early exercised stock options	—	—	—	—	247	—	247			
Issuance of restricted stock units	Issuance of restricted stock units	—	—	3,939	—	30	—	30			

Repurchases of early exercised stock options	Repurchases of early exercised stock options	—	—	(3,859)	—	(5)	—	(5)	
Issuance of common stock under Matching Plan	Issuance of common stock under Matching Plan	—	—	80,424	—	1,235	—	1,235	
Issuance of common stock in connection with restricted stock units vesting	Issuance of common stock in connection with restricted stock units vesting	—	—	1,020,109	1	—	—	1	
Shares withheld from common stock issued to pay employee payroll taxes	Shares withheld from common stock issued to pay employee payroll taxes	—	—	(329,024)	—	(4,162)	—	(4,162)	
Stock-based compensation	Stock-based compensation	—	—	—	—	13,839	—	13,839	
Net loss	Net loss	—	—	—	—	—	(8,242)	(8,242)	
Balance at September 30, 2022				—	\$	—			
				82,644,269	\$	7	\$185,326	\$ (89,518)	\$ 95,815
Balance at March 31, 2023									

See accompanying notes to Condensed Consolidated Financial Statements.

### Expensify, Inc.

### Condensed Consolidated Statements of Changes in Stockholders' Equity (unaudited, in thousands, except share data)

	Preferred stock		Common stock		Additional paid-in capital	Accumulated deficit	Total stockholders' equity
	Shares	Amount	Shares	Amount			
Nine months ended September 30, 2023							
Balance at December 31, 2022	—	\$ —	82,429,367	\$ 7	\$ 194,807	\$ (97,573)	\$ 97,241
Issuance of common stock on exercise of stock options	—	—	199,898	—	216	—	216
Vesting of early exercised stock options	—	—	—	—	584	—	584
Issuance of restricted stock units	—	—	9,529	—	91	—	91
Repurchases of early exercised stock options	—	—	(2,651)	—	(21)	—	(21)
Issuance of common stock under Matching Plan	—	—	1,090,571	—	3,132	—	3,132
Issuance of common stock in connection with restricted stock units vesting	—	—	738,171	—	—	—	—
Shares withheld from common stock issued to pay employee payroll taxes	—	—	(261,164)	—	(1,766)	—	(1,766)
Repurchase and retirement of common stock	—	—	(504,493)	—	(1,256)	(1,744)	(3,000)
Stock-based compensation	—	—	—	—	32,831	—	32,831
Net loss	—	—	—	—	—	(34,252)	(34,252)
Balance at September 30, 2023	—	\$ —	83,699,228	\$ 7	\$ 228,618	\$ (133,569)	\$ 95,056

See accompanying notes to Condensed Consolidated Financial Statements.

6

### Expensify, Inc.

#### Condensed Consolidated Statements of Changes in Stockholders' Equity (unaudited, in thousands, except share data)

	Preferred stock		Common stock		Additional paid-in capital	Accumulated deficit	Total stockholders' equity
	Shares	Amount	Shares	Amount			
Nine months ended September 30, 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	—	—	406,739	—	615	—	615
Vesting of early exercised stock options	—	—	—	—	998	—	998





Depreciation and amortization			
Depreciation and amortization	Depreciation and amortization	3,871	4,072
Reduction of operating lease right-of-use assets	Reduction of operating lease right-of-use assets	476	531
Loss on impairment, receivables and sale or disposal of equipment	Loss on impairment, receivables and sale or disposal of equipment	585	722
Stock-based compensation expense	Stock-based compensation expense	30,612	41,793
Amortization of original issue discount and debt issuance costs	Amortization of original issue discount and debt issuance costs	139	22
Deferred tax assets	Deferred tax assets	(86)	170
Changes in assets and liabilities:	Changes in assets and liabilities:		
Accounts receivable, net	Accounts receivable, net	1,671	(1,016)
Accounts receivable, net			
Settlement assets, net	Settlement assets, net	(9,381)	(10,096)
Prepaid expenses	Prepaid expenses	3,672	1,738
Related party loan receivable	Related party loan receivable	—	14
Other current assets	Other current assets	(1,861)	558
Other assets	Other assets	(125)	11
Accounts payable	Accounts payable	229	(1,575)

Accrued expenses and other liabilities	Accrued expenses and other liabilities	4,259	(2,195)
Operating lease liabilities	Operating lease liabilities	(236)	(601)
Settlement liabilities	Settlement liabilities	2,451	14,703
Other liabilities	Other liabilities	78	990
Net cash provided by operating activities	Net cash provided by operating activities	2,102	26,229
Cash flows from investing activities:	Cash flows from investing activities:		
Purchases of property and equipment	Purchases of property and equipment	(1,103)	(467)
Purchases of property and equipment			
Purchases of property and equipment			
Software development costs	Software development costs	(3,730)	(906)
Net cash used in investing activities	Net cash used in investing activities	(4,833)	(1,373)
Cash flows from financing activities:	Cash flows from financing activities:		
Principal payments of finance leases	Principal payments of finance leases	(482)	(593)
Principal payments of finance leases			
Principal payments of finance leases			
Principal payments of outstanding debt	Principal payments of outstanding debt	(8,450)	(445)

Payments for debt issuance costs			
Repurchases of early exercised stock options	Repurchases of early exercised stock options	(21)	(25)
Proceeds from common stock purchased under Matching Plan	Proceeds from common stock purchased under Matching Plan	3,132	2,433
Proceeds from issuance of common stock on exercise of stock options	Proceeds from issuance of common stock on exercise of stock options	216	700
Payments for employee taxes withheld from stock-based awards	Payments for employee taxes withheld from stock-based awards	(1,766)	(4,172)
Repurchase and retirement of common stock		(3,000)	—
Net cash used in financing activities		(10,371)	(2,102)
Net (decrease) increase in cash and cash equivalents and restricted cash		(13,102)	22,754
Net cash provided by financing activities			
Net increase in cash and cash equivalents and restricted cash			
Cash and cash equivalents and restricted cash, beginning of period	Cash and cash equivalents and restricted cash, beginning of period	147,710	125,315

Cash and cash equivalents and restricted cash, end of period	Cash and cash equivalents and restricted cash, end of period	\$ 134,608	\$ 148,069
Supplemental disclosure of cash flow information:	Supplemental disclosure of cash flow information:		
Cash paid for interest	Cash paid for interest	\$ 4,396	\$ 2,721
Cash paid for interest			
Cash paid for interest			
Cash paid for income taxes	Cash paid for income taxes	\$ 3,104	\$ 879
Noncash investing and financing items:	Noncash investing and financing items:		
Stock-based compensation capitalized as software development costs	Stock-based compensation capitalized as software development costs	\$ 2,219	\$ 1,093
Stock-based compensation capitalized as software development costs			
Stock-based compensation capitalized as software development costs			
Purchases of property and equipment and capitalized software in accounts payable and accrued expenses			
Right-of-use assets acquired through operating leases	Right-of-use assets acquired through operating leases	\$ 6,402	\$ —

Right-of-use assets acquired			
through finance leases	\$	409	\$ —
Reconciliation of cash and cash equivalents and restricted cash to the Condensed Consolidated Balance Sheets	Reconciliation of cash and cash equivalents and restricted cash to the Condensed Consolidated Balance Sheets		
Cash and cash equivalents			
Cash and cash equivalents			
Cash and cash equivalents	Cash and cash equivalents	\$ 89,118	\$106,212
Restricted cash included in other current assets	Restricted cash included in other current assets	23,398	16,255
Restricted cash included in settlement assets, net	Restricted cash included in settlement assets, net	22,092	25,602
Total cash, cash equivalents and restricted cash	Total cash, cash equivalents and restricted cash	\$134,608	\$148,069

See accompanying notes to Condensed Consolidated Financial Statements.

Expensify, Inc.

Notes to the Condensed Consolidated Financial Statements

(unaudited)

NOTE 1 – GENERAL INFORMATION

Description of the 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 license arrangements and offers unique pricing options for small and medium-sized businesses ("SMBs") and enterprises on a per-active-member basis.

Expensify also offers an Expensify charge card (the "Expensify Card"), which is primarily distributed to corporate customers in the United States ("U.S.") that who 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.

As of March 31, 2024, the Expensify Card consisted of two card programs operating concurrently. Under the original Expensify Card program launched in 2020 (the "Legacy Card Program"), Expensify has an agreement with the payment processor, Marqeta, Inc. ("Marqeta"), and relies on Marqeta to manage the relationship with the issuing bank, Sutton Bank, and the card network, Visa, in authorizing and settling transactions. In October 2023, Expensify augmented the Expensify Card program by entering into an agreement with a new issuing bank, The Bancorp Bank, N.A. ("Bancorp"), to issue Expensify Cards to customers and authorize and settle transactions on the Visa card network (the "Updated Card Program"). The Updated Card Program launched during the three months ended March 31, 2024, and all new Expensify Cards issued subsequent to the launch operate under the Updated Card Program.

### Basis of Presentation and Principles of Consolidation

The accompanying condensed consolidated financial statements include the accounts of Expensify, and its wholly-owned subsidiaries, and Expensify.org (the "Company") and have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and the applicable rules and regulations of the Securities and Exchange Commission ("SEC") for interim reporting in conformity with the instructions to Form 10-Q and Article 10 of Regulation S-X. Certain information and footnote disclosures normally included in financial statements presented in accordance with GAAP have been condensed or omitted pursuant to such SEC rules. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 ("2022 2023 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 for the fair presentation of the Company's financial position, results of operations, equity, and cash flows for the periods presented.

Results of operations for the three and nine months ended September 30, 2023 March 31, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2023 December 31, 2024 or for any other future annual or interim period.

## Expensify, Inc.

### Notes to the Condensed Consolidated Financial Statements (unaudited)

#### Use of Estimates

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed 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 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 Estimates and assumptions by management affect the Company's classification of employee and employee-related expenses, the useful lives and recoverability of long-lived assets and deferred contract acquisition costs, income taxes, capitalization of internal-use software costs,

stock-based compensation and the Company's incremental borrowing rate utilized to measure its lease right-of-use ("ROU") assets and lease liabilities.

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**Expensify, Inc.**

**Notes to the Condensed Consolidated Financial Statements**  
**(unaudited)**

**Updates to Significant Accounting Policies**

The Company's significant accounting policies are discussed in Note 2 of the 2022 2023 Annual Report. Since the date the 2022 2023 Annual Report was filed with the SEC, there have been no material changes to the Company's significant accounting policies, including the status of adoption of recent accounting pronouncements adopted, other than those detailed below. pronouncements.

**Recently Adopted Recent Accounting Pronouncements**

In June 2016, October 2023, the FASB issued ASU 2023-06, *Financial Accounting Standards Board ("Disclosure Improvements FASB") - Codification Amendments in Responses to the SEC's Disclosure Update and Simplification Initiative*. The amendments clarify or improve disclosure and presentation requirements on various disclosure areas, including the statement of cash flows, earnings per share, debt, and equity. The amendments will align the requirements in the FASB ASC with the SEC's regulations. The amendments in this ASU will be effective on the date the related disclosures are removed from Regulation S-X or Regulation S-K by the SEC, and will not be effective if the SEC has not removed the applicable disclosure requirement by June 30, 2027. Early adoption is prohibited. The Company is currently evaluating the impact of this update on its consolidated financial statement disclosures.

In November 2023, the FASB issued Accounting Standards Update ("ASU") 2016-13, ASU 2023-07, *Financial Instruments Segment Reporting* - Credit Losses (Topic 326) Measurement of Credit Losses on Financial Instruments *Improvements to Reportable Segment Disclosures*, with subsequent ASUs which provides improvement primarily through enhanced disclosures about significant segment expenses. The ASU is effective for annual periods beginning after December 15, 2023 and quarterly periods beginning after December 15, 2024. The ASU allows for adoption on a retrospective basis for all prior periods presented in the financial statements. The Company is currently evaluating the effect of this update on its consolidated financial statements and related disclosures.

