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

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**FORM 10-Q**

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

For the quarterly period ended September 30, 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: 001-39405

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**MarketWise, Inc.**

(Exact Name of Registrant as Specified in Its Charter)

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**Delaware**

(State or other jurisdiction of incorporation or organization)

**87-1767914**

(I.R.S. Employer Identification Number)

**1125 N. Charles Street Baltimore, Maryland**

(Address of principal executive offices)

**21201**

(Zip Code)

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**(888) 261-2693**

(Registrant's telephone number, including area code)

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**N/A**

(Former name, former address and former fiscal year, if changed since last report)

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

<b>Title of each class</b>	<b>Trading Symbol(s)</b>	<b>Name of each exchange on which registered</b>
<b>Class A common stock, \$0.0001 par value per share</b>	<b>MKTW</b>	<b>The Nasdaq Stock Market LLC</b>

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 type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input checked="" 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 12 (a) of the Exchange Act.

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

As of November 4, 2024, there were 44,432,380 shares of the registrant's Class A common stock and 279,890,147 shares of the registrant's Class B common stock, each with a par value of \$0.0001 per share, outstanding.

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#### **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as such are not historical facts. This includes, without limitation, statements regarding our financial position and business strategy, and the plans and objectives of management for our future operations. Such statements can be identified by the fact that they do not relate strictly to historical or current facts. When used in this report, words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "might," "plan," "possible," "potential," "predict," "project," "should," "strive," "would," and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements are predictions, projections, and other statements about future events that are based on current expectations and assumptions and, as a result, are subject to risks and uncertainties. Many factors could cause actual future events to differ materially from the forward-looking statements in this report, including, but not limited to:

- our ability to attract new subscribers and to persuade existing subscribers to renew their subscription agreements with us and to purchase additional products and services from us;
- our ability to adequately market our products and services, and to develop additional products and product offerings;
- our ability to manage our growth effectively, including through acquisitions;
- failure to maintain and protect our reputation for trustworthiness and independence;
- our ability to attract, develop, and retain capable management, editors, and other key personnel;
- our ability to grow market share in our existing markets or any new markets we may enter;
- adverse or weakened conditions in the financial sector, global financial markets, and global economy;
- current macroeconomic events, including heightened inflation, rise in interest rates and the potential for an economic recession;
- failure to comply with laws and regulations or other regulatory action or investigations, including the Investment Advisers Act of 1940, as amended (the "Advisers Act");
- our ability to respond to and adapt to changes in technology and consumer behavior;
- failure to successfully identify and integrate acquisitions, or dispose of assets and businesses;
- our public securities' potential liquidity and trading;
- the impact of the regulatory environment and complexities with compliance related to such environment;
- our future capital needs;
- our ability to maintain an effective system of internal control over financial reporting;
- our ability to maintain and protect our intellectual property; and
- other factors detailed under the section of our Annual Report on Form 10-K for the year ended December 31, 2023 entitled "Risk Factors."

These forward-looking statements are based on information available as of the date of this report and current expectations, forecasts, and assumptions, and involve a number of judgments, risks, and uncertainties. Additionally, as a result of a number of known and unknown risks and uncertainties, our actual results or performance may be materially different from those expressed or implied by these forward-looking statements. Accordingly, forward-looking statements should not be relied upon as representing our views as of any subsequent date, and we do not

undertake any obligation to update forward-looking statements for any reason, except as may be required under applicable securities laws.

**PART 1—FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

**MARKETWISE, INC.**

**Condensed Consolidated Balance Sheets (Unaudited)**

*(In thousands, except share and per share data)*

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 94,111	\$ 155,174
Accounts receivable	2,224	4,528
Prepaid expenses	8,993	9,305
Related party receivables	930	5,182
Deferred contract acquisition costs	64,757	91,480
Other current assets	1,480	2,172
Total current assets	172,495	267,841
Property and equipment, net	567	690
Operating lease right-of-use assets	5,801	7,331
Intangible assets, net	7,687	6,255
Goodwill	33,560	31,038
Deferred contract acquisition costs, noncurrent	49,746	73,420
Deferred tax assets	8,469	9,693
Other assets	26	287
<b>Total assets</b>	<b>\$ 278,351</b>	<b>\$ 396,555</b>
<b>Liabilities and stockholders' deficit</b>		
Current liabilities:		
Trade and other payables	\$ 2,326	\$ 559
Related party payables	1,133	1,137
Accrued expenses	22,370	55,041
Deferred revenue and other contract liabilities	229,735	287,751
Operating lease liabilities	1,639	1,446
Other current liabilities	26,769	27,959
Total current liabilities	283,972	373,893
Long-term liabilities – related party	316	—
Deferred revenue and other contract liabilities, noncurrent	233,096	304,342
Related party tax receivable agreement liability, noncurrent	2,669	2,151
Other liabilities, noncurrent	2,313	746
Operating lease liabilities, noncurrent	3,100	4,366
Total liabilities	525,466	685,498
Commitments and Contingencies	—	—
Stockholders' deficit:		
Common stock - Class A, par value of \$ 0.0001 per share, 950,000,000 shares authorized; 39,381,380 and 36,384,981 shares issued and outstanding at September 30, 2024 and December 31, 2023, respectively	4	4
Common stock - Class B, par value of \$ 0.0001 per share, 300,000,000 shares authorized; 279,890,147 and 288,092,303 shares issued and outstanding at September 30, 2024 and December 31, 2023, respectively	28	29
Preferred stock - par value of \$ 0.0001 per share, 100,000,000 shares authorized; 0 shares issued and outstanding at September 30, 2024 and December 31, 2023, respectively	—	—
Additional paid-in capital	101,857	115,164
Accumulated other comprehensive income	56	65

**MARKETWISE, INC.**

**Condensed Consolidated Balance Sheets (Unaudited)**

*(In thousands, except share and per share data)*

Accumulated deficit	( 121,422 )	( 126,343 )
Total stockholders' deficit attributable to MarketWise, Inc.	( 19,477 )	( 11,081 )
Noncontrolling interest	( 227,638 )	( 277,862 )
<b>Total stockholders' deficit</b>	<b>( 247,115 )</b>	<b>( 288,943 )</b>
<b>Total liabilities and stockholders' deficit</b>	<b>\$ 278,351</b>	<b>\$ 396,555</b>

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

MARKETWISE, INC.

Condensed Consolidated Statements of Operations (Unaudited)

(In thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net revenue	\$ 96,975	\$ 105,799	\$ 309,761	\$ 334,777
Related party revenue	211	351	1,462	1,250
Total net revenue	97,186	106,150	311,223	336,027
Operating expenses:				
Cost of revenue <sup>(1)</sup>	12,902	13,812	39,649	43,737
Sales and marketing <sup>(1)</sup>	36,644	52,466	126,663	150,226
General and administrative <sup>(1)</sup>	22,480	25,005	70,796	80,667
Research and development <sup>(1)</sup>	2,614	2,085	6,934	6,778
Depreciation and amortization	635	1,001	1,997	2,979
Impairment of intangible assets	—	584	—	584
Related party expense	9	155	393	487
Total operating expenses	75,284	95,108	246,432	285,458
Income from operations	21,902	11,042	64,791	50,569
Other income, net	632	182	210	807
Interest income, net	1,185	1,511	4,184	3,062
Income before income taxes	23,719	12,735	69,185	54,438
Income tax expense	973	691	2,487	2,046
Net income	22,746	12,044	66,698	52,392
Net income attributable to noncontrolling interests	21,026	11,904	61,777	50,749
Net income attributable to MarketWise, Inc.	\$ 1,720	\$ 140	\$ 4,921	\$ 1,643
Earnings per share – basic	\$ 0.04	\$ 0.00	\$ 0.13	\$ 0.05
Earnings per share – diluted	\$ 0.04	\$ 0.00	\$ 0.13	\$ 0.05
Weighted average shares outstanding – basic	38,964	32,910	37,968	30,883
Weighted average shares outstanding – diluted	39,662	33,632	39,259	31,996

<sup>(1)</sup> Cost of revenue, sales and marketing, general and administrative, and research and development expenses are exclusive of depreciation and amortization shown as a separate line item

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

**MARKETWISE, INC.**

**Condensed Consolidated Statements of Comprehensive Income (Unaudited)**

*(In thousands)*

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Net income	\$ 22,746	\$ 12,044	\$ 66,698	\$ 52,392
Other comprehensive income (loss):				
Cumulative translation adjustment	46	25	( 9 )	11
Total comprehensive income	\$ 22,792	\$ 12,069	\$ 66,689	\$ 52,403

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

**MARKETWISE, INC.**

**Condensed Consolidated Statement of Stockholders' Deficit (Unaudited)**

*(In thousands, except share and per share data)*

	Common Stock -		Common Stock -		Total Stockholders' Deficit							
	Class A		Class B		Additional paid-in capital			Accumulated deficit	Other Comprehensive Income (Loss)	Attributable to MarketWise, Inc.	Noncontrolling Interest	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount								
<b>Balance at</b>	32,073,995		289,842,303									
<b>July 1, 2023</b>		\$ 3		\$ 29	\$112,146	\$ (126,622)	\$ 30	\$ (14,414)	\$ (242,837)	\$ (257,251)		
Equity-based compensation	—	—	—	—	2,932	—	—	—	2,932	—	—	2,932
Vesting of restricted stock units	522,442	—	—	—	—	—	—	—	—	—	—	—
Restricted stock units withheld to pay taxes	—	—	—	—	(415)	—	—	—	(415)	—	—	(415)
Cash dividends declared	—	—	—	—	(462)	—	—	—	(462)	—	—	(462)
Distributions	—	—	—	—	—	—	—	—	—	(3,649)	(3,649)	
Issuance per redemption of Class B shares for Class A	1,500,000	—	(1,500,000)	—	(1,062)	—	—	—	(1,062)	1,238	176	
Foreign currency translation adjustments	—	—	—	—	—	—	25	25	—	—	—	25
<b>Net income</b>	—	—	—	—	—	140	—	—	140	11,904	12,044	
<b>Balance at September 30, 2023</b>	34,096,437		288,342,303									
	<b>  \$ 3</b>	<b>  \$ 29</b>	<b>  \$113,139</b>	<b>  \$ (126,482)</b>	<b>  \$ 55</b>	<b>  \$ (13,256)</b>	<b>  \$ (233,344)</b>	<b>  \$ (246,600)</b>				

**MARKETWISE, INC.**

**Condensed Consolidated Statement of Stockholders' Deficit (Unaudited)**

*(In thousands, except share and per share data)*

	Common Stock - Class A		Common Stock - Class B		Total Stockholders' Deficit						
	Shares	Amount	Shares	Amount	Additional paid-in capital		Accumulated deficit	Other Comprehensive Income (Loss)	Attributable to MarketWise, Inc.	Noncontrolling Interest	Total Stockholders' Deficit
<b>Balance at July 1, 38,599,509</b>			280,390,147								
<b>2024</b>	\$ 4			\$ 28	\$ 99,432	\$ (123,142)	\$ 10	\$ (23,668)	\$ (240,286)	\$ (263,954)	
Equity-based compensation	—	—	—	—	3,160	—	—	3,160	—	3,160	
Vesting of restricted stock units	429,262	—	—	—	—	—	—	—	—	—	
Restricted stock units withheld to pay taxes	(147,391)	—	—	—	(196)	—	—	(196)	—	(196)	
Cash dividends declared	—	—	—	—	(629)	—	—	(629)	—	(629)	
Distributions	—	—	—	—	—	—	—	—	(8,823)	(8,823)	
Issuance per redemption of Class B shares for Class A	500,000	—	(500,000)	—	(445)	—	—	(445)	445	—	
Foreign currency translation adjustments	—	—	—	—	—	—	46	46	—	46	
Remeasurement of deferred taxes due to change in noncontrolling interest	—	—	—	—	535	—	—	535	—	535	
Net income	—	—	—	—	—	1,720	—	1,720	21,026	22,746	
<b>Balance at September 30, 2024</b>	<b>39,381,380</b>		<b>279,890,147</b>								
	\$ 4			\$ 28	\$ 101,857	\$ (121,422)	\$ 56	\$ (19,477)	\$ (227,638)	\$ (247,115)	

	Common Stock - Class A		Common Stock - Class B		Stockholders' Deficit						Total Stockholders' Deficit	
					Additional paid-in capital			Accumulated deficit	Other Comprehensive Income (Loss)	MarketWise, Inc.	Noncontrolling Interest	
	Shares	Amount	Shares	Amount								
<b>Balance at January 1, 2023</b>	29,039,655		291,092,303		\$ 3	\$ 29	\$ 106,852	\$ (128,125)	\$ 44	\$ (21,197)	\$ (277,186)	\$ (298,383)
Equity-based compensation	—	—	—	—	—	—	10,313	—	—	10,313	—	10,313
Issuance of common stock	648,849	—	—	—	—	—	332	—	—	332	—	332
Vesting of restricted stock units	1,657,933	—	—	—	—	—	—	—	—	—	—	—
Restricted stock units withheld to pay taxes	—	—	—	—	—	(1,521)	—	—	—	(1,521)	—	(1,521)
Cash dividends declared	—	—	—	—	(902)	—	—	—	(902)	—	—	(902)
Distributions	—	—	—	—	—	—	—	—	—	(9,212)	(9,212)	(9,212)
Issuance per redemption of Class B shares for Class A	2,750,000	—	(2,750,000)	—	(1,935)	—	—	—	(1,935)	2,305	370	
Foreign currency translation adjustments	—	—	—	—	—	—	—	11	11	—	—	11
Net income	—	—	—	—	—	1,643	—	—	1,643	50,749	52,392	
<b>Balance at September 30, 2023</b>	34,096,437		288,342,303		\$ 3	\$ 29	\$ 113,139	\$ (126,482)	\$ 55	\$ (13,256)	\$ (233,344)	\$ (246,600)

**MARKETWISE, INC.**

**Condensed Consolidated Statement of Stockholders' Deficit (Unaudited)**

*(In thousands, except share and per share data)*

	Common Stock - Class A		Common Stock - Class B		Additional paid-in capital	Accumulated deficit	Other Comprehensive Income (Loss)	Attributable to MarketWise, Inc.	Total Stockholders' Deficit		Total Stockholders' Deficit
	Shares	Amount	Shares	Amount					Shares	Amount	
<b>Balance at January 1, 2024</b>	36,384,981	\$ 4	288,092,303	\$ 29	\$115,164	\$ (126,343)	\$ 65	\$ (11,081)	—	\$ (277,862)	\$ (288,943)
Equity-based compensation	—	—	—	—	7,101	—	—	7,101	—	—	7,101
Issuance of common stock	216,517	—	—	—	213	—	—	213	—	—	213
Vesting of restricted stock units	2,486,652	—	—	—	—	—	—	—	—	—	—
Restricted stock units withheld to pay taxes	(706,770)	—	—	—	(1,368)	—	—	(1,368)	—	—	(1,368)
Repurchase of Class B shares	—	—	(7,202,156)	(1)	(10,802)	—	—	(10,803)	—	—	(10,803)
Cash dividends declared	—	—	—	—	(1,619)	—	—	(1,619)	—	—	(1,619)
Distributions	—	—	—	—	—	—	—	—	—	(19,060)	(19,060)
Issuance per redemption of Class B shares for Class A	1,000,000	—	(1,000,000)	—	(916)	—	—	(916)	916	—	—
Foreign currency translation adjustments	—	—	—	—	—	—	(9)	(9)	—	—	(9)
Change in noncontrolling interest	—	—	—	—	(6,591)	—	—	(6,591)	6,591	—	—
Remeasurement of deferred taxes due to change in noncontrolling interest	—	—	—	—	675	—	—	675	—	—	675
<b>Net income</b>	—	—	—	—	—	4,921	—	4,921	61,777	—	66,698
<b>Balance at September 30, 2024</b>	39,381,380	\$ 4	279,890,147	\$ 28	\$101,857	\$ (121,422)	\$ 56	\$ (19,477)	\$ (227,638)	\$ (247,115)	—

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

MARKETWISE, INC.

Condensed Consolidated Statements of Cash Flows (Unaudited)

(In thousands)

	Nine Months Ended September 30,	
	2024	2023
<b>Cash flows from operating activities:</b>		
Net income	\$ 66,698	\$ 52,392
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	1,997	2,979
Impairment and other charges	—	584
Stock-based compensation	8,668	10,956
Change in fair value of contingent consideration	269	—
Change in fair value of derivative and other liabilities, noncurrent	—	1,673
Deferred taxes	2,136	2,046
Unrealized (gains) losses on foreign currency	( 128 )	5
Noncash lease expense	1,530	1,590
Changes in operating assets and liabilities:		
Accounts receivable	2,304	( 1,918 )
Related party receivables and payables, net	3,588	810
Prepaid expenses	312	329
Other current assets and other assets	953	562
Deferred contract acquisition costs	50,397	23,566
Trade and other payables	2,176	1,189
Accrued expenses	( 32,671 )	( 3,265 )
Deferred revenue – current and noncurrent	( 133,595 )	( 44,288 )
Operating lease liabilities – current and noncurrent	( 1,073 )	( 1,111 )
Other current and long-term liabilities	( 1,696 )	( 3,198 )
Net cash (used in) provided by operating activities	<u>( 28,135 )</u>	<u>44,901</u>
<b>Cash flows from investing activities:</b>		
Cash paid for acquisitions, net of cash acquired	—	( 170 )
Purchases of property and equipment	( 52 )	( 60 )
Capitalized software development costs	( 736 )	( 1,428 )
Net cash used in investing activities	<u>( 788 )</u>	<u>( 1,658 )</u>
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of common stock	213	332
Repurchases of stock	( 10,803 )	—
Restricted stock units withheld to pay taxes	( 1,368 )	( 1,520 )
Dividends paid	( 1,113 )	( 299 )
Distributions to noncontrolling interests	( 19,060 )	( 6,319 )
Net cash used in financing activities	<u>( 32,131 )</u>	<u>( 7,806 )</u>
Effect of exchange rate changes on cash	( 9 )	11
Net increase in cash, cash equivalents and restricted cash	( 61,063 )	35,448
Cash, cash equivalents and restricted cash — beginning of period	155,174	158,575
Cash, cash equivalents and restricted cash — end of period	<u>\$ 94,111</u>	<u>\$ 194,023</u>

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

## MARKETWISE, INC.

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

(Dollar amounts in thousands, except share, unit, per share, and per unit data)

#### 1. Organization

MarketWise, Inc. ("MarketWise," "the Company," "we," "us," or "our") is a holding company that has no material assets other than its ownership in MarketWise, LLC, and operates and controls all of the businesses and operations of MarketWise, LLC and its subsidiaries. The Company provides independent investment research for investors around the world. We believe we are a leading content and technology multi-brand platform for self-directed investors. We offer a comprehensive portfolio of high-quality, independent investment research, as well as several software and analytical tools, on a subscription basis.

We operate multiple subsidiaries in the United States from our headquarters in Baltimore, Maryland.

On July 21, 2021, MarketWise, Inc. became a publicly traded company as a result of completing the business combination, recapitalization and other transactions with Ascendant Digital Acquisition Corp. ("ADAC" or "Sponsor"), a special purpose acquisition company, MarketWise, LLC, all of the members of MarketWise, LLC (the "MarketWise Members"), and Shareholder Representative Services LLC (collectively, the "Transactions").

#### 2. Summary of Significant Accounting Policies

##### ***Basis of Consolidation***

The accompanying condensed consolidated financial statements ("financial statements") include the accounts of MarketWise, Inc. and its subsidiary, MarketWise, LLC, a variable interest entity ("VIE") for which MarketWise, Inc. is deemed to be the primary beneficiary.

MarketWise, Inc. is a holding company that owns a minority economic interest in MarketWise, LLC but, through its role as the managing member of MarketWise, LLC, controls all of the business and operations of MarketWise, LLC. Therefore, MarketWise, LLC and its subsidiaries are included in the Company's financial statements. As of September 30, 2024, MarketWise, Inc. had a 12.3 % ownership interest in MarketWise, LLC.

The Company determined that MarketWise, LLC is the primary beneficiary of a VIE, and therefore, the assets, liabilities, and results of operations of that VIE are included in the Company's financial statements.

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). All intercompany balances and transactions have been eliminated in consolidation.

##### ***Unaudited Interim Financial Information***

The accompanying unaudited financial statements and the related footnote disclosures have been prepared by us in accordance with GAAP for interim financial reporting and as required by Rule 10-01 of Regulation S-X. Accordingly, the unaudited financial statements may not include all of the information and notes required by GAAP for audited financial statements. The year-end December 31, 2023 consolidated balance sheet data included herein was derived from audited financial statements but does not include all disclosures required by GAAP for complete financial statements. In the opinion of management, the accompanying unaudited financial statements contain all adjustments, consisting of items of a normal and recurring nature, necessary to present fairly our financial position as of September 30, 2024, the results of operations, comprehensive income, stockholders' deficit, and cash flows for the three and nine months ended September 30, 2024 and 2023. The results of operations for the three and nine months ended September 30, 2024 and 2023 are not necessarily indicative of the results to be expected for the full year. The information contained herein should be read in conjunction with the audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2023 filed with the Securities and Exchange Commission ("SEC"). Management considers events or transactions that occur after the balance sheet date but before the financial statements are issued to provide additional evidence relative to certain estimates or to identify

**MARKETWISE, INC.**

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

*(Dollar amounts in thousands, except share, unit, per share, and per unit data)*

matters that require additional disclosure. Subsequent events have been evaluated through the date of issuance of these condensed financial statements.

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates and assumptions made in the accompanying financial statements include, but are not limited to, the fair value of common units, derivatives, warrants, valuation of assets acquired and liabilities assumed in business combinations, useful lives of intangible assets with definite lives, benefit period of deferred contract acquisition costs, determination of standalone selling prices, estimated life of lifetime customers, recoverability of goodwill and long-lived assets, valuation allowances on deferred tax assets, the incremental borrowing rates to calculate lease liabilities and right-of-use ("ROU") assets and certain accruals. We evaluate our estimates and assumptions on an ongoing basis using historical experience and other factors and adjust those estimates and assumptions when facts and circumstances dictate. Actual results could differ from those estimates.

**Emerging Growth Company**

We are an "emerging growth company," as defined in Section 2(a) of the Securities Act of 1933, as amended (the "Securities Act"), as modified by the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the independent registered public accounting firm attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Securities Exchange Act of 1934, as amended) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that an emerging growth company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. We have elected not to opt out of such extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, we, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of our unaudited condensed financial statements with another public company that is neither an emerging growth company nor an emerging growth company that has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used. Certain provisions of the JOBS Act are set to expire on December 31, 2025.

**Noncontrolling Interest**

Noncontrolling interest represents the Company's noncontrolling interest in consolidated subsidiaries which are not attributable, directly or indirectly, to the controlling Class A common stock ownership of the Company.

Net income for the three and nine months ended September 30, 2024 and 2023 was attributable to consolidated MarketWise, Inc. and its respective noncontrolling interests.

As of September 30, 2024, MarketWise, Inc.'s controlling interest in MarketWise, LLC was 12.3 % and the noncontrolling interest was 87.7 %. For the three months ended September 30, 2024, net income attributable to controlling interests included a \$ 973 tax provision, and for the nine months ended September 30, 2024, net income attributable to controlling interests included a \$ 2,487 tax provision, both of which were solely attributable to the controlling interest.

## MARKETWISE, INC.

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

(Dollar amounts in thousands, except share, unit, per share, and per unit data)

As of September 30, 2023, MarketWise, Inc.'s controlling interest in MarketWise, LLC was 10.6 % and the noncontrolling interest was 89.4 %. For the three months ended September 30, 2023, net income attributable to controlling interests included a \$ 691 tax provision, and for the nine months ended September 30, 2023, net income attributable to controlling interests included a \$ 2,046 tax provision, both of which were 100% attributable to the controlling interest.

#### **Reclassifications**

Certain prior period amounts presented within the Condensed Consolidated Statements of Cash Flows have been reclassified to conform with the current period presentation. Specifically, the profits interest expense during the nine months ended September 30, 2023 has been reclassified from the "change in fair value of derivative and other liabilities, noncurrent" line to the "stock-based compensation" line.

#### **Recently Issued Accounting Pronouncements**

In November 2023, the FASB issued Accounting Standards Update ("ASU") 2023-07, *Improvements to Reportable Segment Disclosures*, ("ASU 2023-07") which is aimed at improving reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. ASU 2023-07 also requires additional interim disclosures. ASU 2023-07 is effective for the Company for the annual period beginning January 1, 2024, and interim periods beginning on January 1, 2025. Early adoption is permitted. The enhanced segment disclosure requirements apply retrospectively to all prior periods presented in the financial statements, and prior period disclosures shall be based on the significant segment expense categories identified and disclosed in the period of adoption. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

### **3. Revenue Recognition**

#### **Disaggregation of revenues**

The following table depicts the disaggregation of revenue according to customer type and is consistent with how we evaluate our financial performance. We believe this depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

	Three Months Ended September 30, 2024					
	Subscriptions	Advertising	Revenue Share (Related Party)	Revenue Share (Third-party)	Total	
<b>Timing of transfer:</b>						
Transferred over time	\$ 96,841	\$ —	\$ —	\$ —	\$ —	\$ 96,841
Transferred at a point in time	—	111	211	23	345	
<b>Total</b>	<b>\$ 96,841</b>	<b>\$ 111</b>	<b>\$ 211</b>	<b>\$ 23</b>	<b>\$ 97,186</b>	

	Three Months Ended September 30, 2023					
	Subscriptions	Advertising	Revenue Share (Related Party)	Revenue Share (Third-party)	Total	
<b>Timing of transfer:</b>						
Transferred over time	\$ 105,581	\$ —	\$ —	\$ —	\$ —	\$ 105,581
Transferred at a point in time	—	192	351	26	569	
<b>Total</b>	<b>\$ 105,581</b>	<b>\$ 192</b>	<b>\$ 351</b>	<b>\$ 26</b>	<b>\$ 106,150</b>	

**MARKETWISE, INC.**

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

*(Dollar amounts in thousands, except share, unit, per share, and per unit data)*

	Nine Months Ended September 30, 2024					
	Subscriptions		Advertising		Revenue Share (Related Party)	Revenue Share (Third-party)
						Total
<b>Timing of transfer:</b>						
Transferred over time	\$ 308,893	\$ —	\$ 788	\$ 1,462	\$ 80	\$ 308,893
Transferred at a point in time	—	788	1,462	80	2,330	
<b>Total</b>	<b>\$ 308,893</b>	<b>\$ 788</b>	<b>\$ 1,462</b>	<b>\$ 80</b>	<b>\$ 311,223</b>	

	Nine Months Ended September 30, 2023					
	Subscriptions		Advertising		Revenue Share (Related Party)	Revenue Share (Third-party)
						Total
<b>Timing of transfer:</b>						
Transferred over time	\$ 334,141	\$ —	\$ 508	\$ 1,250	\$ 128	\$ 334,141
Transferred at a point in time	—	508	1,250	128	1,886	
<b>Total</b>	<b>\$ 334,141</b>	<b>\$ 508</b>	<b>\$ 1,250</b>	<b>\$ 128</b>	<b>\$ 336,027</b>	

Revenue recognition by subscription type was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024		2023	
	2024	2023	2024	2023
Membership subscriptions	\$ 47,165	\$ 48,177	\$ 145,393	\$ 137,988
Term subscriptions	49,676	57,404	163,500	196,153
Non-subscription revenue	345	569	2,330	1,886
<b>Total</b>	<b>\$ 97,186</b>	<b>\$ 106,150</b>	<b>\$ 311,223</b>	<b>\$ 336,027</b>

Revenue for the membership and term subscription types are determined based on the terms of the subscription agreements. Non-subscription revenue consists of revenue from advertising and other revenue from revenue share arrangements and the sale of print products and events, such as webinars and conferences.