In December 2023, the FASB issued that clarify ASU 2023-09, *Improvements to Income Tax Disclosures*, which requires disclosure of disaggregated income taxes paid, prescribes standard categories for the guidance (collectively, "Topic 326"). Topic 326 requires an entity to utilize a new impairment model known as the current expected credit loss ("CECL") model to estimate its "lifetime expected credit losses" using a forward-looking approach and to record an allowance that, when deducted from the amortized cost basis components of the financial asset, presents the net amount expected to be collected effective tax rate reconciliation, and modifies other income tax-related disclosures. The ASU is effective for annual periods beginning after December 15, 2024 and allows for adoption on the financial asset. The CECL model is expected to result in more timely recognition of credit losses. Topic 326 also requires new disclosures for financial assets measured at amortized cost, loans and available-for-sale debt securities.

As a result of no longer qualifying as an emerging growth company as of December 31, 2022, the Company was required to adopt Topic 326 retroactive to January 1, 2022. prospective basis, with a retrospective option. The Company was not required is currently evaluating the effect of this update on its consolidated financial statements and related disclosures.

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**Expensify, Inc.**

**Notes to amend quarterly filings issued subsequent to January 1, 2022 in which the Company filed under the legacy credit loss guidance of** Accounting Standards Codification ("ASC") Topic 310. As such, the 2022 Annual Report was the first period under which



the Company reported credit loss estimates in accordance with Topic 326. The adoption of Topic 326 did not have a material impact on the Company's financial position or results of operations as of and for the three and nine months ended September 30, 2022. **Condensed Consolidated**

## Financial Statements

(unaudited)

### NOTE 2 - REVENUE AND CERTAIN STATEMENT OF OPERATIONS COMPONENTS

**Revenue** The table below provides the Company's total revenue by geographic region based on billing address, was as follows the currency of the subscription (in thousands):. No other individual country outside of the United States accounted for more than 10% of total revenue.

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
		Three Months Ended March 31,		Three Months Ended March 31,	
		2024		2024	2023
United States	United States	\$33,255	\$38,955	\$105,377	\$114,862
All other locations	All other locations	3,239	3,538	10,102	11,164
Total revenue	Total revenue	\$36,494	\$42,493	\$115,479	\$126,026

No individual customer represented more than 10% of the Company's total revenue during the three and nine months ended September 30, 2023 March 31, 2024 and 2022.

10

## Expensify, Inc.

### Notes to the Condensed Consolidated Financial Statements

(unaudited)

2023.

#### Cashback Rewards

The Company offers a cashback rewards program to all Expensify Card customers based on volume of Expensify Card transactions and Software as a Service ("SaaS") subscription tier. Cashback rewards are earned on a monthly basis and are applied against outstanding customer receivables or paid out the following month. The Company considers the cashback payments to customers as consideration payable to a customer and it is recorded as a reduction to Revenue within the Condensed Consolidated Statements of Operations. Cashback rewards for the three months ended September 30, 2023 March 31, 2024 and 2022 2023 was \$1.8 million \$2.0 million and \$0.8 million \$1.2 million, respectively. Cashback rewards for

#### Interchange

The Company generates revenue from the nine authorization and settlement of Expensify Card transactions under the Updated Card Program. The Company is contractually entitled to all interchange generated on Expensify Card transactions based on its agreement with the issuing bank. Under the Updated Card Program, the Company is the principal in the transaction (i.e. the Company controls the services) and recognizes interchange as revenue on a gross basis within Revenue on the accompanying Condensed Consolidated Statements of Operations. For the three months ended September 30, 2023 and 2022 was \$4.8 million and \$2.0 million March 31, 2024, respectively, the Company had an immaterial amount of interchange revenue.

Consideration From a Vendor, Net

The Company receives consideration from a vendor for monetizing Expensify Card activities. activities under the Legacy Card Program. This consideration, net of credit card processing fees paid to the vendor, is included as a reduction to Cost of revenue, net within the Condensed Consolidated Statements of Operations. Consideration from a vendor, net for the three months ended September 30, 2023 March 31, 2024 and 2022 2023 was \$2.8 million \$3.2 million and \$1.7 million, respectively. Consideration from a vendor, net for the nine months ended September 30, 2023 and 2022 was \$7.3 million and \$4.4 million \$2.1 million, respectively.

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

NOTE 3 - CERTAIN BALANCE SHEET COMPONENTS

Other Current Assets

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

	As of September 30,	As of December 31,
	2023	2022
Expensify Card posted collateral for funds held for customers	\$ 10,731	\$ 11,509
Cash in transit for funds held for customers	6,643	2,361
Expensify.org restricted cash	5,826	5,518
Income tax receivable	4,241	2,471
Matching Plan escrow and other restricted cash	101	52
Expensify Payments LLC restricted cash	97	102
Deferred contract acquisition costs	85	—
Other	210	204
Other current assets	\$ 27,934	\$ 22,217

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



	As of March 31,	As of December 31,
	2024	2023
Expensify Card posted collateral for funds held for customers	\$ 10,846	\$ 16,561
Cash in transit for funds held for customers	7,364	5,107
Expensify.org restricted cash	5,911	5,881
Income tax receivable	2,750	2,993
Deferred contract acquisition costs	182	129
Expensify Payments LLC restricted cash	113	113
Matching Plan escrow and other restricted cash	33	80
Other	200	114
Other current assets	\$ 27,399	\$ 30,978

#### Capitalized Software, Net

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

	As of September 30,	As of December 31,
	2023	2022
As of March 31,	As of March 31,	As of December 31,
2024	2024	2023
Capitalized software development costs	\$19,520	\$14,052
Less: accumulated amortization	(9,273)	(7,171)
Capitalized software, net	\$10,247	\$ 6,881

Amortization expense related to capitalized software development costs is recorded in Cost of revenue, net on the Condensed Consolidated Statements of Operations. Amortization expense was \$0.8 million \$1.2 million and \$0.6 million \$0.7 million for the three months ended September 30, 2023 March 31, 2024 and 2022 2023, respectively. Amortization expense was \$2.3 million and \$2.0 million for

#### Expensify, Inc.

#### Notes to the nine months ended September 30, 2023 and 2022, respectively, Condensed Consolidated Financial Statements (unaudited)

#### Property and Equipment, Net

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

		As of September 30, 2023	As of December 31, 2022		
As of March 31, 2024		As of March 31, 2024		As of December 31, 2023	
Computers and equipment	Computers and equipment	\$ 170	\$ 178		
Furniture and fixtures	Furniture and fixtures	1,916	1,698		
Leasehold improvements	Leasehold improvements	7,937	6,948		
Commercial building	Commercial building	6,493	6,493		
Land	Land	4,151	4,151		
Construction in progress	Construction in progress	2,570	2,551		
Total property and equipment	Total property and equipment	23,237	22,019		
Less: accumulated depreciation	Less: accumulated depreciation	(8,639)	(7,527)		
Property and equipment, net	Property and equipment, net	\$14,598	\$14,492		

Depreciation expense related to property and equipment is recorded in General and administrative, Sales and marketing, and Interest and other expenses, net on the Condensed Consolidated Statements of Operations. Depreciation expense related to property and equipment for the three months ended September 30, 2023, March 31, 2024 and 2022 2023 was \$0.2 million and \$0.5 million, respectively. Depreciation expense related to property and equipment for the nine months ended September 30, 2023 and 2022 was \$1.1 million and \$1.5 million, respectively.

## Expensify, Inc.

### Notes to the Condensed Consolidated Financial Statements

(unaudited)

#### Accrued Expenses and Other Liabilities

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

		As of September 30, 2023	As of December 31, 2022
As of March 31, 2024		As of March 31, 2024	As of December 31, 2023
Professional fees			
Sales, payroll and other taxes payable	Sales, payroll and other taxes payable	\$ 4,479	\$ 2,721
Professional fees		2,380	1,473
Cashback rewards			
Partner payouts and advertising fees	Partner payouts and advertising fees	1,967	669
Restricted common stock liability for early stock option exercises			
Interest payable	Interest payable	1,328	1,318
Restricted common stock liability for early stock option exercises		700	1,283
Cashback rewards		633	223
Matching Plan payroll liability		173	195
Accrued expense reports	Accrued expense reports	155	291
Commissions payable	Commissions payable	152	—
Hosting and license fees	Hosting and license fees	129	75
Credit card processing fees	Credit card processing fees	40	22
Matching Plan payroll liability			
Other	Other	518	800

Accrued expenses and other liabilities	Accrued expenses and other liabilities	\$ 12,654	\$ 9,070
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Expensify, Inc.

Notes to the Condensed Consolidated Financial Statements

(unaudited)

NOTE 4 - COMMITMENTS AND CONTINGENCIES

Finance and Operating Lease Arrangements

During The Company did not enter into any new lease agreements during the nine three months ended September 30, 2023, the Company entered into four operating lease agreements and renewed its finance lease. March 31, 2024. The components of lease cost reflected in the Condensed Consolidated Statements of Operations for all leases were as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Finance lease cost:				
Amortization of ROU assets	\$ 77	\$ 198	\$ 472	\$ 593
Interest on lease liabilities	3	5	7	19
Total finance lease cost	80	203	479	612
Operating lease cost	277	173	707	531
Total lease cost	\$ 357	\$ 376	\$ 1,186	\$ 1,143

Expensify, Inc.

Notes to the Condensed Consolidated Financial Statements

(unaudited)

	Three Months Ended March 31,	
	2024	2023
Finance lease cost:		
Amortization of ROU assets	\$ 34	\$ 198

Interest on lease liabilities	7	3
Total finance lease cost	41	201
Operating lease cost	271	186
Total lease cost	\$ 312	\$ 387

Other information related to leases was as follows (in thousands, except as noted within):

		As of September 30, 2023	As of December 31, 2022			
	As of March 31, 2024			As of March 31, 2024		As of December 31, 2023
Finance lease asset (included within Lease right-of-use assets)	Finance lease ROU asset (included within Lease right-of-use assets)	\$ 398	\$ 461			
Operating lease asset (included within Lease right-of-use assets)	Operating lease ROU asset (included within Lease right-of-use assets)	\$6,209	\$ 284			
Weighted average remaining lease term (in years):	Weighted average remaining lease term (in years):					
Finance leases	Finance leases	2.92	0.58			
Finance leases	Finance leases			2.42		2.67
Operating leases	Operating leases	9.39	0.42	8.93		9.18
Weighted average discount rate:	Weighted average discount rate:					

Finance leases	Finance leases	8.10 %	2.50 %			
Finance leases						
Finance leases				8.10 %		8.10 %
Operating leases	Operating leases	8.30 %	5.30 %			
	Operating leases			8.30 %		8.30 %

Supplemental cash flow information related to leases was as follows (in thousands):

	Nine months ended September 30,	
	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ (466)	\$ (595)
Operating cash flows from finance leases	\$ (7)	\$ (19)
Financing cash flows from finance leases	\$ (482)	\$ (593)

Maturities of lease liabilities as of September 30, 2023 were as follows (in thousands):

For the year ending:	Finance leases	Operating leases
Remainder of 2023	\$ 39	\$ 98
2024	153	838
2025	153	1,079
2026	102	1,018
2027	—	1,033
Thereafter	—	5,562
Total future lease payments	447	9,628
Less: imputed interest	(47)	(3,135)
Less: Lease liabilities, current	(127)	(260)
Lease liabilities, non-current	\$ 273	\$ 6,233

	Three months ended March 31,	
	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ (99)	\$ (210)
Operating cash flows from finance leases	\$ (7)	\$ (3)
Financing cash flows from finance leases	\$ (31)	\$ (201)



Maturities of lease liabilities as of March 31, 2024 were as follows (in thousands):

For the year ending:	Finance leases	Operating leases
Remainder of 2024	\$ 115	\$ 417
2025	153	1,079
2026	102	1,018
2027	—	1,033
2028	—	1,063
Thereafter	—	4,499
Total future lease payments	370	9,109
Less: imputed interest	(32)	(2,856)
Less: Lease liabilities, current	(132)	(304)
Lease liabilities, non-current	\$ 206	\$ 5,949

### Amortizing Term Mortgage

In August 2019, the Company entered into an \$8.3 million amortizing term mortgage agreement with Canadian Imperial Bank of Commerce ("CIBC") for the Company's commercial building located in Portland, Oregon. The agreement requires principal and interest payments due to be made each month over a five-year period. Interest accrues at a fixed rate of 5.00% per year until August 2024, at which point the remaining outstanding principal balance on the amortizing term mortgage is due in full. The borrowings are secured by the building. The outstanding balance of the amortizing term mortgage was \$7.7 million and \$7.8 million \$7.7 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

### 2021 Amended Term Loan and Security Agreement

In September 2021, the Company amended and restated its loan and security agreement with CIBC ("2021 Amended Term Loan" Loan and Security Agreement) to refinance the existing non-amortizing and amortizing term loans, establish a single term loan of up to \$75.0 million, consisting which consisted of a \$45.0 million initial term loan, effective immediately with an the option to enter into an additional \$30.0 million delayed term loan that expired in March 2023, and increase the a monthly revolving line of credit to of \$25.0 million. The option for the delayed term loan expired in March 2023. The term loan and revolving line of credit mature in September 2026 and September 2024, respectively. 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, as well as commitment fees and other debt issuance costs associated with the amendment. The remaining proceeds from the initial term loan were utilized to fund the Company's normal business operations.