Net revenue by principal geographic areas was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024		2023	
	2024	2023	2024	2023
United States	\$ 97,186	\$ 106,150	\$ 311,223	\$ 335,936
International	—	—	—	91
<b>Total</b>	<b>\$ 97,186</b>	<b>\$ 106,150</b>	<b>\$ 311,223</b>	<b>\$ 336,027</b>

Revenue by location is determined by the billing entity for the customer.

**Contract Balances**

The timing of revenue recognition, Billings (which represents amounts invoiced to customers), cash collections and refunds affects the recognition of accounts receivable, contract assets and deferred revenue. Our current deferred revenue balance is presented within the deferred revenue and other contract liabilities line item in the condensed

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

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consolidated balance sheets and includes the obligation for refunds for contracts where the provision for refund has not lapsed. Accounts receivable, deferred revenue and obligation for refunds are as follows:

	As of	
	September 30, 2024	December 31, 2023
<b>Contract balances</b>		
Accounts receivable	\$ 2,224	\$ 4,528
Obligations for refunds	\$ 2,945	\$ 3,157
Deferred revenue – current	\$ 226,790	\$ 284,594
Deferred revenue – non-current	\$ 233,096	\$ 304,342

We recognized \$ 65,476 and \$ 69,978 of revenue during the three months ended September 30, 2024 and 2023, respectively, and \$ 237,125 and \$ 256,627 during the nine months ended September 30, 2024 and 2023, respectively, that was included within the beginning contract liability balance of the respective periods. The Company has collected all amounts included in deferred revenue other than \$ 2,224 and \$ 4,528 as of September 30, 2024 and December 31, 2023, respectively, related to the timing of cash settlement with our credit card processors.

***Assets Recognized from Costs to Obtain a Contract with a Customer***

The following table presents the opening and closing balances of our capitalized costs associated with contracts with customers:

Balance at January 1, 2024	\$ 164,900
Royalties and sales commissions – additions	10,514
Revenue share and cost per acquisition fees – additions	17,031
Amortization of capitalized costs	( 77,942 )
Balance at September 30, 2024	<u><u>\$ 114,503</u></u>

We did not recognize any impairment on capitalized costs associated with contracts with customers for the three and nine months ended September 30, 2024 and 2023.

***Remaining Performance Obligations***

As of September 30, 2024, the Company had \$ 462,831 of remaining performance obligations presented as deferred revenue in the condensed consolidated balance sheets. We expect to recognize approximately 50 % of that amount as revenues over the next twelve months , with the remainder recognized thereafter.

**4. Legacy Reorganization**

On February 8, 2024, the Company reported that its Board of Directors had committed to a strategic realignment and reorganization (the "Reorganization") whereby the Company will wind-down the operations of its Legacy Research Group business ("Legacy Research") in response to misconduct discovered at Legacy Research where certain managers violated the Company's policies.

Following the commitment to the Reorganization, Legacy Research continued to serve existing subscribers and fulfill existing subscriptions, but began to significantly curtail business activities including any marketing efforts to acquire new subscribers.

During second quarter 2024, we began the process of offering certain Legacy Research subscribers similar products published by other MarketWise brands, consistent with past Company practice when we cease a publication. We continued this process during third quarter 2024.

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

*(Dollar amounts in thousands, except share, unit, per share, and per unit data)*

In October 2024, we completed our Reorganization and operational transition plans with respect to substantially all of the Legacy Research brands, which resulted in the transfer of the related assets and related fulfillment obligations to other businesses within MarketWise for fair consideration. We also entered into agreements in October 2024 to sell certain Legacy Research brands that had immaterial year-to-date September 2024 Billings, one of which was to a related party.

Separation costs incurred in the three and nine months ended September 30, 2024 totaled approximately \$ 1.3 million and \$ 2.3 million, respectively, within general and administrative expenses.

Legacy Research has leased office space and the current lease end date for this property is December 2028. As of September 30, 2024, the operating lease right-of-use asset and related leasehold improvements totaled approximately \$ 2.7 million. The Company has ceased using this property in its operations and is evaluating various alternatives with respect to this property as of September 30, 2024.

As of September 30, 2024, the Legacy Research reporting unit had goodwill totaling \$ 8.6 million and a negative carrying value, which we considered in our related goodwill impairment assessment as of that date.

**5. Acquisitions and Disposals**

***MMP Acquisition***

On January 1, 2024, we acquired 100 % ownership of certain assets and liabilities from Money Map Press, LLC ("MMP Acquisition"), a provider of financial newsletters, which is a related party. The Company will pay contingent consideration based on the level of subscription sales it achieves from certain customers beginning from the sale date through January 1, 2026, as defined in the sale agreement. The fair value of the contingent consideration was estimated to be \$ 707 . The contingent consideration will be remeasured at the end of each reporting period. The MMP Acquisition was accounted for using the acquisition method of accounting for business combinations. The purchase price allocation is preliminary pending completion of valuations of certain acquired assets and liabilities. The following table summarizes the fair value of assets acquired and liabilities assumed as of the acquisition date:

Goodwill	\$	2,522
Tradenames		283
Customer relationships		2,235
Total assets acquired		5,040
Deferred revenue, current		( 3,166 )
Deferred revenue, noncurrent		( 1,167 )
Liabilities assumed		( 4,333 )
Net assets acquired	\$	707

The excess purchase consideration over the fair values of assets acquired and liabilities assumed was recorded as goodwill. The acquired intangible assets related to the MMP Acquisition are amortized over their estimated useful lives. Accordingly, the tradenames are amortized over 8.7 years and customer relationships are amortized over 6.2 years. Amortization for the acquired intangible assets was \$ 99 and \$ 294 for the three and nine months ended September 30, 2024, respectively.

In October 2024, we entered into an agreement to dispose of certain assets and liabilities that we had previously acquired as part of the MMP Acquisition ("MMP Business") to a related party. Billings for the MMP Business were approximately \$ 1.5 million for the nine months ended September 30, 2024.

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

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**6. Goodwill and Intangible Assets, Net**

**Goodwill**

The carrying amounts of goodwill are as follows:

Balance at December 31, 2023		\$ 31,038
MMP Acquisition		2,522
Balance at September 30, 2024		\$ 33,560

**Intangible assets, net**

Intangible assets, net consisted of the following as of the dates indicated:

	September 30, 2024			
	Cost	Accumulated Amortization	Net Book Value	Weighted-Average Remaining Useful Life (in years)
<b>Finite-lived intangible assets:</b>				
Customer relationships	\$ 14,678	\$ (11,086)	\$ 3,592	4.1
Tradenames	3,871	(2,858)	1,013	4.6
Capitalized software development costs	5,450	(3,455)	1,995	3.6
<b>Finite-lived intangible assets, net</b>	<b>23,999</b>	<b>(17,399)</b>	<b>6,600</b>	
<b>Indefinite-lived intangible assets:</b>				
Internet domain names	1,087	—	1,087	
<b>Indefinite-lived intangible assets, net</b>	<b>1,087</b>	<b>—</b>	<b>1,087</b>	
<b>Intangible assets, net</b>	<b>\$ 25,086</b>	<b>\$ (17,399)</b>	<b>\$ 7,687</b>	

	December 31, 2023			
	Cost	Accumulated Amortization	Net Book Value	Weighted-Average Remaining Useful Life (in years)
<b>Finite-lived intangible assets:</b>				
Customer relationships	\$ 12,443	\$ (10,371)	\$ 2,072	3.0
Tradenames	3,588	(2,611)	977	3.9
Capitalized software development costs	4,714	(2,595)	2,119	3.7
<b>Finite-lived intangible assets, net</b>	<b>20,745</b>	<b>(15,577)</b>	<b>5,168</b>	
<b>Indefinite-lived intangible assets:</b>				
Internet domain names	1,087	—	1,087	
<b>Indefinite-lived intangible assets, net</b>	<b>1,087</b>	<b>—</b>	<b>1,087</b>	
<b>Intangible assets, net</b>	<b>\$ 21,832</b>	<b>\$ (15,577)</b>	<b>\$ 6,255</b>	

We recorded amortization expense related to finite-lived intangible assets of \$ 576 and \$ 936 for the three months ended September 30, 2024 and 2023, respectively, and \$ 1,822 and \$ 2,775 for the nine months ended September 30, 2024 and 2023, respectively, within depreciation and amortization in the accompanying condensed consolidated statement of operations. These amounts include amortization of capitalized software development costs of \$ 318 and \$ 187 for the three months ended September 30, 2024 and 2023, respectively, and \$ 860 and \$ 476 for the nine months ended September 30, 2024 and 2023, respectively.

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We recorded (reductions) additions to capitalized software development costs of \$( 38 ) and 526 for the three months ended September 30, 2024 and 2023, respectively, and \$ 736 and \$ 1,498 for the nine months ended September 30, 2024 and 2023, respectively.

As of September 30, 2024, the total expected future amortization expense for finite-lived intangible assets is as follows:

Remainder of 2024		\$	773
2025			2,219
2026			1,800
2027			716
2028			485
Thereafter			607
<b>Finite-lived intangible assets, net</b>		<b>\$</b>	<b>6,600</b>

**7. Fair Value Measurements**

The following tables summarize our financial assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy as of the dates indicated:

	September 30, 2024			
	Level 1	Level 2	Level 3	Aggregate Fair Value
<b>Assets:</b>				
Money market funds	\$ 92,306	\$ —	\$ —	\$ 92,306
Contingent consideration receivable	—	—	355	\$ 355
<b>Total assets</b>	<b>92,306</b>	<b>—</b>	<b>355</b>	<b>92,661</b>
<b>Liabilities:</b>				
Profits interests, noncurrent	—	—	2,313	2,313
Contingent consideration liability	—	—	316	316
<b>Total liabilities</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 2,629</b>	<b>\$ 2,629</b>

	December 31, 2023			
	Level 1	Level 2	Level 3	Aggregate Fair Value
<b>Assets:</b>				
Money market funds	\$ 121,345	\$ —	\$ —	\$ 121,345
Contingent consideration receivable	—	—	1,253	1,253
<b>Total assets</b>	<b>121,345</b>	<b>—</b>	<b>1,253</b>	<b>122,598</b>
<b>Liabilities:</b>				
Profits interests, noncurrent	—	—	746	746
<b>Total liabilities</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 746</b>	<b>\$ 746</b>

The level 3 assets relate to contingent consideration receivable from a related party associated with the Buttonwood Publishing sale, see *Note 4 - Acquisitions and Disposals* in our Annual Report on Form 10-K for the year ended December 31, 2023, and the level 3 liabilities relate to contingent consideration liability to a related party associated with the MMP Acquisition and profits interests, see *Note 5 - Acquisitions* and *Note 9 - Stock-Based Compensation*, respectively.

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*(Dollar amounts in thousands, except share, unit, per share, and per unit data)*

The following table summarizes the changes in fair value of the recurring Level 3 fair value measurements during the nine months ended September 30, 2024:

Income Statement Line Item That Includes The Gains And Losses	Level 3 Fair Value Measurements				Total
	Contingent consideration receivable	Profits interests, noncurrent	Contingent consideration liability		
Balance at December 31, 2023	\$ 1,253	\$ 746	\$ —		
Issues	—	—	707		
Total gains (losses) recorded in earnings	Other (expense) income, net	( 660 )	—	—	( 660 )
Total (gains) losses recorded in earnings	Other (expense) income, net	—	—	( 391 )	( 391 )
	General and administrative expense	—	1,567	—	1,567
Payments received	\$ ( 238 )	\$ —	\$ —		
Balance at September 30, 2024	\$ 355	\$ 2,313	\$ 316		

The following table provides quantitative information regarding the recurring Level 3 fair value measurements inputs for the contingent consideration receivable, profits interests, and contingent consideration liability at their measurement dates:

	As of September 30, 2024	
<b>Contingent consideration receivable</b>		
Discount rate	25.2	%
Revenue discount rate	5.3	%
<b>Profits interests</b>		
Discount rate	25.0	%
Discount for lack of marketability	31.2	%
<b>Contingent consideration liability</b>		
Discount Rate	25.2	%

The Company held no derivative liabilities during the nine months ended September 30, 2024. The following table summarizes the change in fair value of the derivative liabilities during the nine months ended September 30, 2023:

Balance at January 1, 2023	\$ 1,281
Change in fair value of derivative instruments	1,673
Balance at September 30, 2023	\$ 2,954

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**Notes to the Condensed Consolidated Financial Statements (Unaudited)**  
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**8. Balance Sheet Components**

***Capitalized Implementation Costs***

We capitalized cloud computing implementation costs for customer-relationship management, revenue management, and enterprise resource planning systems of \$ 43 and \$ 0 for the three months ended September 30, 2024 and 2023, respectively, and \$ 99 and \$ 71 for the nine months ended September 30, 2024 and 2023, respectively. The capitalized implementation costs are capitalized within other current assets and other assets on the condensed consolidated balance sheets. Amortization expense related to capitalized cloud computing implementation costs was \$ 245 and \$ 238 , for the three months ended September 30, 2024 and 2023, respectively, and \$ 723 and \$ 689 for the nine months ended September 30, 2024 and 2023, respectively.

***Property and Equipment, Net***

Property and equipment, net consists of the following:

	Estimated Useful Lives	As of	
		September 30, 2024	December 31, 2023
Furniture and fixtures	5 years	\$ 960	\$ 960
Computers, software and equipment	3 years	1,571	1,520
Leasehold improvements	Shorter of estimated useful life or remaining term of lease	1,271	1,271
		3,802	3,751
Less: Accumulated depreciation and amortization		( 3,235 )	( 3,061 )
Total property and equipment, net		\$ 567	\$ 690

Depreciation and amortization expense for property and equipment was \$ 59 and \$ 65 for the three months ended September 30, 2024 and 2023, respectively, and \$ 175 and \$ 204 for the nine months ended September 30, 2024 and 2023, respectively.