Under the 2021 Amended Term Loan and Security Agreement, the initial term loan of \$45.0 million is was payable over a 60-month period with principal and accrued interest payments due each quarter, commencing on September 30, 2021. The 2021 Amended Term Loan amortizes and Security Agreement amortized in equal quarterly installments of \$0.1 million through September 30, 2024, \$0.2 million beginning October 1, 2024 and \$0.6 million beginning October 1, 2025, with any remaining principal balance due and payable on maturity. maturity in September 2026. The amounts borrowed bear accrued interest at the bank's reference rate plus 2.25% (10.75% as of September 30, 2023) beginning on September 30, 2021 and continuing continued on a quarterly basis through maturity of the term loan. The borrowings are were secured by substantially all the Company's assets. As of September 30, 2023 and December 31, 2022, the outstanding balance of the term loan was \$36.1 million and \$44.5 million, respectively.

During the nine months ended September 30, 2023, the Company made a prepayment of \$8.0 million of the 2021 Amended Term Loan. As a result of this prepayment, the Company recorded an immaterial amount of loss on extinguishment within Interest and other expenses, net.

The then outstanding balance of \$36.0 million and \$0.1 million \$0.1 million of accrued interest on the term loan were repaid in full on October 12, 2023.

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

**Monthly Revolving Line** In February 2024, the Company entered into a Second Amended and Restated Loan and Security Agreement ("2024 Amended Loan and Security Agreement") with CIBC. The 2024 Amended Loan and Security Agreement amends and restates the 2021 Amended Loan and Security Agreement to extend the maturity date of **Credit**

The the revolving line of credit **agreement, as amended** from September 2024 to September 2025, remove certain provisions related to the term loan that was repaid in full in October 2023 and make certain changes to the positive and negative covenants intended to better align with the 2021 operations of the Company. The 2024 Amended **Term** Loan provides borrowings up and Security Agreement continues to provide for a \$25.0 **million**. million revolving credit facility. Borrowings under the line of credit **bear accrue** interest at CIBC's reference rate plus 1.00% (9.50% as of **September 30, 2023** March 31, 2024) and are secured by substantially all of the **Company's** Company's assets. As of **September 30, 2023** March 31, 2024 and **December 31, 2022** December 31, 2023, there were \$15.0 million of borrowings under the line of credit and \$10.0 million of capacity available for additional borrowings.

In connection with the amortizing term mortgage and the 2021 Amended Term Loan, the **The** Company recorded incurred an immaterial amount of costs in connection with entering into the 2024 Amended Loan and Security Agreement. These debt issuance costs and are reflected as a deferred asset within Other current assets on the 2021 Amended Term Loan was subject to an original issue discount. These amounts Condensed Consolidated Balance Sheets and are being amortized to interest expense on a straight-line basis over the term of the respective agreements using the effective interest method. **agreement**. As of September 30, 2023 and December 31, 2022 March 31, 2024, the unamortized **original issue discount and** debt issuance costs were \$0.1 million and \$0.3 million, respectively.

15

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

included within Other current assets was \$0.1 million.

Future aggregate annual principal payments on long-term debt as of **September 30, 2023** March 31, 2024 is expected to be as follows (in thousands):

<b>For the year ending:</b>		
Remainder of 2023	\$	150
2024		8,234
2025		1,238
2026		34,188
Thereafter		—
Total principal payments		43,810
Less: unamortized original issue discount and debt issuance costs		(132)
Less: Current portion of long-term debt, net of unamortized original issue discount and debt issuance costs		(8,099)
Long-term debt, net of unamortized original issue discount and debt issuance costs	\$	35,579

<b>For the year ending:</b>	
Remainder of 2024	\$ 7,634
2025	—
2026	—
2027	—
2028	—
Thereafter	—
<b>Total principal payments</b>	<b>7,634</b>
Less: unamortized original issue discount and debt issuance costs	(10)
Less: Current portion of long-term debt, net of unamortized original issue discount and debt issuance costs	(7,624)
<b>Long-term debt, net of unamortized original issue discount and debt issuance costs</b>	<b>\$ —</b>

Additionally, \$15.0 million of outstanding borrowings under the line of credit are due in September 2024 2025 upon maturity of the facility.

As of September 30, 2023 March 31, 2024, the Company was not in compliance with all debt covenants, specifically the covenant restricting the amount of repurchases of common stock, which includes net share settlements of stock-based awards, the covenant related to the requirement to maintain all deposit, operating and collateral accounts with CIBC with certain exceptions during the period, and the minimum fixed charge coverage ratio covenant. stock. A waiver was obtained from CIBC. CIBC for the Company's non-compliance with this covenant. The Company does not believe non-compliance with these covenants this covenant had any material impact on the Company or its operations.

In May 2024, the Company entered into a First Amendment to the 2024 Amended Loan and Security Agreement, which amended the covenant restricting the amount of repurchases of common stock to allow for certain additional repurchase activity and provided a waiver for the Company's non-compliance during prior periods with the previous version of such covenant.

## Expensify, Inc.

### Notes to the Condensed Consolidated Financial Statements (unaudited)

#### Defined Contribution Plans

The Company sponsors a U.S. 401(k) defined contribution plan for all eligible employees who elect to participate. The Company is permitted 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 4.50% of each participant's eligible compensation. No discretionary profit-sharing contributions were made during the three and nine three months ended September 30, 2023 March 31, 2024 and 2022 2023. The Company's 401(k) matching contributions for each of the three months ended September 30, March 31, 2024 and 2023 and 2022 was were \$0.2 million and \$0.3 million, respectively. The Company's 401(k) matching contributions for the nine months ended September 30, 2023 and 2022 were \$0.7 million and \$0.6 million, respectively.

#### Legal

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 such provisions at least quarterly and adjusts such 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 **September 30, 2023** **March 31, 2024**, 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.

**Expensify, Inc.**

**Notes to the Condensed Consolidated Financial Statements**  
**(unaudited)**

## NOTE 5 - STOCK INCENTIVE PLANS

### 2009 and 2019 Stock Plans

In 2009, the Board of Directors approved the 2009 Stock Plan ("2009 Stock Plan"). As amended in 2015, the 2009 Stock Plan permitted the Company to grant up to 16,495,150 shares of 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 shares. In April 2019, the Board of Directors approved the adoption of the 2019 Stock Plan ("2019 Stock Plan", and together with the 2009 Stock Plan, "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 to 25,204,250 shares. In September 2021, the Board of Directors approved the grant of 8,679,380 restricted stock units under the 2019 Stock Plan, covering an aggregate of 4,339,690 shares of each of Class A and LT50 common stock effective immediately prior to the effectiveness of the Company's IPO Registration Statement on Form S-1 ("IPO Registration Statement") on November 9, 2021. On November 9, 2021, the Board of Directors amended and restated the 2019 Stock Plan to, among other things, increase the common stock reserved for issuance under the 2019 Stock Plan to an aggregate of 16,856,770 shares of Class A and LT50 common stock.

Following the completion of the initial public offering of the Company's Class A common stock ("IPO"), the Company did not and does not intend to 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 2021 Incentive Award Plan ("2021 Plan") and the Company's 2021 Stock Purchase and Matching Plan ("Matching Plan" and together with the 2021 Plan, "2021 Incentive Plans").

**Expensify, Inc.**

**Notes to the Condensed Consolidated Financial Statements**  
**(unaudited)**

### 2021 Incentive Plans

In November 2021, the 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 Class A common stock were initially reserved for issuance pursuant to a variety of stock-based awards, including incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock awards, restricted stock units ("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 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 as of September 30, 2023 March 31, 2024 and December 31, 2022 2023 was 22,282,735 27,396,255 shares and 17,336,973 22,282,735 shares, respectively. The number of shares 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 common stock outstanding on the immediately preceding calendar year end, 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 Class A common stock may be issued upon the exercise of incentive stock options.

## Expensify, Inc.

### Notes to the Condensed Consolidated Financial Statements

(unaudited)

#### Matching Plan

The Matching Plan operates using consecutive three-month offering periods that commenced on March 15, 2022. Employees, consultants and directors (collectively, "Service Providers") of the Company 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 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 Class A common stock for each share of Class A common stock purchased by or issued to a Service Provider under the Matching Plan that is retained through the end of the applicable offering period. No fractional shares will be issued by the Company. The Company will round to the nearest full share for shares purchased by a Service Provider as well as any matched shares issued to a Service Provider under the Matching Plan. The match rate applicable to each offering period shall be limited to 1.50% of the shares of any class of capital stock outstanding as of the exercise date applicable to such offering period. The Company estimates the fair value of matched shares provided 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 pursuant to its Matching Plan on a straight-line basis over the applicable three-month offering period.

Service Providers who participated in the Matching Plan for the offering period ended September 14, 2023 March 14, 2024 purchased a total of 275,210 441,541 Class A common shares, based on a purchase price of \$3.84, \$2.07, resulting in gross cash proceeds to the Company of \$1.1 million \$0.9 million.

Service Providers who participated in the Matching Plan for the offering period ended September 14, 2022 March 14, 2023 purchased a total of 73,959 147,319 Class A common shares, based on a purchase price of \$16.70, \$7.46, resulting in gross cash proceeds to the Company of \$1.2 million \$1.1 million.

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

For the offering period ended September 14, 2023 March 14, 2024, the Company elected to match each share of Class A common stock purchased by or issued under the Matching Plan with 1/20 of a share of Class A common stock. During the three months ended September 30, 2023 March 31, 2024, the Company granted a total of 35,732 of Class A common stock as a matching contribution under the Matching Plan, net of a total of 9,054 shares withheld for taxes. During the nine months ended September 30, 2023, the Company granted a total of 72,578 110,084 shares of Class A common stock as a matching contribution under the Matching Plan, net of a total of 15,871 with no shares withheld for taxes.

For the offering period ended September 14, 2022 March 14, 2023, the Company elected to match each share of Class A common stock purchased by or issued under the Matching Plan with 1/20 of a share of Class A common stock. During the three and nine months ended September 30, 2023 March 31, 2023, the Company granted a total of 6,465 and 10,041 16,098 shares of Class A common stock as a matching contribution under the Matching Plan, respectively, with no shares withheld for taxes.

The fair value of awards granted as a result of the Company matches within the Matching Plan was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	Three Months Ended March 31,	
	2024	2023
Fair value of common stock per share	\$ 1.99	\$ 7.55
Expected dividend yield <sup>(1)</sup>	— %	— %
Risk-free interest rate <sup>(2)</sup>	5.5 %	4.8 %
Expected volatility <sup>(3)</sup>	89.8 %	59.7 %
Expected life (in years) <sup>(4)</sup>	0.25	0.25

- (1) The Company has no history or expectation of paying cash dividends on its common stock.
- (2) The risk-free interest rate is based on the U.S. Treasury yield for a term consistent with the expected life of the awards in effect at the time of grant.
- (3) The Company estimates volatility of its common stock at the date of the grant based on the expected weighted-average volatility of its Class A common stock.
- (4) The expected life of awards granted as a Company match within the Matching Plan represents the duration of each offering period under the terms of the Matching Plan.

The Company has made discretionary contributions under the Matching Plan to eligible Service Providers. During the three months ended September 30, 2023 March 31, 2024, the Company granted a total of 299,713 478,519 shares of Class A common stock as discretionary contributions under the Matching Plan, net of a total of 29,020 with no shares withheld for taxes. During the nine months ended September 30, 2023, the Company granted a total of 375,024 shares of Class A common stock as There were no discretionary contributions under the Matching Plan net of a total of 64,411 shares withheld for taxes.

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

three months ended March 31, 2023.