***Accrued Expenses***

Accrued expenses consist of the following:

	As of	
	September 30, 2024	December 31, 2023
Commission and variable compensation	\$ 8,091	\$ 29,817
Payroll and benefits	3,461	10,941
Other accrued expenses	10,818	14,283
Total accrued expenses	\$ 22,370	\$ 55,041

**MARKETWISE, INC.**

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

*(Dollar amounts in thousands, except share, unit, per share, and per unit data)*

**9. Stock-Based Compensation**

Included within cost of revenue, sales and marketing, and general and administrative expenses are total stock-based compensation expenses as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Cost of revenue	\$ 889	\$ 688	\$ 2,031	\$ 2,379
Sales and marketing	880	711	1,999	2,519
General and administrative	1,435	2,176	4,638	6,058
Total stock based-compensation expense	<u>\$ 3,204</u>	<u>\$ 3,575</u>	<u>\$ 8,668</u>	<u>\$ 10,956</u>

Total stock-based compensation expense for the three and nine months ended September 30, 2024 and 2023 includes expenses related to our MarketWise, Inc. 2021 Incentive Award Plan (the "2021 Incentive Award Plan") our 2021 Employee Stock Purchase Plan ("ESPP"), and profits interests as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
2021 Incentive Award Plan	\$ 3,124	\$ 2,848	\$ 6,897	\$ 10,037
Employee Stock Purchase Plan	36	84	204	276
Profits interests	44	643	1,567	643
Total stock-based compensation expense	<u>\$ 3,204</u>	<u>\$ 3,575</u>	<u>\$ 8,668</u>	<u>\$ 10,956</u>

**2021 Incentive Award Plan**

During the nine months ended September 30, 2024, we granted 19,485,767 restricted stock units ("RSUs") to certain employees and service providers in aggregate under our 2021 Incentive Award Plan.

For employees and service providers, both RSUs and stock appreciation rights ("SARs") are primarily time-based and typically vest ratably over four years , as specified in the individual grant notices. The RSUs may entitle the recipients to dividend equivalents if approved by the Plan Administrator, which are subject to the same vesting terms and accumulate during the vesting period. Upon vesting, the RSU holder will be issued a corresponding number of the Company's Class A common stock. The SARs will be settled in the Company's Class A common stock upon exercise. The shares to be issued upon exercise of a SAR will have a total market value equal to the SAR value calculated as (x) number of shares underlying such SAR, multiplied by (y) any excess of the Company's share value on the date of exercise over the exercise price set in each individual grant notice.

The fair value of the RSU is the same as the Company's share price on the date of grant. The fair value of the SARs was determined using a Black-Scholes model.

The activities of the RSUs and SARs and the related weighted average grant-date fair value of the respective share classes, including granted, exercised and forfeited, from January 1, 2024 to September 30, 2024, are summarized as follows:

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	RSUs			SARs		
	Units	Weighted-Average Grant		Units	Weighted-Average Grant	
		Date	Fair Value		Date	Fair Value
<b>Outstanding at January 1, 2024</b>	7,740,261	\$	2.57	1,586,184	\$	4.05
Granted	19,485,767		1.18	—		—
Exercised or vested	( 2,486,652 )		2.83	—		—
Forfeited	( 1,737,118 )		2.02	( 293,923 )		4.05
<b>Outstanding at September 30, 2024</b>	<b>23,002,258</b>	<b>\$</b>	<b>1.42</b>	<b>1,292,261</b>	<b>\$</b>	<b>4.05</b>
<b>Exercisable at September 30, 2024</b>	<b>—</b>	<b>\$</b>	<b>—</b>	<b>990,181</b>	<b>\$</b>	<b>4.05</b>

The stock compensation expense related to the RSU and SAR grants was \$ 3,124 and \$ 2,848 for the three months ended September 30, 2024 and 2023, respectively, and \$ 6,897 and \$ 8,893 for the nine months ended September 30, 2024 and 2023, respectively. As of September 30, 2024, 990,181 of the SARs were exercisable and they have a remaining contractual term of 6.6 years.

On July 1, 2024, we granted approximately 18.1 million RSUs to employees, which vest ratably over 4 years.

**Employee Stock Purchase Plan**

The Company recognized \$ 36 and \$ 84 of stock-based compensation expense related to the ESPP during the three months ended September 30, 2024 and 2023, respectively, and \$ 204 and \$ 276 for the nine months ended September 30, 2024 and 2023, respectively. The Company issued 216,517 shares of Class A common stock for \$ 213 related to employee purchases under the ESPP during the nine months ended September 30, 2024 .

**Profits Interests**

The stock-based compensation expense related to the profits interests, which are liability classified, was \$ 44 and \$ 643 for the three months ended September 30, 2024 and 2023, respectively, and \$ 1,567 and \$ 643 for the nine months ended September 30, 2024 and 2023, respectively.

**MARKETWISE, INC.**

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

*(Dollar amounts in thousands, except share, unit, per share, and per unit data)*

**10. Earnings Per Share**

The following tables set forth the computation of basic and diluted earnings per share for the three and nine months ended September 30, 2024 and 2023:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
<b>Basic earnings per share:</b>				
<b>Numerator:</b>				
Net income	\$ 22,746	\$ 12,044	\$ 66,698	\$ 52,39
Less: Net income attributable to noncontrolling interests	21,026	11,904	61,777	50,74
Net income attributable to Class A common stockholders	\$ 1,720	\$ 140	\$ 4,921	\$ 1,64
<b>Denominator:</b>				
Weighted average shares outstanding (in thousands)	38,964	32,910	37,968	30,88
Basic earnings per share	\$ 0.04	\$ 0.00	\$ 0.13	\$ 0.0
<b>Diluted earnings per share:</b>				
<b>Numerator:</b>				
Net income	\$ 22,746	\$ 12,044	\$ 66,698	\$ 52,39
Less: Net income attributable to noncontrolling interests	21,026	11,904	61,777	50,74
Net income attributable to Class A common stockholders	\$ 1,720	\$ 140	\$ 4,921	\$ 1,64
<b>Denominator:</b>				
Weighted average shares outstanding (in thousands)	39,662	33,632	39,259	31,99
Diluted earnings per share	\$ 0.04	\$ 0.00	\$ 0.13	\$ 0.0

The Company's potentially dilutive securities and their impact on the computation of diluted earnings per share is as follows:

- Sponsor and MarketWise Management Member Earnout Shares: the 3,051,000 Sponsor Earnout Shares and the 2,000,000 MarketWise Management Member Earnout Shares (as defined and discussed in our Current Report on Form 8-K filed with the SEC on July 28, 2021) held in escrow are excluded from the earnings per share computation in both periods since the earnout contingency has not been met.
- Restricted stock units: The basic earnings per share calculation includes the impact of vested RSUs. The diluted earnings per share calculation includes the impact of unvested RSUs, where the impact is dilutive, unless the Company has a net loss.
- Stock appreciation rights: The diluted earnings per share calculation excludes the impact of SARs since the effect was antidilutive.
- ESPP: The diluted earnings per share calculation includes the impact of dilutive shares and excludes the impact of antidilutive shares under the ESPP as of September 30, 2024 and 2023.

## MARKETWISE, INC.

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

(Dollar amounts in thousands, except share, unit, per share, and per unit data)

#### 11. Income Taxes

We are subject to U.S. federal and state taxes with respect to our allocable share of any taxable income or loss of MarketWise, LLC, as well as any stand-alone income or loss we generate. MarketWise, LLC is treated as a partnership for U.S. income tax purposes and for most applicable state and local income tax purposes and generally does not pay income taxes in most jurisdictions. Instead, MarketWise, LLC's taxable income or loss is passed through to its members, including us.

Our effective tax rate was 4.1 % and 3.6 % for the three and nine months ended September 30, 2024, respectively, and 5.4 % and 3.8 % for the three and nine months ended September 30, 2023, respectively. The main driver of the effective income tax rate for the three and nine months ended September 30, 2024 was the income allocation to the non-controlling interest. The main driver of the decrease in the effective tax rate from the three and nine months ended September 30, 2023 is the change in the income allocation to the non-controlling interest. Our effective tax rate for the three and nine months ended September 30, 2024 differs from the U.S. federal statutory rate primarily because we generally do not record income taxes for the non-controlling portion of pre-tax income.

As a result of Transactions, we recorded a deferred tax asset resulting from the outside basis difference in our interest in MarketWise, LLC. The Company considers both positive and negative evidence when measuring the need for a valuation allowance. A valuation allowance is not required to the extent that, in management's judgment, positive evidence exists with a magnitude and duration sufficient to result in a conclusion that it is more likely than not (a likelihood of more than 50%) that the Company's deferred tax assets will be realized.

In evaluating the need for a valuation allowance on the deferred tax asset, the company considered positive evidence related to its historic earnings, forecasted income and reversal of temporary differences. Therefore, the Company recorded a valuation allowance in the amount of \$ 29,869 for certain deferred tax assets that are not more likely than not to be realized.

As part of Transactions, we entered into Tax Receivable Agreements ("TRAs") with certain shareholders. Pursuant to our election under Section 754 of the Code, as amended, and the regulations issued thereunder, we expect to receive a step up in the tax basis of our ownership in MarketWise, LLC as exchanges of the LLC Units (as defined herein) occur. These increases in tax basis may reduce the amount we may otherwise pay to various tax authorities in the future. The TRA liability will represent approximately 85 % of the calculated tax savings based on basis adjustments and other carryforward attributes assumed that we anticipate to be able to utilize in future years. We will retain the remaining 15 % of calculated tax savings. The payments contemplated by the TRA are not conditioned upon any continued ownership interest in MarketWise, LLC. The timing and amount of aggregate payments due pursuant to the TRA may vary based on several factors including the timing and amount of future taxable income, as well as future applicable tax rates. As such, significant inputs and assumptions are used to estimate the future expected payments under the TRA. During the nine months ended September 30, 2024, Members of MarketWise, LLC exchanged an aggregate of 1,000,000 common units of MarketWise, LLC ("LLC Units") together with an equal number of shares of Class B common stock for 1,000,000 newly-issued shares of Class A common stock. As a result, we have recorded a cumulative liability of \$ 2,669 under the TRA as of September 30, 2024. No payments have been made under the TRA and no payments are expected in the next 12 months.

As of September 30, 2024, we had no unrecognized tax positions and we do not anticipate any changes to uncertain tax positions within the next 12 months.

#### 12. Related Party Transactions

We have certain revenue share agreements with related parties. Accordingly, we recognized revenue from related parties of \$ 211 and \$ 351 for the three months ended September 30, 2024 and 2023, respectively, and \$ 1,462 and \$ 1,250 for the nine months ended September 30, 2024 and 2023, respectively.

**MARKETWISE, INC.**

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

*(Dollar amounts in thousands, except share, unit, per share, and per unit data)*

We incurred costs related to revenue share agreements with related parties which are capitalized within deferred contract acquisition costs. We capitalized \$ 1,028 and \$ 1,952 for the three months ended September 30, 2024 and 2023, respectively, and \$ 3,086 and \$ 4,039 for the nine months ended September 30, 2024 and 2023, respectively.

Additionally, a related party provided call center support and other services to the Company for which we recorded an expense within cost of revenue of \$ 64 and \$ 80 for the three months ended September 30, 2024 and 2023, respectively, and \$ 284 and \$ 433 for the nine months ended September 30, 2024 and 2023, respectively.

A related party provided marketing and copywriting services to the Company for which we recorded an expense within cost of revenue of \$ 166 and \$ 644 for the three months ended September 30, 2024 and 2023, respectively, \$ 892 and \$ 1,229 for the nine months ended September 30, 2024 and 2023, respectively.

A related party also provided certain corporate functions to the Company and the costs of these services are charged to us. We recorded \$ 32 and \$ 24 for the three months ended September 30, 2024 and 2023, respectively, and \$ 70 and \$ 78 for the nine months ended September 30, 2024 and 2023, respectively, within related party expense in the accompanying condensed consolidated statement of operations. We held balances of \$ 1,105 and \$ 1,220 as of September 30, 2024 and December 31, 2023, respectively, of related party payables related to revenue share expenses, call center support, and the services noted above. The balances with this related party are presented net and are included in related party payables in the condensed consolidated balance sheet.

We earned fees and provided certain accounting and marketing services to companies owned by certain of MarketWise's Class B stockholders. As a result, we recognized \$ 93 and \$ 97 in other income, net for the three months ended September 30, 2024 and 2023, respectively, and \$ 354 and \$ 604 for the nine months ended September 30, 2024 and 2023, respectively. Related party receivables related to these services were \$ 93 and \$ 239 as of September 30, 2024 and December 31, 2023, respectively.

We lease offices from related parties. Lease payments made to related parties were \$ 435 and \$ 441 for the three months ended September 30, 2024 and 2023, respectively, and \$ 1,306 and \$ 1,309 for the nine months ended September 30, 2024 and 2023, respectively. Related party rent expense was \$ 603 and \$ 602 for the three months ended September 30, 2024 and 2023, respectively, and \$ 1,808 and \$ 1,802 for the nine months ended September 30, 2024 and 2023, respectively, and was recognized in general and administrative expenses. At September 30, 2024 and December 31, 2023, ROU assets of \$ 5,776 and \$ 7,261 and lease liabilities of \$ 4,713 and \$ 5,740 , respectively, are associated with leases with related parties.

**MARKETWISE, INC.**

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

*(Dollar amounts in thousands, except share, unit, per share, and per unit data)*

**13. Supplemental Cash Flow Information**

Supplemental cash flow disclosures are as follows:

	Nine Months Ended September 30,	
	2024	2023
<b>Supplemental Disclosures of Cash Flow Information:</b>		
Cash paid for income taxes	\$ 253	\$ —
Cash paid for interest	666	675
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	( 1,395 )	( 1,486 )
Operating lease right-of-use assets obtained in exchange for lease obligations	—	( 76 )
<b>Supplemental Disclosures of Non-Cash Investing and Financing Activities:</b>		
Capitalized software included in accounts payable	—	71
Fair value of contingent consideration liability related to MMP Acquisition	707	—

**14. Stockholders' Equity**

The Company's capital stock consists of (i) issued and outstanding Class A common stock with a par value of \$ 0.0001 per share, and (ii) issued and outstanding Class B common stock with a par value of \$ 0.0001 per share.