## Restricted Stock Units

On September 24, 2021, under the 2019 Stock Plan, the Company approved the grant of Class A and LT50 common stock RSUs to Service Providers effective November 9, 2021, the date the Company amended its Certificate of Incorporation, to include, among other things, LT50 common stock. RSUs granted to Service Providers on November 9, 2021 that were approved 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. The service condition is satisfied over eight years with 1/8 of the grant having vested 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 Service Providers after the IPO, under the 2021 Plan, have a service condition only, which is satisfied over eight years from the vesting commencement date corresponding to one of the Specified Quarterly Dates nearest 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.

17

## Expensify, Inc.

### Notes to the Condensed Consolidated Financial Statements (unaudited)

Pursuant to the Company's Non-Employee Director Compensation Program, which was adopted under the 2021 Incentive Plans, the Company granted 55,731 no Class A common stock RSUs for the nine three months ended September 30, 2023 March 31, 2024. A total of 27,108 2,316 Class A common RSUs vested during the nine three months ended September 30, 2023 March 31, 2024 related to previously granted RSU awards as the quarterly service conditions were satisfied.

During the nine three months ended September 30, 2023 March 31, 2024, RSU activity for Service Providers and non-employee directors was as follows:

	Class A Common Stock	LT50 Common Stock	Weighted average grant date fair value per share
Outstanding at December 31, 2022	3,379,657	3,304,643	\$ 33.88
RSUs granted	55,731	—	\$ 8.17
RSUs vested	(383,721)	(352,576)	\$ 32.74
RSUs cancelled/forfeited/expired	(190,424)	(190,424)	\$ 40.95
Outstanding at September 30, 2023	2,861,243	2,761,643	\$ 32.61

	Class A Common Stock	LT50 Common Stock	Weighted average grant date fair value per share
Outstanding at December 31, 2023	2,742,273	2,646,332	\$ 32.59
RSUs vested	(106,769)	(103,108)	\$ 32.45
RSUs cancelled/forfeited/expired	(266,231)	(266,231)	\$ 37.62

Outstanding at March 31, 2024	2,369,273	2,276,993	\$	32.02
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As of September 30, 2023 March 31, 2024, there was \$161.9 million \$127.1 million of unamortized stock-based compensation cost related to unvested RSUs, which is expected to be recognized over the remaining weighted average life of 5.58 5.14 years. As of December 31, 2022 2023, there was \$204.2 \$153.4 million of unamortized stock-based compensation cost related to unvested RSUs, which was expected to be recognized over the remaining weighted average life of 6.23 5.37 years.

### Stock Options

The Stock Plans and the 2021 Plan provide for the grant of incentive and nonstatutory stock options to employees, non-employee directors and consultants of the Company. Under the Stock Plans and the 2021 Plan, the exercise price of incentive stock options must be equal to at least 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 participant. The exercise price of nonstatutory options granted must be equal to at least 100% of the fair market value of the Company's common stock on the date of grant.

19

### Expensify, Inc.

### Notes to the Condensed Consolidated Financial Statements

(unaudited)

The Company has only granted options under the Stock Plans. 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 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. There was an immaterial amount of exercised restricted common stock repurchased during the nine three months ended September 30, 2023 March 31, 2024 and 2022 2023.

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, there were 482,607 288,740 and 813,311 393,251 shares subject to repurchase, respectively, related to unvested stock options that had been early exercised. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company recorded a liability related to shares subject to repurchase of \$0.7 \$0.4 million and \$1.3 0.6 million, respectively, which is included within Accrued expenses and other liabilities in the accompanying Condensed Consolidated Balance Sheets. These amounts are reclassified to Common stock and Additional paid-in capital as the underlying shares vest.

18

### Expensify, Inc.

### Notes to the Condensed Consolidated Financial Statements

(unaudited)



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, 2022	6,301,650	\$ 1.67	5.20
Options exercised	(199,898)	\$ 1.08	
Options cancelled/forfeited/expired	(110,097)	\$ 2.76	
Outstanding at September 30, 2023	5,991,655	\$ 1.67	4.30
Exercisable at September 30, 2023	5,893,175	\$ 1.64	4.27

	Shares	Weighted average exercise price per share	Weighted average remaining contractual life (in years)
Outstanding at December 31, 2023	5,902,591	\$ 1.68	4.03
Options exercised	(42,304)	\$ 0.91	
Options cancelled/forfeited/expired	(102,781)	\$ 2.87	
Outstanding at March 31, 2024	5,757,506	\$ 1.66	3.63
Exercisable at March 31, 2024	5,706,466	\$ 1.64	3.61

The total pretax intrinsic value of options exercised during the nine months ended September 30, 2023 outstanding at March 31, 2024 and 2022 December 31, 2023 was \$1.2 million \$5.4 million and \$10.3 \$8.9 million, respectively. The total pretax intrinsic value of options outstanding exercisable at September 30, 2023 and December 31, 2022 March 31, 2024 was \$13.2 million and \$46.0 million, respectively. \$5.4 million. 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.

As of September 30, 2023 March 31, 2024, there was \$4.9 \$3.1 million of unrecognized stock-based compensation cost related to unvested stock options, which is expected to be recognized over a weighted average period of 0.86 0.63 years. As of December 31, 2022 2023, there was \$8.1 \$4.1 million of unrecognized stock-based compensation cost related to unvested stock options, which was expected to be recognized over a weighted average period of 1.21 0.75 years.

Cash received from option exercises and purchases of shares under the Stock Plans for the nine three months ended September 30, 2023 March 31, 2024 and 2022 2023 was \$0.2 million immaterial and \$0.7 million \$0.1 million, respectively.

2019

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

## Stock-Based Compensation

The following table summarizes the stock-based compensation recognized for options granted under the 2009 Stock Plan, options and RSUs granted under the 2019 Stock Plan, RSUs granted under the 2021 Plan and matching and discretionary shares issued under the Matching Plan (in thousands):

	Three Months Ended March 31,			
	Three Months Ended March 31,			
	Three Months Ended March 31,			
	2024			
	2024			
	2024			
Matching Plan shares				
Matching Plan shares				
Matching Plan shares				
Restricted stock units				
Restricted stock units				
Restricted stock units				
Stock options				
Stock options				
Stock options				
Total stock-based compensation				
Total stock-based compensation				
Total stock-based compensation				
Less: stock-based compensation capitalized as software development costs				
Less: stock-based compensation capitalized as software development costs				
Less: stock-based compensation capitalized as software development costs				
Total stock-based compensation expense				
Total stock-based compensation expense				
Total stock-based compensation expense				
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Matching Plan shares	\$ 1,697	\$ 24	\$ 3,018	\$ 41

Stock options	842	970	2,616	2,969
Restricted stock units	8,548	12,370	27,197	38,783
Stock-based compensation	\$ 11,087	\$ 13,364	\$ 32,831	\$ 41,793

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 expense is included in the following components of expenses on the accompanying Condensed Consolidated Statements of Operations (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Cost of revenue, net	\$ 3,312	\$ 4,667	\$ 10,218	\$ 14,278
Research and development	2,901	1,931	7,562	6,230
General and administrative	2,532	4,624	7,552	15,063
Sales and marketing	1,522	2,142	5,280	6,222
Stock-based compensation expense	\$ 10,267	\$ 13,364	\$ 30,612	\$ 41,793

Stock-based compensation capitalized as internally developed software costs was \$0.8 million and \$0.5 million for the three months ended September 30, 2023 and 2022, respectively. Stock-based compensation capitalized as internally developed software costs was \$2.2 million and \$1.1 million for the nine months ended September 30, 2023 and 2022, respectively.

	Three Months Ended March 31,	
	2024	2023
Cost of revenue, net	\$ 2,932	\$ 3,306
Research and development	2,749	2,206
General and administrative	1,703	2,644
Sales and marketing	140	1,848
Total stock-based compensation expense	\$ 7,524	\$ 10,004

## NOTE 6 - INCOME TAXES

For the three and nine months ended September 30, 2023 March 31, 2024, the Company prepared its interim tax provision by applying a year-to-date effective tax rate, which the Company believes results in the best estimate of the annual effective tax rate.

For the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, the Company recorded a benefit from income taxes of \$0.3 million and a provision for income taxes of \$0.2 million \$1.0 million and \$1.8 million, respectively, which resulted in effective tax rates of 1.6% (37.6)% and (1.9) (44.3)%, respectively.

For The difference between the nine months ended September 30, 2023 statutory rate and 2022, the Company recorded a provision effective rate for income taxes 2024 was primarily due to non-deductible stock-based compensation, Section 162(m) of \$1.9 million the Internal Revenue Code ("IRC") compensation limitations, and \$3.9 million, respectively, which resulted the change in valuation allowance. The difference between the statutory rate and the effective tax rates of (6.0)% and (19.5)%, respectively.

rate for 2023 was primarily due to non-deductible stock-based compensation, as well as the change in valuation allowance.

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

The principal reasons for the difference between the statutory rate and the effective rate for 2023 were primarily due to non-deductible stock-based compensation, the change in valuation allowance, and Section 162(m) of the Internal Revenue Code ("IRC") compensation limitations. The principal reasons for the difference between the statutory rate and the effective rate for 2022 were primarily due to non-deductible stock-based compensation, as well as the change in valuation allowance, Section 162(m) of the IRC compensation limitations and state taxes.

The Company follows the provisions of ASC 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 September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company recorded an uncertain tax position liability of \$1.3 million \$1.7 million and \$1.2 million \$1.5 million, respectively, within Other liabilities on the Condensed Consolidated Balance Sheets. This liability includes \$0.2 million and an immaterial amount of interest and penalties as of September 30, 2023 March 31, 2024 and no interest and penalties as of December 31, 2022. December 31, 2023, respectively.

## NOTE 7 - NET LOSS PER SHARE

The following table sets forth the computation of basic and diluted net loss per share (in thousands, except share and per share data):

		Three Months Ended		Nine Months Ended	
		September 30,		September 30,	
		2023	2022	2023	2022
Three Months Ended March 31,		Three Months Ended March 31,			
2024				2024	2023
Numerator	Numerator				
Net loss, basic and diluted					
Net loss, basic and diluted					
Net loss, basic and diluted	Net loss, basic and diluted	\$ (17,003)	\$ (8,242)	\$ (34,252)	\$ (23,612)
Denominator	Denominator				
Weighted average shares of common stock used to compute net loss per share, basic and diluted	Weighted average shares of common stock used to compute net loss per share, basic and diluted	82,469,190	80,941,664	82,085,508	80,523,557

Weighted average shares of common stock used to compute net loss per share, basic and diluted					
Weighted average shares of common stock used to compute net loss per share, basic and diluted					
Net loss per share, basic and diluted	Net loss per share, basic and diluted	\$	(0.21)	\$	(0.10)
		\$	(0.42)	\$	(0.29)

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 ten 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 ten-month notice period for LT10 common stock and a 50-month 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 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.

22

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

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

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
		Three Months Ended March 31,		Three Months Ended March 31,	
		2024		2024	2023
Weighted-average stock options	Weighted-average stock options	4,166,033	5,211,342	4,660,837	5,941,182
Matching shares	Matching shares	645	10,310	13,099	11,208
Total	Total	4,166,678	5,221,652	4,673,936	5,952,390

21

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

## NOTE 8 - EQUITY

On May 10, 2022, the Executive Committee of the Board of Directors approved a share repurchase program with authorization to purchase up to \$50.0 million of shares of Class A common stock ("2022 Share Repurchase Program"). The Company may repurchase shares from time to time through open market purchases, in privately negotiated transactions or by other means, including the use of trading plans intended to qualify under Rule 10b5-1 of the Securities Exchange Act of 1934, ("Exchange Act"), in accordance with applicable securities laws and other restrictions. The actual timing, manner, price and total amount of future repurchases will depend on a variety of factors, including business, economic and market conditions, corporate and regulatory requirements, prevailing stock prices, restrictions under the terms of loan agreements and other considerations. The 2022 Share Repurchase Program does not obligate the Company to acquire any particular amount of Class A common stock, and the program may be suspended or terminated at any time by the Company at its discretion without prior notice.

During the nine three months ended September 30, 2023 March 31, 2024, the Company repurchased 504,493 did not repurchase any shares of Class A common stock under the 2022 Share Repurchase Program, at a total cost to the Company of \$3.0 million. The Company did not repurchase shares during the three months ended September 30, 2023, Program.

## NOTE 9 - RELATED PARTY TRANSACTIONS

During the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, Expensify, Inc. made no contributions and contributed \$0.2 million and \$2.3 million \$0.1 million, respectively, to its wholly-owned subsidiary, Expensify.org, a nonprofit benefit organization established by the Company. There was an immaterial amount of were no commitments from Expensify, Inc. that remained open for contribution as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

There are no other significant related party transactions for the Company as of September 30, 2023 March 31, 2024, except as noted elsewhere in these condensed consolidated financial statements.

23 22

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

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction 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, 2022 December 31, 2023 ("2022 2023 Annual Report"). This discussion contains forward-looking statements based upon current plans, expectations and beliefs involving risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under Part I, Item 1A. "Risk Factors" in our 2022 2023 Annual Report and included elsewhere in 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 13 million members to our community and processed and automated 1.5 billion 1.6 billion expense transactions on our platform as of September 30, 2023 March 31, 2024, freeing people to spend less time managing expenses and more time doing the things they love. For the quarter ended September 30, 2023 March 31, 2024, an average of 719,000 687,931 paid members across 47,800 an average of 44,200 companies and over 200 countries and territories used Expensify to make money easy.

## RECENT DEVELOPMENTS

Since 2020, when we launched the Expensify Card, it has operated under one card program (the "Legacy Card Program"). During the three months ended March 31, 2024, we launched a new card program (the "Updated Card Program"). The Legacy Card Program operates under an agreement with the payment processor, Marqeta, Inc. ("Marqeta"), and relies on Marqeta to manage the relationship with the issuing bank, Sutton Bank, and the card network, Visa, in authorizing and settling transactions. The Updated Card Program operates under an agreement with a new issuing bank, The Bancorp Bank, N.A. ("Bancorp"), to issue Expensify Cards to customers and authorize and settle transactions on the Visa card network.

All new Expensify Cards issued subsequent to the launch of the Updated Card Program will operate under such program. Our transition of cardholders from the Legacy Card Program to the Updated Card Program has commenced, and we currently expect full completion of this transition by December 31, 2024.

## Components of Results of Operations

### Revenue

We generate revenue from subscription fees based on the usage of our cloud-based expense management software platform under arrangements paid monthly in arrears that are either (i) month-to-month and can be terminated by either party without penalty at any time or (ii) 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. 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 for customers 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 the 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.

We offer a cashback rewards program to all customers based on volume of Expensify Card transactions and software as a service ("SaaS") subscription tier. Cashback rewards are earned on a monthly basis and are applied against outstanding customer receivables or are paid out the following month. We consider our cashback payments to customers rewards as consideration payable to a customer, and the payments they are recorded as contra revenue within Revenue on the Condensed Consolidated Statements of Operations. We also record a cashback Cashback rewards applied against outstanding customer receivables are reflected as reductions to Accounts receivable, net on the Condensed Consolidated Balance Sheets. Cashback rewards liability that represents is recorded within Accrued expenses and other liabilities on the consideration payable to customers for earned cashback rewards. Condensed Consolidated Balance Sheets. The cashback rewards fluctuate over time as customers meet eligibility requirements in conjunction with the applicable SaaS subscription tier of each customer and the timing of payments made to customers. Additional details pertaining

As of March 31, 2024, the Expensify Card consisted of two card programs operating concurrently: the Legacy Card Program and the Updated Card Program. All new Expensify Card issuances subsequent to the Company's cashback program can be found in Part I, Item 1A. "Risk Factors" in launch of the Updated Card Program operate under that program.

Under the Updated Card Program, we generate revenue from the authorization and settlement of Expensify Card transactions and are contractually entitled to all interchange generated on Expensify Card transactions based on our 2022 Annual Report. Subsequent to the date the 2022 Annual Report was filed agreement with the SEC issuing bank. Under the Updated Card Program, we are the principal in the transaction (i.e. we control the services) and effective recognize interchange as revenue on a gross basis within Revenue on the accompanying Condensed Consolidated Statements of March 2023, Operations. For the Company removed a \$25,000 monthly threshold for companies to qualify for 1% cash back and now offers a minimum three months ended March 31, 2024, we had an immaterial amount of 1% cash back for all purchases. interchange revenue.

#### **Cost of Revenue, Net**

Cost of revenue, net primarily consists of expenses related to hosting our 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 of finance right-of-use assets, 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.

Consideration from a vendor is related to the Expensify Card. We Card under the Legacy Card Program, where 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 less the amount retained by the vendor (our remainder portion, "Expensify interchange amount"). The vendor also charges us fees ("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. revenue under the Legacy Card Program. Instead, the net of the Expensify interchange amount and vendor fees are paid to us, and which we



record it as "Consideration from a vendor, net," a contra expense in Cost of revenue, net, net on the Condensed Consolidated Statements of Operations.

The following summarizes these various amounts for each of the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in thousands)			
Expensify interchange amount	\$ 3,090	\$ 1,877	\$ 8,008	\$ 4,805
Vendor fees	(281)	(169)	(724)	(426)
Consideration from a vendor, net	\$ 2,809	\$ 1,708	\$ 7,284	\$ 4,379

25

	Three Months Ended March 31,	
	2024	2023
	(in thousands)	
Expensify interchange amount	\$ 3,514	\$ 2,261
Vendor fees	(327)	(189)
Consideration from a vendor, net	\$ 3,187	\$ 2,072

## OPERATING EXPENSES

### Research and Development

Research and development expenses consist primarily of personnel-related expenses, including stock-based compensation, and external contributor costs 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.

### General and Administrative

General and administrative expenses primarily consist of personnel-related expenses, including stock-based compensation, for 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 operating right-of-use assets, information technology and external professional services, including finance and accounting, audit, tax, finance, legal and compliance, and human resources and information technology resources.

### Sales and Marketing

Sales and marketing expenses primarily consist of personnel-related expenses, including stock-based compensation, advertising expenses, depreciation on property and equipment, outsourcing costs for sales and product demos, 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.

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 the results of operations of our Fifth & Harvey, LLC subsidiary, which holds title to and manages operations of the operating lease for lots in Portland, Oregon that are currently used to host multiple portable food vendors open to the general public, as well as realized gains and losses on foreign currency transactions and foreign currency remeasurement. We expect interest and other expenses, net will decrease as we reduce our interest expense by paying down outstanding debt.

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.

Results of Operations

The results of operations presented below should be reviewed in conjunction with the condensed 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 each of the periods presented:

	Three Months Ended September		Nine Months Ended September	
	30,		30,	
	2023	2022	2023	2022
	(in thousands, except percentages, share and per share data)			
Three Months Ended March 31,				
2024			Three Months Ended March 31,	
			2024	2023

(in thousands, except percentages, share and per share data)						(in thousands, except percentages, share and per share data)			
Revenue	Revenue	\$	36,494	\$	42,493	\$	115,479	\$	126,026
Cost of revenue, net <sup>(1)</sup>	Cost of revenue, net <sup>(1)</sup>		17,680		16,554		50,380		46,564
Gross margin	Gross margin		18,814		25,939		65,099		79,462
Operating expenses:	Operating expenses:								
Research and development <sup>(1)</sup>									
Research and development <sup>(1)</sup>									
Research and development <sup>(1)</sup>	Research and development <sup>(1)</sup>		6,607		3,416		17,119		10,701
General and administrative <sup>(1)</sup>	General and administrative <sup>(1)</sup>		14,245		15,898		38,386		45,335
Sales and marketing <sup>(1)</sup>	Sales and marketing <sup>(1)</sup>		12,860		12,342		36,757		37,958
Total operating expenses	Total operating expenses		33,712		31,656		92,262		93,994
Loss from operations	Loss from operations		(14,898)		(5,717)		(27,163)		(14,532)
Interest and other expenses, net	Interest and other expenses, net		(2,375)		(2,369)		(5,158)		(5,226)
Loss before income taxes	Loss before income taxes		(17,273)		(8,086)		(32,321)		(19,758)
Benefit from (provision for) income taxes			270		(156)		(1,931)		(3,854)
Provision for income taxes									
Net loss	Net loss	\$	(17,003)	\$	(8,242)	\$	(34,252)	\$	(23,612)
Net loss per share:	Net loss per share:								
Basic and diluted	Basic and diluted	\$	(0.21)	\$	(0.10)	\$	(0.42)	\$	(0.29)
Basic and diluted									
Basic and diluted									
Weighted average shares of common stock used to compute net loss per share:	Weighted average shares of common stock used to compute net loss per share:								
Basic and diluted									
Basic and diluted									
Basic and diluted	Basic and diluted		82,469,190		80,941,664		82,085,508		80,523,557
		Net loss							
Net loss margin	Net loss margin		(47)%		(19)%		(30)%		(19)%
							margin	(11)%	(15)%
									%

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

Three Months Ended September 30,		Nine Months Ended September 30,	
2023	2022	2023	2022

(in thousands)					
Three Months Ended					
March 31,			Three Months Ended March 31,		
2024			2023		
(in thousands)			(in thousands)		
Cost of revenue, net	Cost of revenue, net	\$ 3,312	\$ 4,667	\$ 10,218	\$ 14,278
Research and development	Research and development	2,901	1,931	7,562	6,230
General and administrative	General and administrative	2,532	4,624	7,552	15,063
Sales and marketing	Sales and marketing	1,522	2,142	5,280	6,222
Stock-based compensation expense	Stock-based compensation expense	\$ 10,267	\$ 13,364	\$ 30,612	\$ 41,793

27

## COMPARISON OF THE THREE MONTHS ENDED SEPTEMBER 30, MARCH 31, 2024 AND 2023 AND 2022

### Revenue

	Three Months Ended September 30,		Change	
	2023	2022	Amount	%
(in thousands, except percentages)				
Revenue	\$ 36,494	\$ 42,493	\$ (5,999)	(14)%

	Three Months Ended March 31,		Change	
	2024	2023	Amount	%
(in thousands, except percentages)				
Revenue	\$ 33,535	\$ 40,101	\$ (6,566)	(16)%

Revenue decreased by \$6.0 million \$6.6 million, or 14% 16%, for the three months ended September 30, 2023 March 31, 2024 compared to the same period in 2022 2023, primarily due to (i) a decrease in billable activity across our user base, including a decrease in pay-per-use billable activity which has a higher average fee per member than our annual members, and (ii) an increase in contra revenue related to cashback payments driven by the increased adoption and spend captured from members using the Expensify Card.

## Cost of Revenue, Net and Gross Margin

		Three Months Ended				Change			
		September 30,							
		2023	2022	Amount	%	Amount	%	Amount	%
(in thousands, except percentages)									
		Three Months Ended				Three Months Ended			
		March 31,				March 31,		Change	
		2024	2023	Amount	%	2024	2023	Amount	%
(in thousands, except percentages)									
Cost of revenue, net	Cost of revenue, net	\$17,680	\$16,554	\$ 1,126	7 %	Cost of revenue, net	\$14,584	\$ 15,775	\$ (1,191) (8) %
Gross margin	Gross margin	\$18,814	\$25,939	\$ (7,125)	(27) %	Gross margin	\$18,951	\$ 24,326	\$ (5,375) (22) %
Gross margin %	Gross margin %	52 %	61 %						

Cost of revenue, net increased decreased by \$1.1 million \$1.2 million, or 7% 8%, for the three months ended September 30, 2023 March 31, 2024 compared to the same period in 2022, 2023. Cost of revenue, net increased decreased primarily due to increased outsourcing activities related to maintaining our platform. These increases were partially offset by an increase in Consideration from a vendor, net, driven primarily by the increased adoption and spend captured from a higher number of members using the Expensify Card under the Legacy Card Program and the increased spend captured from such members, which reduced Cost of revenue, net by \$2.8 million \$3.2 million and \$1.7 million \$2.1 million for the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively.

Gross margin decreased to 52% 57% for the three months ended September 30, 2023 March 31, 2024 compared to 61% in the same period in 2022, 2023 due to the factors described in the preceding paragraphs for Revenue and Cost of revenue, net.