The table set forth below reflects information about the Company's equity, as of September 30, 2024. The 3,051,000 Sponsor Earnout Shares held in escrow and the 2,000,000 Management Member Earnout Shares are considered contingently issuable shares and therefore excluded from the number of Class A common stock issued and outstanding in the table below.

	Authorized	Issued	Outstanding
Common stock – Class A	950,000,000	39,381,380	39,381,380
Common stock – Class B	300,000,000	279,890,147	279,890,147
Preferred stock	100,000,000	—	—
<b>Total</b>	<b>1,350,000,000</b>	<b>319,271,527</b>	<b>319,271,527</b>

Each share of Class A and Class B common stock entitles the holder one vote per share. Holders of Class A common stock have the right to receive dividends while holders of Class B common stock have the right to receive a proportionate amount of distributions. In the event of liquidation, dissolution or winding up of the affairs of the Company, only holders of Class A common stock have the right to receive liquidation proceeds, while the holders of Class B common stock are entitled to only the par value of their shares. Class B common stock can be issued only to members of MarketWise, LLC, their respective successors and permitted transferees. Under the terms of the Third Amended and Restated Limited Liability Company Operating Agreement of MarketWise, LLC (the "MarketWise Operating Agreement"), and subject to certain restrictions set forth therein, the MarketWise Members are entitled to have their LLC Units redeemed or exchanged for shares of our Class A common stock, at our option. If redeemed for cash at the Company's option, such cash would have to be generated through an offering of shares to the market such that there would not be any situation where there would be a net cash obligation to the Company for such redemption. Shares of our Class B common stock held by any such redeeming or exchanging MarketWise Member will be canceled for no additional consideration on a one -for-one basis with the redeemed or exchanged LLC Units whenever the MarketWise Members' LLC Units are so redeemed or exchanged. The MarketWise Members may exercise such redemption rights for as long as their LLC Units remain outstanding. Our Board has discretion to

**MARKETWISE, INC.**

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

*(Dollar amounts in thousands, except share, unit, per share, and per unit data)*

determine the rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences, of each series of preferred stock.

In April 2024, we purchased 7.2 million LLC Units for \$ 10.8 million and canceled the same amount of Class B shares. In July 2024, we canceled 8.4 million LLC Units and Class B shares, which we reinstated in November 2024 effective as of the cancellation date.

In 2023, we commenced paying quarterly dividends on shares of our Class A common stock and distributions on our LLC Units. There can be no assurance that we will continue to pay dividends in the future. The payment of any future dividends and distributions will be at the discretion of our Board of Directors and will depend on our results of operations, capital requirements, financial condition, prospects, contractual arrangements, any limitations on payment of dividends present in any debt agreements, and other factors that our Board of Directors may deem relevant.

The dividends and distributions declared during the nine months ended September 30, 2024 were as follows:

Date declared	Date paid	Dividends		Distributions	
		per share	Total	per unit	Total
March 5, 2024	April 25, 2024	\$ 0.01	\$ 493	\$ 0.01	\$ 2,878
May 3, 2024	June 25, 2024	\$ 0.01	\$ 497	\$ 0.01	\$ 2,804
August 1, 2024	September 25, 2024	\$ 0.01	\$ 629	\$ 0.01	\$ 2,720

**15. Subsequent Events**

Subsequent events have been evaluated through November 7, 2024, which is the date that the financial statements were issued.

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

*The following discussion and analysis of the financial condition and results of operations of MarketWise, Inc., a Delaware corporation ("MarketWise," "we," "us," and "our"), should be read together with our unaudited financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q and our audited consolidated financial statements and the related notes and the discussion under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (the "Annual Report"). The following discussion contains forward-looking statements. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ materially from those projected in the forward-looking statements include, but are not limited to, those discussed in the section entitled "Cautionary Statement Regarding Forward-Looking Statements" in this report.*

### **Overview**

We are a leading multi-brand platform of subscription businesses that provides premium financial research, software, education, and tools for self-directed investors. We offer a comprehensive portfolio of high-quality, independent investment research, as well as several software and analytical tools, on a subscription basis.

MarketWise started in 1999 with the simple idea that, if we could publish intelligent, independent, insightful, and in-depth investment research and treat the subscriber the way we would want to be treated, then subscribers would renew their subscriptions and stay with us. Over the years, we have expanded our business into a comprehensive suite of investment research products and solutions. We now produce a diversified product portfolio from a variety of financial research brands such as Stansberry Research and Chaikin Analytics. Our entire investment research product portfolio is 100% digital and channel agnostic, and we offer all of our research across a variety of platforms, including desktop, laptop, and mobile devices, including tablets and mobile phones.

Today, we benefit from the confluence of a leading editorial team, diverse portfolio of content and brands, and a comprehensive suite of investor-centric tools that appeal to a broad subscriber base.

### **Third Quarter 2024 Highlights**

- Paid Subscribers were 592 thousand as of September 30, 2024 compared with 774 thousand as of September 30, 2023
- Total net revenue was \$97.2 million in third quarter 2024 compared with \$106.2 million in third quarter 2023
- Total Billings was \$48.9 million in third quarter 2024 compared with \$95.5 million in third quarter 2023
- Net income was \$22.7 million in third quarter 2024 compared with \$12.0 million in third quarter 2023
- Cash and cash equivalents were \$94.1 million as of September 30, 2024
- In August 2024, Dr. David Eifrig was appointed Interim CEO of MarketWise. The Company's founder and former CEO, Porter Stansberry, will remain on the Board of Directors. In addition, Matthew Turner was appointed Acting Chairman of the Board

The following table presents net cash provided by operating activities, and the related margin as a percentage of net revenue, and Adjusted CFFO, a non-GAAP measure, and the related margin as a percentage of Billings, for each

of the periods presented. For more information on Adjusted CFFO and Adjusted CFFO Margin, see “— Non-GAAP Financial Measures.”

(In thousands)	Three Months Ended September 30,		
	2024	2023	% Change
Net cash (used in) provided by operating activities	\$ (5,829)	12,055	(148.4)%
Total net revenue	97,186	106,150	(8.4)%
Net cash (used in) provided by operating activities margin	(6.0) %	11.4 %	
Adjusted CFFO	\$ (5,829)	\$ 12,055	(148.4)%
Billings	48,929	95,513	(48.8)%
Adjusted CFFO Margin	<u>(11.9) %</u>	<u>12.6 %</u>	

#### Key Factors Affecting Our Performance

We believe that our growth and future success are dependent upon several factors, including those below and those noted in the “Risk Factors” section in the Annual Report. The key factors below represent significant business opportunities as well as challenges that we must successfully address in order to continue our growth and improve our financial results.

**Growing our subscriber base with compelling unit economics.** We are highly focused on continuing to acquire new subscribers to support our long-term growth. Our marketing spend is a large driver of new subscriber growth. At the heart of our marketing strategy is our compelling unit economics that combine long-term subscriber relationships, highly scalable content delivery, cost-effective customer acquisition, and high-margin conversions.

Our Paid Subscribers (as defined below) as of December 31, 2023 generated average customer lifetime Billings of approximately \$1,494, resulting in a LTV/CAC (as defined below) ratio of approximately 2.3x. On average, it takes us approximately 1.1 to 1.6 years for a Paid Subscriber’s cumulative net revenue to exceed the total cost of acquiring that subscriber (which includes fixed costs, such as marketing salaries). For more information on Billings and our LTV/CAC ratio and the components of this ratio, see “—Key Business Metrics” and “—Definitions of Metrics,” respectively.

We adjust our marketing spend to drive efficient and profitable customer acquisition. We can adjust our marketing spend in near real-time, and we monitor costs per acquisition relative to the cart value of the initial subscription.

As of September 30, 2024, our Paid Subscriber base was 592 thousand, down 182 thousand, or 23.5% as compared to 774 thousand at September 30, 2023. Our Paid Subscriber base is comprised of subscribers obtained through both direct-to-paid acquisition and free-to-paid conversions. Since 2019, direct-to-paid acquisition has accounted for approximately 60% of our annual Paid Subscriber acquisition and is largely driven by display ads and targeted email campaigns.

Our free subscription products also serve as a significant source of new Paid Subscribers, accounting for approximately 40% of our annual Paid Subscriber acquisition.

**Retaining and expanding relationships with existing subscribers.** We believe that we have a significant opportunity to expand our relationships with our large base of Free and Paid Subscribers. Thanks to the quality of our products, we believe our customers will continue their relationship with us and extend and increase their subscriptions over time. As we deepen our engagement with our subscribers, our customers tend to purchase more and higher-value products. Our ARPU (as defined below) as of September 30, 2024 was \$417, which

decreased 15.9% from \$496 as of September 30, 2023. For more information on ARPU, see “ *Key Business Metrics—Average Revenue Per User.* ”

Conversion rates are important to our business because they are an indicator of how engaged and how well we are connecting with our subscribers. The time it takes our customers to move from our free products to our lower-priced paid subscriptions and eventually to high-end products and membership “bundled” offerings impacts our growth in net revenue, Billings, and ARPU.

Our high-value composition rate reflects the rate at which Paid Subscribers that have purchased less than \$600 of our products over their lifetime convert into subscribers that have purchased more than \$600. We believe our high-value composition rate reflects our ability to retain existing subscribers through renewals and our ability to expand our relationship with them when those subscribers purchase higher-value subscriptions. Our cumulative ultra high-value composition rate reflects the rate at which high value Paid Subscribers that have purchased more than \$600 of our products over their lifetime convert into subscribers that have purchased more than \$5,000. We believe our ultra high-value composition rate reflects our ability to successfully build lifetime relationships with our subscribers, often across multiple products and brands. As of September 30, 2024, 52% of our Paid Subscribers were high-value subscribers and 22% of our Paid Subscribers were ultra high-value subscribers.

#### **Definitions of Metrics**

Throughout this discussion and analysis, a number of our financial and operating metrics are referenced which we do not consider to be key business metrics, but which we review to monitor performance, and which we believe may be useful to investors. These are:

**Annual free-to-paid and annual active free-to-paid conversion rates:** The Company has historically defined free-to-paid conversion rate as the number of Free Subscribers (as defined below) who purchased a subscription during the period divided by the average number of Free Subscribers during the period. In addition, the Company has historically defined active free-to-paid conversion rate as the number of Active Free Subscribers (as defined below) who purchased a subscription during the period divided by the average number of Active Free Subscribers during the period. There have been no changes to the calculation of free-to-paid or active free-to-paid conversion rates. However, the Company has revised the definition of free-to-paid and active free-to-paid conversion rates to provide clarity in how they are calculated.

We calculate our free-to-paid conversion rate as the sum of (i) the number of Free Subscribers who purchased their first subscription during the period and (ii) the number of Free Subscribers who purchased their first subscription during the period after six months of not having an active paid subscription across all of MarketWise *divided by* the average number of Free Subscribers during the period. We calculate our active free-to-paid conversion rate as the sum of (i) the number of Active Free Subscribers who purchased their first subscription during the period and (ii) the number of Active Free Subscribers who purchased their first subscription during the period after six months of not having an active paid subscription across all of MarketWise *divided by* the average number of Active Free Subscribers during the period. We believe our free-to-paid and active free-to-paid conversion rates are indicators of the type of Free Subscribers that we are signing up and the quality of our content and marketing efforts. Investors should consider free-to-paid and active free-to-paid conversion rates as two of the factors in evaluating our ability to maintain a robust pipeline for new customer acquisition.

**Cumulative free-to-paid and cumulative active free-to-paid conversion rates:** We calculate our cumulative free-to-paid conversion rate as the sum of (i) the number of Free Subscribers who purchased their first subscription during the trailing three-year period and (ii) the number of Free Subscribers who purchased their first subscription during the trailing three-year period after six months of not having an active paid subscription across all of MarketWise *divided by* the average number of Free Subscribers during the trailing three-year period. We calculate our cumulative active free-to-paid conversion rate as the sum of (i) the number of Active Free Subscribers who purchased their first subscription during the trailing three-year period and (ii) the number of Active Free Subscribers who purchased their first subscription during the trailing three-year period after six

months of not having an active paid subscription across all of MarketWise *divided by* the average number of Active Free Subscribers during the trailing three-year period.

**High-value composition rate:** Our high-value composition rate reflects the number of Paid Subscribers who have purchased >\$600 in aggregate over their lifetime as of a particular point in time *divided by* the total number of Paid Subscribers as of that same point in time.

**LTV/CAC ratio:** We calculate LTV/CAC ratio as LTV *divided by* CAC. We use LTV/CAC ratio because it is a standard metric for subscription-based businesses, and we believe that an LTV/CAC ratio above 3x is considered to be indicative of strong profitability and marketing efficiency. We believe that an increasing LTV per subscriber reflects our existing subscribers recognizing our value proposition, which will expand their relationship with us across our platform over time, either through a combination of additional product purchases or by joining our membership offerings. Investors should consider this metric when evaluating our ability to achieve a return on our marketing investment. Lifetime value ("LTV") represents the average margin on average customer lifetime Billings (that is, the estimated cumulative spend across a customer's lifetime). Customer acquisition cost ("CAC") is defined as direct marketing spend, *plus* external revenue share expense, *plus* retention and renewal expenses, *plus* copywriting and marketing salaries, *plus* telesales salaries and commissions, *plus* customer service commissions.

**Net revenue retention:** Net revenue retention is defined as Billings from all prior period cohorts in the current period, divided by all Billings from the prior period. We believe that a high net revenue retention rate is a measure of customer retention and an indicator of the engagement of our subscribers with our products. Investors should consider net revenue retention as an ongoing measure when evaluating our subscribers' interest in continuing to subscribe to our products and spending more with us over time.