## OPERATING EXPENSES

### Research and Development

	Three Months Ended September 30,				Change		
	2023		2022		Amount	%	
	(in thousands, except percentages)						
Research and development	\$	6,607	\$	3,416	\$	3,191	93 %

	Three Months Ended March 31,				Change		
	2024		2023		Amount	%	
	(in thousands, except percentages)						
Research and development	\$	5,929	\$	5,418	\$	511	9 %

Research and development expenses increased by \$3.2 million \$0.5 million, or 93% 9%, for the three months ended September 30, 2023 March 31, 2024 compared to the same period in 2022, 2023, primarily due to an increase in employee and external contributor time spent on project initiatives and new product features.

**General and Administrative**

	Three Months Ended September 30,		Change	
	2023	2022	Amount	%
	(in thousands, except percentages)			
General and administrative	\$ 14,245	\$ 15,898	\$ (1,653)	(10)%

	Three Months Ended March 31,		Change	
	2024	2023	Amount	%
	(in thousands, except percentages)			
General and administrative	\$ 11,431	\$ 12,429	\$ (998)	(8)%

General and administrative expenses decreased by \$1.7 million \$1.0 million, or 10% 8%, for the three months ended September 30, 2023 March 31, 2024 compared to the same period in 2022, 2023, primarily due to a decrease in employee time allocated to administrative functions resulting from implementation related to maintenance activities incurred in 2022 for first year regards to compliance with Section 404 of the Sarbanes-Oxley Act and other new public company requirements.

**Sales and Marketing**

	Three Months Ended September 30,		Change	
	2023	2022	Amount	%
	(in thousands, except percentages)			
Sales and marketing	\$ 12,860	\$ 12,342	\$ 518	4 %

	Three Months Ended March 31,		Change	
	2024	2023	Amount	%
	(in thousands, except percentages)			
Sales and marketing	\$ 3,384	\$ 9,183	\$ (5,799)	(63)%

Sales and marketing expenses increased decreased by \$0.5 million \$5.8 million, or 4% 63%, for the three months ended September 30, 2023 March 31, 2024 compared to the same period in 2022, 2023, primarily due to an increase a decrease in employee time allocated to sales and marketing activities, including conferences and events, and a decrease in outsourcing activities related to sales and product demos. These increases were partially offset by a decrease in advertising spend.

**Interest and Other Expenses, Net**

	Three Months Ended September 30,		Change	
	2023	2022	Amount	%

	(in thousands, except percentages)				
Interest and other expenses, net	\$	(2,375)	\$	(2,369)	\$ (6) — %

	Three Months Ended March 31,		Change	
	2024	2023	Amount	%
	(in thousands, except percentages)			
Interest and other expenses, net	\$ (954)	\$ (1,416)	\$ 462	(33)%

Interest and other expenses, net increased nominally decreased by \$0.5 million, or 33%, for the three months ended September 30, 2023 March 31, 2024 compared to the same period in 2022, 2023, primarily due to an increase a decrease in interest expense incurred under due to the repayment of the term loan component of the 2021 Amended Term Loan and Security Agreement (as defined below) due to increases in CIBC's reference rate partially offset by a reduction in foreign currency losses, on October 12, 2023.

#### Provision for Income Taxes

	Three Months Ended September 30,		Change	
	2023	2022	Amount	%
	(in thousands, except percentages)			
Benefit from (provision for) income taxes	\$ 270	\$ (156)	\$ 426	(273)%

	Three Months Ended March 31,		Change	
	2024	2023	Amount	%
	(in thousands, except percentages)			
Provision for income taxes	\$ (1,034)	\$ (1,825)	\$ 791	(43)%

We recorded a benefit from provision for income taxes of \$0.3 million \$1.0 million during the three months ended September 30, 2023 March 31, 2024 compared to a provision for income taxes of \$0.2 million \$1.8 million for the same period in 2022, 2023.

During the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, our effective income tax rate was 1.6% (37.6)% and (1.9) (44.3)%, respectively. The effective income tax rate differs from the statutory rate in 2024 primarily due to non-deductible stock-based compensation, Section 162(m) of the Internal Revenue Code ("IRC") compensation limitations, and the change in valuation allowance. The effective income tax rate differs from the statutory rate in 2023 primarily due to non-deductible stock-based compensation the change in valuation allowance, and Section 162(m) of the Internal Revenue Code ("IRC") compensation limitations. The effective income tax rate differs from the statutory rate in 2022 primarily due to non-deductible stock-based compensation as well as the change in valuation allowance, Section 162(m) of the IRC compensation limitations and state taxes.

## COMPARISON OF THE NINE MONTHS ENDED SEPTEMBER 30, 2023 and 2022

	Nine Months Ended September 30,		Change	
	2023	2022	Amount	%
(in thousands, except percentages)				
Revenue	\$ 115,479	\$ 126,026	\$ (10,547)	(8)%

Revenue decreased by \$10.5 million, or 8%, for the nine months ended September 30, 2023 compared to the same period in 2022, primarily due to (i) a decrease in billable activity across our user base, including a decrease in pay-per-use billable activity which has a higher average fee per member than our annual members, and (ii) an increase in contra revenue related to cashback payments driven by the increased adoption and spend captured from members using the Expensify Card.

### Cost of Revenue, Net and Gross Margin

	Nine Months Ended September 30,		Change	
	2023	2022	Amount	%
(in thousands, except percentages)				
Cost of revenue, net	\$ 50,380	\$ 46,564	\$ 3,816	8 %
Gross margin	\$ 65,099	\$ 79,462	\$ (14,363)	(18)%
Gross margin %	56 %	63 %		

Cost of revenue, net increased by \$3.8 million, or 8%, for the nine months ended September 30, 2023 compared to the same period in 2022. Cost of revenue, net increased primarily due to increased outsourcing activities related to maintaining our platform. These increases were partially offset by an increase in Consideration from a vendor, net, driven primarily by the increased adoption and spend captured from members using the Expensify Card, which reduced Cost of revenue, net by \$7.3 million and \$4.4 million for the nine months ended September 30, 2023 and 2022, respectively.

Gross margin decreased to 56% for the nine months ended September 30, 2023 compared to 63% in the same period in 2022 due to the factors described in the preceding paragraphs for Revenue and Cost of Revenue, net.

### Research and Development

	Nine Months Ended September 30,		Change	
	2023	2022	Amount	%
(in thousands, except percentages)				
Research and development	\$ 17,119	\$ 10,701	\$ 6,418	60 %

Research and development expenses increased by \$6.4 million, or 60%, for the nine months ended September 30, 2023 compared to the same period in 2022, primarily due to an increase in employee and external contributor time spent on project initiatives and new product features.

### General and Administrative

	Nine Months Ended September 30,		Change	
	2023	2022	Amount	%



	2023	2022	Amount	%
	(in thousands, except percentages)			
General and administrative	\$ 38,386	\$ 45,335	\$ (6,949)	(15)%

General and administrative expenses decreased by \$6.9 million, or 15%, for the nine months ended September 30, 2023 compared to the same period in 2022, primarily due to a decrease in employee time allocated to administrative functions resulting from one-time planning and implementation activities incurred in 2022 for first year compliance with Section 404 of the Sarbanes-Oxley Act and other new public company requirements.

#### Sales and Marketing

	Nine Months Ended September 30,		Change	
	2023	2022	Amount	%
	(in thousands, except percentages)			
Sales and marketing	\$ 36,757	\$ 37,958	\$ (1,201)	(3)%

Sales and marketing expenses decreased by \$1.2 million, or 3%, for the nine months ended September 30, 2023 compared to the same period in 2022, primarily due to a decrease in advertising spend partially offset by (i) an increase in outsourcing activities related to sales and product demos, and (ii) increased marketing event spend to gain further brand awareness.

#### Interest and Other Expenses, Net

	Nine Months Ended September 30,		Change	
	2023	2022	Amount	%
	(in thousands, except percentages)			
Interest and other expenses, net	\$ (5,158)	\$ (5,226)	\$ 68	(1)%

Interest and other expenses, net decreased by \$0.1 million, or 1%, for the nine months ended September 30, 2023 compared to the same period in 2022, primarily due to a reduction in foreign currency losses partially offset by an increase in interest expense incurred under the 2021 Amended Term Loan (as defined below) due to increases in CIBC's reference rate.

#### Provision for Income Taxes

	Nine Months Ended September 30,		Change	
	2023	2022	Amount	%
	(in thousands, except percentages)			
Provision for income taxes	\$ (1,931)	\$ (3,854)	\$ 1,923	(50)%

We recorded a provision for income taxes of \$1.9 million during the nine months ended September 30, 2023 compared to a provision for income taxes of \$3.9 million for the same period in 2022.

During the nine months ended September 30, 2023 and 2022, our effective income tax rate was (6.0)% and (19.5)%, respectively. The effective income tax rate differs from the statutory rate in 2023 primarily due to non-deductible stock-based compensation, the change in valuation allowance, and

Section 162(m) of the IRC compensation limitations. The effective income tax rate differs from the statutory rate in 2022 primarily due to non-deductible stock-based compensation, as well as the change in valuation allowance, Section 162(m) of the IRC compensation limitations and state taxes, allowance.

## Key Business Metrics and Non-GAAP Financial Measures

We supplement the reporting of our financial information determined under U.S. generally accepted accounting principles ("GAAP") with certain business metrics and non-GAAP financial measures which we regularly review 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 our 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. Our customers 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 small and medium businesses ("SMBs") or sole proprietors with only one employee, the business owner may also be the only paid member.

The following table sets forth the average number of paid members for each of the periods presented (in thousands):

Three Months Ended	Paid members
September 30, 2023 March 31, 2024	719 688
September 30, 2022 March 31, 2023	761 747

32 30

### NON-GAAP FINANCIAL MEASURES

#### *Limitations 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.

#### *Adjusted EBITDA and Adjusted EBITDA Margin*

We define adjusted EBITDA as net loss 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		Nine Months Ended					
		September 30,		September 30,					
		2023	2022	2023	2022				
		(in thousands, except percentages)							
Three Months Ended									
March 31,						Three Months Ended March 31,			
2024						2024	2023		
		(in thousands, except percentages)				(in thousands, except percentages)			
Adjusted EBITDA	Adjusted EBITDA	\$(3,549)	\$8,970	\$7,320	\$31,333				
Adjusted EBITDA margin	Adjusted EBITDA margin	(10)%	21 %	6 %	25 %	Adjusted EBITDA margin	21 %	22	%

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

We define non-GAAP net income as net loss from operations in accordance with GAAP excluding stock-based compensation. 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 expense, which is not considered indicative of the core operating performance of our business.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in thousands, except percentages)			
Non-GAAP net (loss) income	\$ (6,736)	\$ 5,122	\$ (3,640)	\$ 18,181
Non-GAAP net (loss) income margin	(18)%	12 %	(3)%	14 %

	Three Months Ended March 31,	
	2024	2023
	(in thousands, except percentages)	
Non-GAAP net income	\$ 3,743	\$ 4,059
Non-GAAP net income margin	11 %	10 %

## Reconciliations of Non-GAAP Financial Measures

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 September 30,		Nine Months Ended September 30,					
		2023	2022	2023	2022				
		(in thousands, except percentages)							
						Three Months Ended March 31,		Three Months Ended March 31,	
						2024		2024	2023
		(in thousands, except percentages)				(in thousands, except percentages)			
Net loss	Net loss	\$ (17,003)	\$ (8,242)	\$ (34,252)	\$ (23,612)				
Net loss margin	Net loss margin	(47)%	(19)%	(30)%	(19)%	Net loss margin	(11)%	(15)	%
Add:	Add:								
(Benefit from) provision for income taxes	(Benefit from) provision for income taxes	(270)	156	1,931	3,854				
Provision for income taxes	Provision for income taxes								
Provision for income taxes	Provision for income taxes								
Interest and other expenses, net	Interest and other expenses, net	2,375	2,369	5,158	5,226				
Depreciation and amortization	Depreciation and amortization	1,082	1,323	3,871	4,072				
Stock-based compensation expense	Stock-based compensation expense	10,267	13,364	30,612	41,793				
Adjusted EBITDA	Adjusted EBITDA	\$ (3,549)	\$ 8,970	\$ 7,320	\$ 31,333				
Adjusted EBITDA margin	Adjusted EBITDA margin	(10)%	21 %	6 %	25 %	Adjusted EBITDA margin	21 %	22	%

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

		Three Months Ended September 30,		Nine Months Ended September 30,					
		2023	2022	2023	2022				
		(in thousands, except percentages)							
						Three Months Ended March 31,		Three Months Ended March 31,	
						2024		2024	2023
		(in thousands, except percentages)				(in thousands, except percentages)			

Net loss	Net loss	\$ (17,003)	\$ (8,242)	\$ (34,252)	\$ (23,612)				
Net loss margin	Net loss margin	(47)%	(19)%	(30)%	(19)%	Net loss margin	(11)%	(15)	%
Add:	Add:								
Stock-based compensation expense	Stock-based compensation expense	10,267	13,364	30,612	41,793				
Non-GAAP net (loss) income		\$ (6,736)	\$ 5,122	\$ (3,640)	\$ 18,181				
Non-GAAP net (loss) income margin		(18)%	12 %	(3)%	14 %				
Stock-based compensation expense									
Stock-based compensation expense									
Non-GAAP net income									
Non-GAAP net income margin						Non-GAAP net income margin	11 %	10	%

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 September 30, 2023 March 31, 2024, we had \$89.1 million \$49.3 million in cash and cash equivalents and \$58.8 million \$22.6 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 and growth strategy for the next 12 months and for the foreseeable future.

34 32

CASH FLOWS

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

Nine Months Ended	
September 30,	
2023	2022
(in thousands)	

Three Months Ended March			
		31,	
		2024	
		2024	
		2024	
		(in thousands)	
		(in thousands)	
		(in thousands)	
Net cash provided by operating activities	Net cash provided by operating activities	\$ 2,102	\$26,229
Net cash used in investing activities	Net cash used in investing activities	(4,833)	(1,373)
Net cash used in financing activities		(10,371)	(2,102)
Net (decrease) increase in cash and cash equivalents and restricted cash		\$(13,102)	\$22,754
Net cash used in investing activities			
Net cash used in investing activities			
Net cash provided by financing activities			
Net cash provided by financing activities			
Net cash provided by financing activities			
Net increase in cash and cash equivalents and restricted cash			
Net increase in cash and cash equivalents and restricted cash			
Net increase in cash and cash equivalents and restricted cash			

CASH FLOWS FROM OPERATING ACTIVITIES

Net cash provided by operating activities was \$2.1 million \$3.5 million for the nine three months ended September 30, 2023 March 31, 2024 compared to \$26.2 million \$7.6 million for the same period in 2022 2023. The decrease was primarily due to a reduction in funds held for customers due to the timing of expense reimbursement activity and a decrease in revenue, and increased outsourcing activities related to maintaining our platform along with design work for new project initiatives. revenue.

CASH FLOWS FROM INVESTING ACTIVITIES

During the nine three months ended September 30, 2023 March 31, 2024, net cash used in investing activities was \$4.8 million \$2.8 million, primarily consisting of software development costs and the purchase of property and equipment costs.

Net cash used in investing activities increased for the nine three months ended September 30, 2023 March 31, 2024 compared to the same period in 2022, 2023, primarily due to an increase in employee and external contributor software development costs.

#### CASH FLOWS FROM FINANCING ACTIVITIES

During the nine three months ended September 30, 2023 March 31, 2024, net cash used in provided by financing activities was \$10.4 million \$0.8 million, primarily consisting of principal payments on the term loan, the repurchase and retirement of common stock, and payments for employees taxes withheld from stock-based awards, which was partially offset by proceeds from common stock purchased under the Company's 2021 Stock Purchase and Matching Plan ("Matching Plan").

During the nine three months ended September 30, 2022 March 31, 2023 net cash used in provided by financing activities was \$0.1 million, primarily consisted consisting of payments for employees taxes withheld from stock-based awards, which were partially offset by proceeds from common stock purchased under the Matching Plan, and proceeds offset by payments for employee taxes withheld from the issuance of common stock on exercises of stock options. stock-based awards.

#### CREDIT FACILITIES

##### Amortizing Term Mortgage

In August 2019, the Company entered into an \$8.3 million amortizing term mortgage agreement with Canadian Imperial Bank of Commerce ("CIBC") for the Company's commercial building located in Portland, Oregon. The agreement requires principal and interest payments due each month over a five-year period. Interest accrues at a fixed rate of 5.00% per year until August 2024, at which point the remaining outstanding principal balance on the amortizing term mortgage is due in full. The borrowings are secured by the building. The outstanding balance of the amortizing term mortgage was \$7.7 million \$7.6 million as of September 30, 2023 March 31, 2024. See Note 4 to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for further information.

##### Loan and Security Agreement

In September 2021, we amended and restated our loan and security agreement with CIBC ("2021 (the "2021 Amended Term Loan") to refinance the existing non-amortizing Loan and amortizing term loans, establish a single term loan of up to \$75.0 million Security Agreement", consisting which consisted of a \$45.0 million \$45.0 million initial term loan, effective immediately with an the option to enter into an additional \$30.0 million \$30.0 million delayed term loan that expired in March 2023, and increase the a monthly revolving line of credit to \$25.0 million. The option for the delayed term loan expired in March 2023. The term loan and revolving line of credit mature in September 2026 and September 2024, respectively. 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, as well as commitment fees and other debt issuance costs associated with the amendment. The remaining proceeds from the initial term loan were utilized to fund our normal business operations.

\$25.0 million. Under the 2021 Amended Term Loan and Security Agreement, the initial term loan of \$45.0 million is \$45.0 million was payable over a 60-month period with principal and accrued interest payments due each quarter, thereafter, which commenced with the first payment due commencing on September 30, 2021. Quarterly The 2021 Amended Loan and Security Agreement amortized in equal quarterly installments of \$0.1 million through September 30, 2024, \$0.2 million beginning October 1, 2024 and \$0.6 million beginning October 1, 2025, with any remaining principal payments are

fixed balance due and escalate throughout the term, payable on maturity in September 2026. The amounts borrowed bear accrued interest at the bank's reference rate plus 2.25% (10.75% as of September 30, 2023) beginning on September 30, 2021 and continue continuing on a quarterly basis through the maturity of the term loan. The borrowings are were secured by substantially all our assets. The then outstanding balance of \$36.0 million and \$0.1 million of accrued interest on the term loan were repaid in full on October 12, 2023.

In February 2024, we entered into a Second Amended and Restated Loan and Security Agreement (the "2024 Amended Loan and Security Agreement") with CIBC. The 2024 Amended Loan and Security Agreement amends and restates the 2021 Amended Loan and Security Agreement to extend the maturity date of the revolving line of credit agreement, as amended from September 2024 to September 2025, remove certain provisions related to the term loan that was repaid in full in October 2023 and make certain changes to the positive and negative covenants intended to better align with the 2021 our operations. The 2024 Amended Term Loan provides borrowings up and Security Agreement continues to provide for a \$25.0 million. million revolving credit facility. Borrowings under the line of credit bear accrue interest at CIBC's reference rate plus 1.00% (9.50% as of September 30, 2023 March 31, 2024) and are secured by substantially all of our assets.

We incurred an immaterial amount of costs in connection with entering into the 2024 Amended Loan and Security Agreement. These debt issuance costs are reflected as a deferred asset within Other current assets on the Condensed Consolidated Balance Sheets and are being amortized to interest expense on a straight-line basis over the term of the agreement. As of March 31, 2024, the unamortized debt issuance costs included within Other current assets was \$0.1 million.

The outstanding balances balance of the term loan and revolving line of credit were \$36.1 million and was \$15.0 million, respectively, as of September 30, 2023 March 31, 2024. See Note 4 to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for further information.

**The outstanding balance of \$36.0 million, including \$0.1 million of accrued interest, on the term loan was repaid in full on October 12, 2023.**

#### Certain Covenants

We are subject to customary covenants under the 2021 2024 Amended Term 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: a total liquidity ratio, as defined in the 2024 Amended Loan and Security Agreement, tested each quarter, of not less than 1.10 to 1.00 for the quarter ending March 31, 2024, not less than 1.20 to 1.00 from the quarter ending June 30, 2024 and each quarter thereafter, and a total EBITDA net leverage ratio, as defined in the 2021 2024 Amended Term Loan and Security Agreement, tested each quarter, of not less than 5.00 2.50 to 1.00 from September 30, 2022 through the quarter ended March 31, 2025 and including June 30, 2023, and not less than 4.00 to 1.00 from September 30, 2023 through and including June 30, 2024, 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, quarter thereafter.

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 September 30, 2023 March 31, 2024, the Company was we were not in compliance with all debt covenants, specifically the covenant restricting the amount of repurchases of common stock, which includes net share settlements of stock-based awards, the covenant related to the requirement to maintain all deposit, operating and collateral accounts with CIBC with certain exceptions during the period, and the minimum fixed charge coverage ratio covenant. stock. A waiver was obtained from CIBC. The Company does CIBC for our non-compliance with this covenant. We do not believe non-compliance with these covenants this covenant had any material impact on the Company us or its our operations. The Company expects We expect to



be in compliance with all debt covenants pursuant to the 2024 Amended Loan and Security Agreement, or to have received waivers a waiver for any non-compliance, by the end of the fiscal quarter ending December 31, 2023 ended June 30, 2024.

In May 2024, we entered into a First Amendment to the 2024 Amended Loan and Security Agreement, which amended the covenant restricting the amount of repurchases of common stock to allow for certain additional repurchase activity and provided a waiver for our non-compliance during prior periods with the previous version of such covenant.

## Contractual Obligations and Commitments

As of September 30, 2023 March 31, 2024, there have been no material changes in our contractual obligations and commitments as disclosed in our 2022 2023 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 Operations, Condensed Consolidated Statements of Changes in Stockholders' Equity, 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 Policies and Estimates

Our condensed consolidated financial statements included elsewhere herein have been prepared in accordance with GAAP. The preparation of our condensed consolidated 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.

There have been no material changes to our critical accounting policies and estimates as compared to those described in Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our 2022 2023 Annual Report.

## 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

Upon the completion of our IPO, we elected to be an emerging growth company ("EGC"), as defined in the Jumpstart Our Business Startups Act of 2012, which, among other things, allowed us to take advantage of reduced disclosure requirements and an extended transition period for the implementation of new or revised accounting pronouncements.

Effective December 31, 2022, based on the market value of our common stock held by non-affiliates as of June 30, 2022, we were deemed to be a large accelerated filer and no longer qualified as an EGC. As a result, we must now comply with all financial disclosure and governance requirements applicable to large accelerated filers. The effect of the loss of EGC status and the impact on the adoption of new accounting pronouncements is discussed further in Note 2 to our consolidated financial statements in our 2022 Annual Report.

## Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes in our market risk from the disclosure included under Part II, Item 7A. "Quantitative and Qualitative Disclosures About Market Risk" in our 2022 2023 Annual Report.

## 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 Securities Exchange Act of 1934, as amended ("Exchange Act")), as of the end of the period covered by this Quarterly Report on Form 10-Q. Our disclosure controls and procedures are designed to provide reasonable assurance that information we are required to disclose in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosures, and is recorded, processed, summarized and reported within the time periods specified in the SEC's Securities and Exchange Commission's (the "SEC") rules and forms. Based on such evaluation, our chief executive officer and chief financial officer have concluded that as of September 30, 2023 March 31, 2024, our disclosure controls and procedures were effective at a reasonable assurance level.

### CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

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 On November 29, 2023, a putative securities class action (the "Putative Class Action") was filed in the United States District Court for the District of Oregon captioned Wilhite v. Expensify, Inc., et al., Case No. 3:23-cv-01784-JR, naming us, two of our executive officers and two of our former directors as defendants (collectively, the "Defendants"). The lawsuit is purportedly brought on behalf of all those who purchase or acquired our stock pursuant or traceable to our initial public offering ("IPO"). The complaint alleges claims under Sections 11 and 15 of the Securities Act of 1933 based on allegedly false or misleading statements in the offering documents filed in connection with our IPO. The lawsuit seeks unspecified damages and other relief. On January 29, 2024, three shareholders moved to be appointed lead plaintiff in the Putative Class Action. The court appointed a lead plaintiff and lead counsel on March 11, 2024. Pursuant to the parties' stipulation, the lead plaintiff's amended complaint is due May 10, 2024. Defendants' motion to dismiss the amended complaint is due July 9, 2024. The lead plaintiff's opposition is due September 6, 2024, and Defendants' reply is due October 18, 2024. The court has not yet scheduled a hearing on Defendants' anticipated motion to dismiss. The Defendants intend to deny the allegations of wrongdoing and vigorously defend against the claims in the Putative Class Action.