**Ultra high-value composition rate:** Our ultra high-value composition rate reflects the number of Paid Subscribers who have purchased >\$5,000 in aggregate over their lifetime as of a particular point in time *divided by* the number of high-value subscribers as of that same point in time. We believe our ultra high-value composition rate reflects our ability to successfully build lifetime relationships with our subscribers, often across multiple products and brands. Investors should consider ultra high-value composition rate as a factor in evaluating our ability to retain and expand our relationship with our subscribers.

## Key Business Metrics

We review the following key business metrics to measure our performance, identify trends, formulate financial projections, and make strategic decisions. We are not aware of any uniform standards for calculating these key

metrics, which may hinder comparability with other companies who may calculate similarly titled metrics in a different way.

	As of and for the Three Months Ended September 30,			As of and for the Nine Months Ended September 30,			As of and for the Three Months Ended June 30,	
	2024	2023	% change	2024	2023	% change	2024	% change
Free Subscribers	15,294,686	16,341,577	(6.4)%	15,294,686	16,341,577	(6.4)%	15,240,613	0.4 %
Active Free Subscribers	3,267,193	3,958,487	(17.5)%	3,267,193	3,958,487	(17.5)%	4,782,307	(31.7)%
Paid Subscribers	592,191	773,827	(23.5)%	592,191	773,827	(23.5)%	645,259	(8.2)%
ARPU	\$ 417	\$ 496	(15.9)%	\$ 417	\$ 496	(15.9)%	\$ 456	(8.5)%
New Marketing Billings (in thousands)	\$ 32,333	\$ 73,720	(56.1)%	\$ 125,797	\$ 210,528	(40.2)%	\$ 38,676	(16.4)%
Net Renewal Billings (in thousands)	\$ 15,742	\$ 20,780	(24.2)%	\$ 54,300	\$ 75,192	(27.8)%	\$ 17,120	(8.0)%
Other Billings (in thousands)	\$ 854	\$ 1,013	(15.7)%	\$ 3,631	\$ 3,134	15.9%	\$ 1,781	(52.0)%
Total Billings (in thousands)	\$ 48,929	\$ 95,513	(48.8)%	\$ 183,728	\$ 288,854	(36.4)%	\$ 57,577	(15.0)%

**Free Subscribers.** Free Subscribers are defined as unique subscribers who have subscribed to one of our free investment publications via a valid email address and continue to remain directly opted in, excluding any Paid Subscribers who also have free subscriptions. Free subscriptions are often daily publications that include some commentary about the stock market, investing ideas, or other specialized topics. Included within our free publications are advertisements and editorial support for our current marketing campaigns. While subscribed to our publications, Free Subscribers learn about our editors and analysts, get to know our products and services, and learn more about ways we can help them be a better investor.

In order to better describe our universe of Free Subscribers, we recognize sub-categories of Free Subscribers – Active and Passive Free Subscribers. Active Free Subscribers are those Free Subscribers with whom we have engaged during the most recent quarter and represent those individuals who have received and/or consumed our content on a regular basis during that same quarter. Our experience indicates that this population of Active Free Subscribers is more likely to continue to consume content and convert to a Paid Subscriber. Passive Free Subscribers represent those individuals who have not directly received our content during the most recent quarter, however, they remain included in our Free Subscriber population as defined above and may continue to consume content from our platforms. We expect the composition of our Active and Passive Free Subscribers will change over time as we refine our marketing and data analysis techniques aimed at converting Free Subscribers to Paid Subscribers.

We have determined that Free Subscribers provide less meaningful insight into the current or future state of our business as many of these Subscribers have limited engagement with our content. As discussed above, our Active Free Subscribers, with whom we've engaged during the most recent quarter, are most likely to continue to consume content and convert to a Paid Subscriber. We will continue to report Free and Active Free Subscribers throughout 2024. Beginning with first quarter 2025, we will discontinue reporting Free Subscribers and only report Active Free Subscribers.

Free Subscribers decreased by 1.0 million, or 6.4%, to 15.3 million as of September 30, 2024 as compared to 16.3 million at September 30, 2023. As of September 30, 2024, Active Free Subscribers decreased by 0.7 million, or 17.5%, to 3.3 million, compared to 4.0 million as of September 30, 2023. The year over year decline in Free Subscribers is a result of more aggressive culling of the most passive Free Subscribers as we move towards implementation of the change described above. The year over year decrease in Active Free Subscribers

is a result of both fewer free subscribers in total as well as a reduced number of free products available as we rationalize our offerings.

Free Subscribers decreased by 0.1 million, or 0.4% to 15.3 million as of September 30, 2024 as compared to 15.2 million as of June 30, 2024. As of September 30, 2024, Active Free Subscribers decreased by 1.5 million, or 31.7% to 3.3 million, compared to 4.8 million as of June 30, 2024, as the prior quarter saw us reach out to previously passive Legacy Research Free Subscribers to notify them that their subscriptions were transferred over to like subscriptions in other brands within MarketWise.

**Paid Subscribers.** We define Paid Subscribers as the total number of unique subscribers with at least one paid subscription at the end of the period. We view the number of Paid Subscribers at the end of a given period as a key indicator of the attractiveness of our products and services, as well as the efficacy of our marketing in converting Free Subscribers to Paid Subscribers and generating direct-to-paid acquisitions. We grow our Paid Subscriber base through marketing directly to prospective and existing subscribers across a variety of media, channels, and platforms.

Total Paid Subscribers decreased by 182 thousand, or 23.5%, to 592 thousand as of September 30, 2024 as compared to 774 thousand at September 30, 2023, driven by continued soft consumer engagement as well as a significant decrease in marketing spend as we continue to manage profitability. This decrease in marketing spend limits the new subscribers that we introduce to our offerings.

Total Paid Subscribers decreased by 53 thousand, or 8.2%, to 592 thousand as of September 30, 2024 as compared to 645 thousand as of June 30, 2024. Gross new subscribers were down 15 thousand or 58% compared to second quarter 2024 as a result of decreased marketing spend. Churn levels within the quarter were in line with the historical average.

Subscriber count churn has ranged from approximately 2.3% to 2.7% per month between 2021 and 2023. As of September 30, 2024, the average monthly churn over the trailing twelve months was slightly above this range due to the ongoing churn of previous Legacy Research subscribers. Almost all of the subscribers who churned in second quarter 2024 did so having owned only one entry level publication. This is evidenced by the fact that their ARPU approximately matched the subscription price of our entry level publications. We believe our net revenue retention rate, which has averaged over 70% from 2021 to 2023, is a more meaningful gauge of subscriber satisfaction.

**Average Revenue Per User.** We calculate ARPU as the trailing four quarters of net Billings *divided by* the average number of quarterly total Paid Subscribers over that period. We believe ARPU is a key indicator of how successful we are in attracting subscribers to higher-value content. We believe that our high ARPU is indicative of the trust we build with our subscribers and of the value they see in our products and services.

ARPU decreased by \$79, or 15.9%, to \$417 as of September 30, 2024 as compared to \$496 as of September 30, 2023. The year-over-year decrease was driven by a 29% decrease in trailing four quarter Billings, while trailing four quarter Paid Subscribers only decreased by 15%. The decrease in trailing four quarter Billings was largely driven by cessation of selling to our Legacy Research subscribers as further discussed in *Billings* below.

ARPU decreased by \$39, or 8.5%, to \$417 as of September 30, 2024 as compared to \$456 as of June 30, 2024. The sequential decrease was driven by a 14% decrease in trailing four-quarter Billings, while trailing four-quarter average Paid Subscribers only decreased 6%.

While they have declined somewhat recently, our ARPUs remain high relative to other subscription businesses, and we attribute this to the quality of our content and effective sales and marketing efforts regarding higher value content, bundled subscriptions and membership subscriptions. These subscriptions have compelling economics that allow us to recoup our initial marketing spend made to acquire these subscribers. Specifically, our payback period was estimated at 1.5 years, 1.5 years, and 0.9 years for the years ended December 31, 2023, 2022 and 2021, respectively. Our payback period remains elevated primarily due to a combination of increased customer acquisition costs and the hesitancy of these subscribers to make additional

purchases. The payback period was lower in 2021 with conversion rates still relatively high and, to a far lesser degree, lower costs for media spend as demand was somewhat constrained as the pandemic lingered.

**Billings.** Billings represents amounts invoiced to customers. We measure and monitor our Billings because it provides insight into trends in cash generation from our marketing campaigns. We generally bill our subscribers at the time of sale and receive full cash payment up front and defer and recognize a portion of the related revenue ratably over time for term and membership subscriptions. For certain subscriptions, we may invoice our Paid Subscribers at the beginning of the term, in annual or monthly installments, and, from time to time, in multi-year installments. Only amounts invoiced to a Paid Subscriber in a given period are included in Billings. While we believe that Billings provides valuable insight into the cash that will be generated from sales of our subscriptions, this metric may vary from period to period for a number of reasons and, therefore, Billings has a number of limitations as a quarter-over-quarter or year-over-year comparative measure. These reasons include, but are not limited to, the following: (i) a variety of contractual terms could result in some periods having a higher proportion of annual or membership subscriptions than other periods; (ii) fluctuations in payment terms may affect the Billings recognized in a particular period; and (iii) the timing of large campaigns may vary significantly from period to period.

We break down our Billings into three sub-categories: New Marketing Billings, Net Renewal Billings, and Other Billings.

New Marketing Billings are Billings from all new subscription sales. New Marketing Billings decreased by \$41.4 million, or 56.1%, to \$32.3 million for third quarter 2024 as compared to \$73.7 million for third quarter 2023. The decrease was primarily driven by ceasing new sales campaigns within our Legacy Research Group brands, which began winding down operations in mid-February 2024.

New Marketing Billings decreased by \$6.3 million, or 16.4% to \$32.3 million for third quarter 2024 as compared to \$38.7 million in second quarter 2024. The decrease was primarily driven by decreased conversion rates across our product offerings.

Net Renewal Billings are Billings from renewals and maintenance fee payments. Net Renewal Billings decreased by \$5.0 million, or 24.2%, to \$15.7 million for third quarter 2024 as compared to \$20.8 million for third quarter 2023. This is primarily a function of a significant decrease (approximately 121 thousand) in average Paid Subscribers for the trailing twelve months ended September 30, 2024 versus the trailing twelve months ended September 30, 2023.

Net Renewal Billings decreased by \$1.4 million, or 8.0%, to \$15.7 million for third quarter 2024 as compared to \$17.1 million for second quarter 2024. This decrease was a function of declining subscribers overall, with the heaviest decrease coming from our Legacy Research business which began winding down operations in mid-February 2024.

Other Billings are Billings from revenue share, advertising and conferences. Other Billings decreased by \$0.2 million, or 15.7% to \$0.9 million for third quarter 2024 as compared to \$1.0 million for third quarter 2023.

Other Billings decreased by \$0.9 million or 52.0% to \$0.9 million for third quarter 2024 as compared to \$1.8 million for second quarter 2024 as a result of decreased revenue share activity with third parties.

Total Billings decreased by \$46.6 million, or 48.8%, to \$48.9 million for the third quarter 2024 as compared to \$95.5 million for third quarter 2023. While consumer engagement remains soft, we believe the decrease was primarily driven by our Legacy Research Group brands, which began winding down operations in mid-February 2024.

Total Billings decreased by \$8.6 million, or 15.0%, to \$48.9 million for third quarter 2024 as compared to \$57.6 million for second quarter 2024. The decrease is distributed across the business as the overall subscriber base continues to decline with some additional impact driven by our Legacy Research Group brands, which began winding down operations in mid-February 2024.

## **Components of Our Results of Operations**

### ***Net Revenue***

We generate net revenue primarily from services provided in delivering term and membership subscription-based financial research, publications, and SaaS offerings to individual subscribers through our online platforms, advertising arrangements, print products, events, and revenue share agreements.

We earn net revenue from the sale of advertising placements on our websites and from the sale of print products and events. We also recognize net revenue through revenue share agreements where we earn a commission for successful sales by other parties generated through the use of our customer list.

### ***Employee Compensation Costs***

Employee compensation costs, or payroll and payroll-related costs, include salaries, bonuses, benefits, and stock-based compensation for employees classified within cost of revenue, sales and marketing, and general and administrative, and also includes sales commissions for sales and marketing employees. Stock-based compensation includes amounts related to our 2021 Incentive Award Plan, our ESPP, and profits interests.

### ***Cost of Revenue***

Cost of revenue consists primarily of employee compensation costs associated with producing and publishing our content, hosting fees, customer service, credit card processing fees, product costs, and allocated overhead. Cost of revenue is exclusive of depreciation and amortization, which is shown as a separate line item.

### ***Sales and Marketing***

Sales and marketing expenses consist primarily of employee compensation costs, amortization of deferred contract acquisition costs, agency costs, advertising campaigns, and branding initiatives. Sales and marketing expenses are exclusive of depreciation and amortization shown as a separate line item.

### ***Research and Development***

Research and development expenses consist primarily of employee compensation costs, technical services, software expenses, and hosting expenses associated with maintaining and enhancing the functionality of our platforms, including our software and analytical tools. Research and development expenses are exclusive of depreciation and amortization shown as a separate line item.

### ***General and Administrative***

General and administrative expenses consist primarily of employee compensation costs associated with our finance, legal, information technology, human resources, executive, and administrative personnel, legal fees, corporate insurance, office expenses, professional fees, and travel and entertainment costs.

### ***Depreciation and Amortization***

Depreciation and amortization expenses consist of amortization of trade names, customer relationship intangibles, and software development costs, as well as depreciation on other property and equipment such as leasehold improvements, furniture and fixtures, and computer equipment.

### ***Impairment of Intangible Assets***

Impairment of intangible assets consists of impairment losses related to our Buttonwood Publishing business.

### ***Related Party Expense***

Related party expenses primarily consist of Board of Director compensation, revenue share expenses and expenses for certain corporate functions performed by a related party for certain historic periods.

***Other Income (Expense), Net***

Other income (expense), net primarily consists of the net gains or losses on our embedded derivative instruments.

***Interest (Expense) Income, Net***

Interest (expense) income, net primarily consists of interest income from our money market accounts, as well as interest expense related to the 2021 Credit Facility.

***Net Income Attributable to Noncontrolling Interests***

As of September 30, 2024, MarketWise, Inc.'s controlling interest in MarketWise, LLC was 12.3% and the noncontrolling interest was 87.7%. For the three and nine months ended September 30, 2024, net income attributable to controlling interests included a \$1.0 million tax provision and a \$2.5 million tax provision, respectively, both of which were solely attributable to the controlling interest.

As of September 30, 2023, MarketWise, Inc.'s controlling interest in MarketWise, LLC was 10.6% and the noncontrolling interest was 89.4%. For the three and nine months ended September 30, 2023, net income attributable to controlling interests included a \$0.7 million tax provision and a \$2.0 million tax provision, respectively, both of which were solely attributable to the controlling interest.

## Results of Operations

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

(In thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net revenue	\$ 96,975	\$ 105,799	\$ 309,761	\$ 334,777
Related party revenue	211	351	1,462	1,250
Total net revenue	97,186	106,150	311,223	336,027
Operating expenses:				
Cost of revenue <sup>(1)</sup>	12,902	13,812	39,649	43,737
Sales and marketing <sup>(1)</sup>	36,644	52,466	126,663	150,226
General and administrative <sup>(1)</sup>	22,480	25,005	70,796	80,667
Research and development <sup>(1)</sup>	2,614	2,085	6,934	6,778
Depreciation and amortization	635	1,001	1,997	2,979
Impairment of intangible assets	—	584	—	584
Related party expense	9	155	393	487
Total operating expenses	75,284	95,108	246,432	285,458
Income from operations	21,902	11,042	64,791	50,569
Other income, net	632	182	210	807
Interest income, net	1,185	1,511	4,184	3,062
Income before income taxes	23,719	12,735	69,185	54,438
Income tax expense	973	691	2,487	2,046
Net income	22,746	12,044	66,698	52,392
Net income attributable to noncontrolling interests	21,026	11,904	61,777	50,749
Net income attributable to MarketWise, Inc.	\$ 1,720	\$ 140	\$ 4,921	\$ 1,643

(1) Cost of revenue, sales and marketing, general and administrative, and research and development expenses are exclusive of depreciation and amortization shown as a separate line item.

The following table sets forth our consolidated statements of operations data expressed as a percentage of net revenue for the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net revenue	100.0 %	100.0 %	100.0 %	100.0 %
<b>Operating expenses:</b>				
Cost of revenue <sup>(1)</sup>	13.3 %	13.0 %	12.7 %	13.0 %
Sales and marketing <sup>(1)</sup>	37.7 %	49.4 %	40.7 %	44.7 %
General and administrative <sup>(1)</sup>	23.1 %	23.6 %	22.7 %	24.0 %
Research and development <sup>(1)</sup>	2.7 %	2.0 %	2.2 %	2.0 %
Depreciation and amortization	0.7 %	0.9 %	0.6 %	0.9 %
Impairment of intangible assets	— %	0.6 %	— %	0.2 %
Related party expense	— %	0.1 %	0.1 %	0.1 %
Total operating expenses	77.5 %	89.6 %	79.2 %	85.0 %
Income from operations	22.5 %	10.4 %	20.8 %	15.0 %
Other income, net	0.7 %	0.2 %	0.1 %	0.2 %
Interest income, net	1.2 %	1.4 %	1.3 %	0.9 %
Income before income taxes	24.4 %	12.0 %	22.2 %	16.2 %
Income tax expense	1.0 %	0.7 %	0.8 %	0.6 %
Net income	23.4 %	11.3 %	21.4 %	15.6 %
Net income attributable to noncontrolling interests	21.6 %	11.2 %	19.8 %	15.1 %
Net income attributable to MarketWise, Inc.	1.8 %	0.1 %	1.6 %	0.5 %

(1) Cost of revenue, sales and marketing, general and administrative, and research and development expenses are exclusive of depreciation and amortization shown as a separate line item.

#### Comparison of Three Months Ended September 30, 2024 and Three Months Ended September 30, 2023

##### **Net Revenue**

(In thousands)	Three Months Ended September 30,		\$ Change	% Change
	2024	2023		
Net revenue	\$ 97,186	\$ 106,150	\$ (8,964)	(8.4)%

The decrease in net revenue was primarily driven by a \$7.7 million decrease in term subscription revenue, and a \$1.0 million decrease in membership subscription revenue.

Term subscription revenue decreased during the three months ended September 30, 2024 primarily due to lower Billings as compared to the 2023 period which was driven by reduced engagement of prospective and existing subscribers in the 2024 period. Membership subscription revenue decreased during the three months ended September 30, 2024 primarily driven by lower Billings.

### **Operating Expenses**

(In thousands)

	Three Months Ended September 30,		\$ Change	% Change
	2024	2023		
<b>Operating expenses:</b>				
Cost of revenue	\$ 12,902	\$ 13,812	\$ (910)	(6.6)%
Sales and marketing	36,644	52,466	(15,822)	(30.2)%
General and administrative	22,480	25,005	(2,525)	(10.1)%
Research and development	2,614	2,085	529	25.4 %
Depreciation and amortization	635	1,001	(366)	(36.6)%
Impairment of intangible assets	—	584	(584)	(100.0)%
Related party expenses	9	155	(146)	(94.2)%
<b>Total operating expenses</b>	<b>\$ 75,284</b>	<b>\$ 95,108</b>	<b>\$ (19,824)</b>	<b>(20.8)%</b>

#### **Cost of Revenue**

Cost of revenue decreased primarily driven by a \$1.5 million decrease in credit card fees and a \$0.4 million decrease in salaries, taxes and benefits. This was partially offset by a \$0.7 million increase in freelance editorial expenses, and a \$0.2 million increase in incentive compensation.

#### **Sales and Marketing**

Sales and marketing expense decreased primarily driven by a \$8.5 million decrease in marketing expense, as we have reduced our marketing spend as part of our cost reduction initiatives, a \$5.7 million decrease in amortization of deferred contract acquisition costs, and a \$2.1 million decrease in salaries, taxes and benefits due to a reduction in workforce. This was partially offset by a \$0.2 million increase in outside labor.

#### **General and Administrative**

General and administrative expense decreased primarily driven by a \$4.9 million decrease in incentive compensation, a \$0.9 million decrease in administrative expenses related to outside labor, and a \$0.7 million decrease in stock-based compensation expense. This was partially offset by a \$3.0 million increase in professional fees, and a \$1.7 million increase in severance expense primarily related to the Legacy Reorganization.

#### **Impairment of Intangible Assets**

During the three months ended September 30, 2023, we determined that impairment indicators were present with respect to our Buttonwood Publishing business which we had acquired during 2022, due to continuing losses. As a result, we recorded an impairment loss on Buttonwood Publishing's intangible assets totaling \$0.6 million.

### **Comparison of Nine Months Ended September 30, 2024 and Nine Months Ended September 30, 2023**

#### **Net Revenue**

(In thousands)

	Nine Months Ended September 30,		\$ Change	% Change
	2024	2023		
Net revenue	\$ 311,223	\$ 336,027	\$ (24,804)	(7.4)%

The decrease in net revenue was primarily driven by a \$32.7 million decrease in term subscription revenue, partially offset by a \$7.4 million increase in membership subscription revenue and a \$0.4 million increase in non-subscription revenue.

Term subscription revenue decreased during the nine months ended September 30, 2024 primarily due to lower Billings as compared to the 2023 period. Membership subscription revenue increased during the nine months ended September 30, 2024 primarily driven by the recognition of deferred revenue from previous periods.

#### **Operating Expenses**

(In thousands)	Nine Months Ended September 30,			\$ Change	% Change
	2024	2023			
<b>Operating expenses:</b>					
Cost of revenue	\$ 39,649	\$ 43,737	\$ (4,088)		(9.3)%
Sales and marketing	126,663	150,226	(23,563)		(15.7)%
General and administrative	70,796	80,667	(9,871)		(12.2)%
Research and development	6,934	6,778	156		2.3 %
Depreciation and amortization	1,997	2,979	(982)		(33.0)%
Impairment of intangible assets	—	584	(584)		(100.0)%
Related party expenses	393	487	(94)		(19.3)%
<b>Total operating expenses</b>	<b>\$ 246,432</b>	<b>\$ 285,458</b>	<b>\$ (39,026)</b>		<b>(13.7)%</b>

#### **Cost of Revenue**

Cost of revenue decreased primarily driven by a \$3.0 million decrease in credit card fees, and a \$2.8 million decrease in salaries, taxes and benefits. This was partially offset by a \$1.2 million increase in incentive compensation.

#### **Sales and Marketing**

Sales and marketing expense decreased primarily driven by a \$12.4 million decrease in marketing expense as we have reduced our marketing spend as part of our cost reduction initiatives and due to higher per unit subscriber acquisition costs, a \$5.6 million decrease in salaries, taxes and benefits, a \$5.1 million decrease in amortization of deferred contract acquisition costs, and a \$0.4 million decrease in stock based compensation.

#### **General and Administrative**

General and administrative expense decreased primarily driven by a \$7.2 million decrease in incentive compensation, and a \$2.8 million decrease in salaries, taxes and benefits.

#### **Impairment of Intangible Assets**

During the nine months ended September 30, 2023, we determined that impairment indicators were present with respect to our Buttonwood Publishing business which we had acquired during 2022, due to continuing losses. As a result, we recorded an impairment loss on Buttonwood Publishing's intangible assets totaling \$0.6 million.

#### **Non-GAAP Financial Measures**

In addition to our results determined in accordance with GAAP, we believe that the below non-GAAP financial measures are useful in evaluating our operating performance. We use the below non-GAAP financial measures, collectively, to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that non-GAAP financial information, when taken collectively, may be helpful to investors because it provides consistency and comparability with past financial performance. This non-GAAP financial information is presented for supplemental informational purposes only and should not be considered a substitute for financial information presented in accordance with GAAP, and may be different from similarly titled non-GAAP measures used by other companies. A reconciliation is provided below for each non-GAAP financial measure to the most directly

comparable financial measure stated in accordance with GAAP. 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.

(In thousands)	Three Months Ended September 30,			% change	Nine Months Ended September 30,			% change
	2024	2023	2024	2023	2024	2023	2024	2023
Adjusted CFFO	\$ (5,829)	\$ 12,055	(148.4)%	\$ (28,135)	\$ 44,901	(162.7)%		
Adjusted CFFO Margin	(11.9) %	12.6 %		(15.3) %	15.5 %			

**Adjusted CFFO / Adjusted CFFO Margin**

We believe that Adjusted CFFO and Adjusted CFFO Margin are useful indicators that provide information to management and investors about our ability to generate cash, and for internal planning and forecasting purposes.

Adjusted CFFO and Adjusted CFFO Margin have limitations as analytical tools, and should not be considered in isolation or as substitutes for analysis of other GAAP financial measures, such as cash flow from operations or operating cash flow margin. Some of the limitations of using Adjusted CFFO and Adjusted CFFO Margin are that these metrics may be calculated differently by other companies in our industry.

We expect Adjusted CFFO and Adjusted CFFO Margin to fluctuate in future periods as we invest in our business to execute our growth strategy. These activities, along with any non-recurring items as described above, may result in fluctuations in Adjusted CFFO and Adjusted CFFO Margin in future periods.

The following table provides a reconciliation of net cash provided by operating activities, the most directly comparable financial measure calculated in accordance with GAAP, to Adjusted CFFO for each of the periods presented:

(In thousands)	Three Months Ended September 30,			% change	Nine Months Ended September 30,			% change
	2024	2023	2024	2023	2024	2023	2024	2023
Net cash (used in) provided by operating activities	\$ (5,829)	\$ 12,055	(148.4)%	\$ (28,135)	\$ 44,901	(162.7)%		
Non-recurring expenses	—	—	N/M	—	—	—	N/M	
Adjusted CFFO	<u><u>\$ (5,829)</u></u>	<u><u>\$ 12,055</u></u>	<u><u>(148.4)%</u></u>	<u><u>\$ (28,135)</u></u>	<u><u>\$ 44,901</u></u>	<u><u>(162.7)%</u></u>		

N/M: Not meaningful

The following table provides the calculation of net cash provided by operating activities as a percentage of total net revenue, the most directly comparable financial measure in accordance with GAAP, and Adjusted CFFO Margin for each of the periods presented:

(In thousands)	Three Months Ended September 30,			% change	Nine Months Ended September 30,			% change
	2024	2023	2024	2023	2024	2023	2024	2023
Net cash (used in) provided by operating activities	\$ (5,829)	\$ 12,055	(148.4)%	\$ (28,135)	\$ 44,901	(162.7)%		
Total net revenue	97,186	106,150	(8.4)%	311,223	336,027	(7.4)%		
Net cash (used in) provided by operating activities margin	(6.0) %	11.4 %		(9.0) %	13.4 %			
Adjusted CFFO	\$ (5,829)	\$ 12,055	(148.4)%	\$ (28,135)	\$ 44,901	(162.7)%		
Billings	48,929	95,513	(48.8)%	183,728	288,854	(36.4)%		
Adjusted CFFO Margin	<u><u>(11.9 %)</u></u>	<u><u>12.6 %</u></u>		<u><u>(15.3 %)</u></u>	<u><u>15.5 %</u></u>			

CFFO and Adjusted CFFO were negative for the nine months ended September 30, 2024 primarily driven by lower Billings during the period, partially due to the Legacy wind down, incentive compensation payouts during the first quarter, and payments related to renegotiated employment agreements.

### **Liquidity and Capital Resources**

A substantial portion of our cash on hand is the result of the nature of our subscription business. We receive cash up front from our sales of annual, multi-year, and membership subscriptions. For tax and GAAP purposes, however, this revenue is deferred and recognized over the term of the subscription, or in the case of membership subscriptions, over four years for tax and five years for GAAP. Tax distributions are made to MarketWise Members to satisfy their tax obligations when revenue is recognized for tax purposes, not when cash is received. The timing difference between when cash is received and when tax distributions are made results in an accumulation of cash on our balance sheet.