In addition to the matter described above, 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. The results of any current or future litigation cannot be predicted with certainty, and regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors.

### Item 1A. Risk Factors

There have been no material changes to the risk factors set forth in Part I, Item 1A. "Risk Factors" of our 2022 2023 Annual Report. You should carefully read and consider the risks and uncertainties, together with all of the other information included in the 2022 2023 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 condensed 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 and Issuer Purchases of Equity Securities

### ISSUER PURCHASES OF EQUITY SECURITIES

The following table sets forth information regarding our purchases of shares of Class A common stock during the three months ended September 30, 2023 March 31, 2024.

	Total number of shares purchased	Weighted-average price paid per share	Total number of shares purchased as part of publicly announced programs	Maximum number (or approximate dollar value) of shares that may yet be purchased under the program <sup>(1)</sup>
July January 1 - 31, 2023 2024	—	\$ —	—	\$ 41,000,003
August February 1 - 31, 2023 29, 2024	—	\$ —	—	\$ 41,000,003
September March 1 - 30, 2023 31, 2024	—	\$ —	—	\$ 41,000,003
Three months ended September 30, 2023 March 31, 2024	—	—	—	—

(1) On May 12, 2022, we announced the approval of a share repurchase program with authorization to purchase up to \$50.0 million of our Class A common stock at management's discretion. The repurchase program does not have an expiration date, does not obligate us to repurchase any specific number of shares and may be modified, suspended or terminated at any time at our discretion. At September 30, 2023 March 31, 2024, we had approximately \$41.0 million remaining under the share repurchase authorization, not including amounts used for net share settlement of vested equity incentive awards.

## Item 3. Defaults Upon Senior Securities

None.

## Item 4. Mine Safety Disclosures

None.

## Item 5. Other Information

None.

Item 6. Exhibits

Incorporated by Reference												Incorporated by Reference
Incorporated by Reference												
Exhibit No.												
Exhibit No.												
File												
Exhibit No.	Exhibit No.	Name	Form	No.	Exhibit	Filing Date	Name		Form	No.	Exhibit	Filing Date
3.1	3.1	<a href="#">Amended and Restated Certificate of Incorporation of the Registrant.</a>	10-Q	001-41043	3.1	August 9, 2023	3.1 <a href="#">Amended and Restated Certificate of Incorporation of the Registrant.</a>		10-K	001-41043	3.1	February 27, 2024
3.2	3.2	<a href="#">Amended and Restated Bylaws of the Registrant.</a>	8-K	001-41043	3.2	November 15, 2021						
3.2							<a href="#">Amended and Restated Bylaws of the Registrant.</a>		8-K	001-41043	3.2	November 15, 2021
10.1							<a href="#">Second Amended and Restated Loan and Security Agreement, dated as of February 21, 2024, by and among Expensify, Inc., the Lenders party thereto and Canadian Imperial Bank of Commerce</a>		8-K	001-41043	10.1	February 22, 2024
10.2												
31.1												
31.1												

31.1*	31.1*	<a href="#">Certification</a> <a href="#">of the</a> <a href="#">Principal</a> <a href="#">Executive</a> <a href="#">Officer,</a> <a href="#">pursuant to</a> <a href="#">Rules 13a-</a> <a href="#">14(a) and</a> <a href="#">15d-14(a)</a> <a href="#">under the</a> <a href="#">Securities</a> <a href="#">Exchange</a> <a href="#">Act of 1934,</a> <a href="#">as amended,</a> <a href="#">as adopted</a> <a href="#">pursuant to</a> <a href="#">Section 302</a> <a href="#">of the</a> <a href="#">Sarbanes-</a> <a href="#">Oxley Act of</a> <a href="#">2002.</a>
31.2*	31.2*	<a href="#">Certification</a> <a href="#">of the</a> <a href="#">Principal</a> <a href="#">Financial</a> <a href="#">Officer,</a> <a href="#">pursuant to</a> <a href="#">Rules 13a-</a> <a href="#">14(a) and</a> <a href="#">15d-14(a)</a> <a href="#">under the</a> <a href="#">Securities</a> <a href="#">Exchange</a> <a href="#">Act of 1934,</a> <a href="#">as amended,</a> <a href="#">as adopted</a> <a href="#">pursuant to</a> <a href="#">Section 302</a> <a href="#">of the</a> <a href="#">Sarbanes-</a> <a href="#">Oxley Act of</a> <a href="#">2002.</a>
31.2*		
31.2*		

32.1**	32.1**	<a href="#">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.</a>
32.1**		
32.1**		
32.2**		
32.2**		
32.2**	32.2**	<a href="#">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.</a>
101.INS*	101.INS*	Inline XBRL Instance Document.
101.INS*		
101.INS*		
101.SCH*	101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.SCH*		
101.SCH*		

101.CAL*		
101.CAL*		
101.CAL*	101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.DEF*		
101.DEF*		
101.PRE*		
101.PRE*		
101.PRE*	101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkable Document.
104*	104*	Cover Page Interactive Data File (embedded within the Inline XBRL document).
104*		
104*		

\*    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: November 8, 2023 May 9, 2024

By: /s/ David Barrett

David Barrett

President and Chief Executive Officer

(Principal Executive Officer)

Date: November 8, 2023 May 9, 2024

By: /s/ Ryan Schaffer

Ryan Schaffer

Chief Financial Officer

(Principal Financial Officer)

Exhibit 10.2

## FIRST AMENDMENT TO SECOND AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

This FIRST AMENDMENT TO SECOND AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT (this “**Amendment**”) is entered into as of May 7, 2024 (the “**FirstAmendment Effective Date**”) by and among EXPENSIFY, INC., a Delaware corporation (in its capacity as borrower representative, “**Borrower Representative**”), the Lenders party hereto, constituting Required Lenders, Canadian Imperial Bank of Commerce (in its individual capacity, “**CIBC**”, and in its capacity as administrative agent and collateral agent for the Lenders “**Agent**”).

### RECITALS

A. Borrower Representative, Lenders and Agent are parties to that certain Second Amended and Restated Loan and Security Agreement, dated as of February 21, 2024 (as amended, restated, supplemented or otherwise modified from time to time, the “**Agreement**”). Capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Agreement.

B. Borrower Representative has requested certain modifications to the terms of the Agreement, and Agent and Required Lenders, although under no obligation to do so, have agreed to such modifications, on the terms set forth herein.

### AGREEMENT

NOW, THEREFORE, the parties agree as follows:

1. **Definitions.** Capitalized terms used but not defined in this Amendment shall have the respective meanings given to them in the Agreement.

## 2. Amendments.

2.1 Section 7.7(a)(vi) of the Agreement is hereby amended and restated to read as follows:

(6) Borrower Representative may repurchase or otherwise retire certain shares of

(A) its common stock otherwise issuable

(x) upon conversion of restricted stock unit awards and

(y) pursuant to its stock purchase and matching plan, in each case, to satisfy certain tax obligations with respect to such restricted stock unit awards or shares owing by the applicable employee, and

(B) unvested options or restricted stock grants granted to of the employees, directors, officers or consultants under equity incentive plans to be repurchased upon the departure or other termination of service,

provided that

(i) the aggregate amount of such repurchases described in clauses (A) and (B) shall not, during any consecutive twelve (12) month period, exceed \$2,500,000,

(ii) no Default or Event of Default shall exist or result from such repurchase or other retirement of shares, and

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Exhibit 10.2

(iii) Borrower Representative shall have delivered calculations certified by a Responsible Officer demonstrating pro forma financial covenant compliance to Administrative Agent concurrently with such repurchase, or

2.2 Exhibit C to the Agreement is hereby amended and restated as set forth in Exhibit C attached hereto.

3. **Waiver.** Agent and Lender hereby agree to waive any Event of Default resulting from the repurchase of unvested equity incentive options of Borrower Representative from employees, consultants, officers or directors, in each case, in connection with the termination of service, in excess of amounts permitted under Section 7.7 (as in effect prior to the effectiveness of this Amendment) in amounts as disclosed to Agent as of the date of this Amendment from January 1, 2022 through the date of this Amendment, in amounts not exceeding the following: fiscal year 2024 (through date of this Amendment): \$32,000, fiscal year 2023: \$17,000; fiscal year 2022: \$25,000. The foregoing waiver shall be precisely limited as written and shall not be deemed to (a) be a consent to any amendment, waiver or modification of any other term or condition of any Loan Document except as expressly set forth herein, (b) create a course of dealing with respect to any future amendment, waiver, consent or other modification of any other term or condition of the Loan Documents (or with respect to any existing or future breach of the Loan Documents), or (c) otherwise prejudice any right or remedy which Secured Parties may now have or may have in the future under or in connection with any Loan Document.

4. **Obligations.** Each Borrower hereby acknowledges that the Obligations are due and owing as set forth in the Agreement without setoff, recoupment, defense or counterclaim, in law or in equity, of any nature or kind. All security interests granted to Agent by Borrowers under any Loan Document is hereby reaffirmed by Borrowers and shall continue to secure the Obligations from the Closing Date. Except as expressly set forth herein, the terms of the Loan Documents remain in effect. This Amendment is a Loan Document.

5. **Representations.** To induce Agent and Lenders to enter into this Amendment, each Borrower hereby represents and warrants as follows:

5.1 The representations and warranties contained in the Agreement and the other Loan Documents are true and correct in all material respects as of the date of this Amendment (except for such representations and warranties referring to another date, which representations and warranties are true and correct in all material respects as of such date), provided that the Perfection Certificate is hereby amended and restated as set forth in the Schedule hereto.

5.2 No Event of Default has occurred or presently exists.

5.3 Each Borrower has the power and authority to execute and deliver this Amendment and to perform its obligations under the Agreement, as amended by this Amendment.

5.4 The execution and delivery by each Borrower of this Amendment and the performance by such Borrower of its obligations under the Agreement (a) have been duly authorized by all necessary action on the part of such Borrower, and (b) will not contravene (i) any law or regulation binding on or affecting such Borrower, (ii) any contractual restriction with a Person binding on such Borrower, (iii) any order, judgment or decree of any court or other governmental or public body or authority, or subdivision thereof, binding on such Borrower, or (iv) the Operating Documents of such Borrower.

5.5 The execution and delivery by each Borrower of this Amendment and the performance by such Borrower of its obligations under the Agreement, as amended by this Amendment, do not require any order, consent, approval, license, authorization or validation of, or filing, recording or registration with, or exemption by, any governmental or public body or authority, or subdivision thereof, binding on such Borrower, except as already has been obtained or made.

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Exhibit 10.2

6. **Counterparts; Electronic Execution of Documents.** This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, is an original, and all taken together, constitute one Agreement. Delivery of an executed counterpart of a signature page of this Amendment or any document delivered in connection therewith by electronic means including by email delivery of a “.pdf” format data file shall be effective as delivery of an original executed counterpart thereof.

7. **Effectiveness.** This Amendment shall be effective upon due execution and delivery of this Amendment by the parties hereto.

8. **Expenses.** Borrowers shall pay all Lender Expenses incurred in connection with this Amendment upon demand.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

3

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[SIGNATURE PAGE TO FIRST AMENDMENT TO SECOND AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT]

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the first date above written.

**BORROWER REPRESENTATIVE:**

EXPENSIFY, INC.

By: /s/ Ryan Schaffer

Name: Ryan Schaffer

Title: CFO

**ADMINISTRATIVE AGENT AND LENDER:**

CANADIAN IMPERIAL BANK OF COMMERCE

By: /s/ Ian Curry

Name: Ian Curry

Title: Authorized Signatory

By: /s/ Joshua Tam

Name: Joshua Tam

Title: Authorized Signatory

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 officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements

for external purposes in accordance with generally accepted accounting principles;

- c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ David Barrett

David Barrett

Chief Executive Officer

(Principal Executive Officer)

Date: November 8, 2023 May 9, 2024

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 officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

- c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Ryan Schaffer

Ryan Schaffer

Chief Financial Officer

(Principal Financial Officer)

Date: November 8, 2023 May 9, 2024

**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 September 30, 2023 March 31, 2024 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: November 8, 2023 May 9, 2024

**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 **September 30, 2023** **March 31, 2024** 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: **November 8, 2023** **May 9, 2024**

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