We refer to this accumulation of cash as our "float" which we view as a valuable resource that we may invest or use to expand our operations. We expect that as we grow our business, the amount of our float will increase. The Company estimates that the amount of float was approximately \$119.9 million and \$120.5 million as of September 30, 2024 and December 31, 2023, respectively. As part of the Company's broader capital allocation strategy, our consolidated cash balance may from time to time decline below our estimate of the long term float requirement.

The Company invests a portion of this cash in financial instruments to achieve reasonable returns on a risk-adjusted basis. The investment allocation decisions are based in part on the anticipated liquidity requirements of the Company including working capital, estimated tax related distributions, and broader capital allocation objectives.

For the three and nine months ended September 30, 2024, the Company earned interest income of \$1.4 million and \$4.8 million, respectively, on our cash portfolio.

The Company may allocate a portion of our "float" to investments meeting pre-determined guidelines, including U.S.-listed equity securities, with the objective to provide an acceptable rate of return while complying with established risk tolerances and liquidity parameters. The Board of Directors is responsible for approving investment decisions. Gains and losses on marketable securities may fluctuate significantly from period to period in the future and could have a significant impact on the Company's results of operations.

As of September 30, 2024, our principal sources of liquidity were cash and cash equivalents, and restricted cash of \$94.1 million. Cash and cash equivalents are comprised of bank deposits, money market funds, and certificates of deposit. We have financed our operations primarily through cash received from operations, and our sources of liquidity have enabled us to make continued investments in supporting the growth of our business. We expect that our anticipated operating cash flows, in addition to cash on hand, will enable us to continue to make investments in the future, and to pay dividends. We expect our operating cash flows to further improve as we increase our operational efficiency and experience economies of scale.

In 2023, we commenced paying quarterly dividends on shares of our Class A common stock and distributions on our LLC Units. There can be no assurance that we will continue to pay dividends in the future. The payment of any future dividends and distributions will be at the discretion of our Board of Directors and will depend on our results of operations, capital requirements, financial condition, prospects, contractual arrangements, any limitations on payment of dividends present in any debt agreements, and other factors that our Board of Directors may deem relevant.

We believe that our existing cash and cash equivalents and cash flow from operations will be sufficient to support working capital and capital expenditure requirements for at least the next 12 months. Our future capital requirements will depend on many factors, including our subscription growth rate, subscription renewal activity, including the timing and the amount of cash received from subscribers, the pace of expansion of sales and marketing activities, the timing and extent of spending to support development efforts, the introduction of new and enhanced products, and the level of costs to operate as a public company. We may, in the future, enter into arrangements to acquire or invest in complementary businesses, products, and technologies.

We expect to incur payment obligations under the Tax Receivable Agreement in the future, which we expect to be significant. MarketWise, Inc. intends to cause MarketWise, LLC to make distributions to MarketWise, Inc. in an amount sufficient to allow MarketWise, Inc. to pay its tax obligations and operating expenses, including distributions to fund any payments due under the Tax Receivable Agreement. If MarketWise, LLC does not have sufficient cash to fund distributions to MarketWise, Inc. in amounts sufficient to cover MarketWise, Inc.'s obligations under the Tax Receivable Agreement, it may have to borrow funds, which could materially adversely affect its liquidity and financial condition and subject it to various restrictions imposed by any such lenders. To the extent that MarketWise, Inc. is unable to make timely payments under the Tax Receivable Agreement for any reason, the unpaid amounts will be deferred and will accrue interest until paid. For additional information regarding the Tax Receivable Agreement, see the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations —Liquidity and Capital Resources—Tax Receivable Agreement" in the Annual Report.

Furthermore, to the extent we have taxable income, we will make distributions to the MarketWise Members and to MarketWise, Inc. in amounts sufficient for the recipients to pay taxes due on their share of MarketWise income at prevailing individual income tax rates, which for the 2024 tax year the highest federal, state and local tax rate the Company used was 49.75%. During third quarter 2024, we made our first required tax distribution of \$5.8 million in accordance with the MarketWise Operating Agreement. The distribution was made proportionally to all MarketWise Members and to MarketWise, Inc. Such distributions are reflected in our statement of cash flows as cash used in financing activities, and do not decrease the amount of cash from operations or net income reflected in our financial statements. However, such distributions decrease the amount of cash available for use in our business.

We may be required to seek additional equity or debt financing. In the event that we require additional financing, we may not be able to raise such financing on terms acceptable to us or at all. If we are unable to raise additional capital or generate cash flows necessary to expand our operations and invest in continued innovation, we may not be able to compete successfully, which would harm our business, operations, and financial condition.

#### ***Legacy Reorganization***

On February 8, 2024, the Company reported that its Board of Directors had committed to a strategic realignment and Reorganization whereby the Company will wind-down the operations of its Legacy Research business in response to misconduct discovered at Legacy Research where certain managers violated the Company's policies.

Following the commitment to the Reorganization, Legacy Research continued to serve existing subscribers and fulfill existing subscriptions during the first quarter 2024, but began to significantly curtail business activities including any marketing efforts to acquire new subscribers.

As a result of the Reorganization, the Billings of Legacy Research declined from \$30.1 million during the fourth quarter 2023 to \$15.8 million, \$4.9 million and \$1.9 million during the first, second and third quarters of 2024, respectively. During second quarter 2024, we began the process of offering certain Legacy Research subscribers similar products published by other MarketWise brands, consistent with past Company practice when we cease a publication. We continued this process during third quarter 2024.

In October 2024, we completed our Reorganization and operational transition plans with respect to substantially all of the Legacy Research brands, which resulted in the transfer of the related assets and related fulfillment obligations to other businesses within MarketWise for fair consideration. We also entered into agreements in October 2024 to sell certain Legacy Research brands that had immaterial year-to-date September 2024 Billings, one of which was to a related party.

Separation costs incurred in the three and nine months ended September 30, 2024 totaled approximately \$1.3 million and \$2.3 million, respectively. The annualized compensation cost savings associated with the terminated employees is approximately \$16.1 million.

Legacy Research has leased office space and the current lease end date for this property is December 2028. As of September 30, 2024, the operating lease right-of-use asset and related leasehold improvements totaled

approximately \$2.7 million. The Company has ceased using this property in its operations and is evaluating various alternatives with respect to this property as of September 30, 2024.

As of September 30, 2024, the Legacy Research reporting unit had goodwill totaling \$8.6 million and a negative carrying value, which we considered in our related goodwill impairment assessment as of that date.

#### **Credit Facility**

In 2021, MarketWise, LLC, entered into a loan and security agreement (the "Loan and Security Agreement") providing for up to \$150 million of commitments under a revolving credit facility (the "2021 Credit Facility"), including a \$5 million letter of credit sublimit, and allows for revolving commitments under the 2021 Credit Facility to be increased or new term commitments to be established by up to \$65 million. The existing lenders under the 2021 Credit Facility are entitled, but not obligated, to provide such incremental commitments. On May 2, 2023, MarketWise, LLC entered into the First Amendment to the Loan and Security Agreement, which provides, among other things, a transition away from LIBOR to SOFR as the basis for the interest rate. The 2021 Credit Facility had a term of three years, and matured on October 29, 2024. For the nine months ended September 30, 2024, credit facility fees were approximately \$0.3 million. While the Company currently has no immediate needs for external capital, and the business plan is fully funded, we may in the future consider entering into a new credit facility to enhance optionality around capital allocation alternatives.

#### **Cash Flows**

The following table presents a summary of our consolidated cash flows provided by (used in) operating, investing, and financing activities for the periods indicated:

<i>(In thousands)</i>	<b>Nine Months Ended September 30,</b>	
	<b>2024</b>	<b>2023</b>
Net cash (used in) provided by operating activities	\$ (28,135)	\$ 44,901
Net cash used in investing activities	(788)	(1,658)
Net cash used in financing activities	(32,131)	(7,806)

#### **Operating Activities**

For the nine months ended September 30, 2024, net cash used in operating activities was \$28.1 million, primarily due to net income of \$66.7 million, adjusted for net non-cash addbacks of items of \$14.5 million, and net changes in our operating assets and liabilities which reduced cash by \$109.3 million, largely due to timing differences in the net receipt of cash. The non-cash items include stock-based compensation expense and depreciation and amortization of \$8.7 million and \$2.0 million, respectively. The changes in operating assets and liabilities were primarily driven by a decrease in deferred revenue, which reduced cash by \$133.6 million due to lower Billings, and a decrease in accrued expenses, which decreased cash by \$32.7 million, partially offset by a decrease in deferred contract acquisition costs, which increased cash by \$50.4 million.

For the nine months ended September 30, 2023, net cash provided by operating activities was \$44.9 million, primarily due to net income of \$52.4 million, adjusted for net non-cash items which increased cash by \$19.8 million, and net changes in our operating assets and liabilities which reduced cash by \$27.3 million, largely due to timing differences in the net receipt of cash. The non-cash items include stock-based compensation expense and depreciation and amortization of \$10.3 million and \$3.0 million, respectively. The changes in operating assets and liabilities were primarily driven by a decrease in deferred revenue, which reduced cash by \$44.3 million due to our overall decrease in sales, a decrease in other current and long-term liabilities which reduced cash by \$3.2 million, and a decrease in accrued expenses, which decreased cash by \$3.3 million, partially offset by a decrease in deferred contract acquisition costs, which increased cash by \$23.6 million.

#### **Investing Activities**

For the nine months ended September 30, 2024, net cash used in investing activities was \$0.8 million, primarily driven by \$0.7 million of capitalized software development costs.

For the nine months ended September 30, 2023, net cash used in investing activities was \$1.7 million, primarily driven by \$1.4 million of capitalized software development costs.

#### ***Financing Activities***

For the nine months ended September 30, 2024, net cash used in financing activities was \$32.1 million, primarily due to \$19.1 million in distributions to noncontrolling interests, \$10.8 million in repurchases of stock, and \$1.4 million in restricted stock units withheld to pay taxes.

For the nine months ended September 30, 2023, net cash used in financing activities was \$7.8 million, primarily due to \$6.3 million in distributions to noncontrolling interests and \$1.5 million in restricted stock units withheld to pay taxes.

#### **Critical Accounting Estimates**

Our financial statements have been prepared in accordance with GAAP. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs, and expenses, and related disclosures. On an ongoing basis, management evaluates its estimates and assumptions. Our actual results may differ from these estimates under different assumptions or conditions.

Management believes that, of our significant accounting policies, which are described in Note 2 to our consolidated financial statements for the year ended December 31, 2023 in our Annual Report, the following accounting policies involve a greater degree of judgment and complexity. Accordingly, management believes that "Revenue Recognition" and "Transactions and Valuation of Goodwill and Other Acquired Intangible Assets" are the two policies that are the most critical to aid in fully understanding and evaluating our condensed consolidated financial condition and results of operations. Refer to the 2023 Annual Report on Form 10-K for further discussion of these two policies. During the three months ended September 30, 2024, there were no material changes to these policies.

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

Not applicable.

#### **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, evaluated, as of the end of the period covered by this Quarterly Report on Form 10-Q, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act of 1934, as amended (the "Exchange Act")). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of September 30, 2024, the financial statements for the periods covered by and included in this Quarterly Report on Form 10-Q fairly state, in all material respects, our financial position, results of operations and cash flows for the periods presented in conformity with U.S. GAAP.

##### **Changes in Internal Control Over Financial Reporting**

There were no changes in our internal control over financial reporting that occurred during the quarter ended September 30, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act.

##### **Inherent Limitations on Effectiveness of Controls**

Our management, including our Chief Executive Officer and Chief Financial Officer, believes that our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives and are effective at the reasonable assurance level. However, our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Furthermore, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

## **PART II—OTHER INFORMATION**

### **Item 1. Legal Proceedings.**

Not applicable.

### **Item 1A. Risk Factors.**

Not applicable.

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

Not applicable.

### **Item 3. Defaults Upon Senior Securities.**

Not applicable.

### **Item 4. Mine Safety Disclosures.**

Not applicable.

### **Item 5. Other Information.**

Not applicable.

**Item 6. Exhibits.**

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report on Form 10-Q.

<u>Exhibit No.</u>	<u>Description</u>
31.1	<a href="#">Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2	<a href="#">Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1	<a href="#">Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
32.2	<a href="#">Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
10.1+	<a href="#">MarketWise, Inc. Non-Employee Director Compensation Policy (Effective August 1, 2024)</a>
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Definition Linkbase Document
101.DEF	XBRL Taxonomy Extension Label Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

+ Indicates a management contract or compensatory plan

#### **SIGNATURES**

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

#### **MARKETWISE, INC.**

Date: November 7, 2024

By:

/s/ Erik Mickels

Name:

Erik Mickels

Title:

Chief Financial Officer



# **Non-Employee Director Compensation Policy**

Effective August 1, 2024

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## Introduction

Non-employee members of the Board of Directors (the “**Board**”) of MarketWise, Inc. (the “**Company**”) shall be eligible to receive cash and equity compensation as set forth in this Non- Employee Director Compensation Policy (this “**Policy**”). The cash and equity compensation described in this Policy shall be paid or be made, as applicable, automatically and without further action of the Board, to each member of the Board who is not an employee of the Company or any parent or subsidiary of the Company (each, a “**Non-Employee Director**”) unless such Non- Employee Director declines the receipt of such cash or equity compensation by written notice to the Company. This Policy shall apply as of the Effective Date reflected and shall remain in effect until it is revised or rescinded by further action of the Board. This Policy may be amended, modified or terminated by the Board at any time in its sole discretion.

## 1. Cash Compensation

1.1 *Annual Retainers.* Each Non-Employee Director shall receive an annual retainer as follows and where applicable:

- (a) \$60,000 for service as a member on the Board;
- (b) \$75,000 for service as a member and the Lead Independent Director on the Board; or
- (c) \$90,000 for service as a member and the Non-Employee Chairperson on the Board.

1.2 *Additional Annual Retainers.* In addition, a Non-Employee Director shall receive the following annual retainers, as applicable:

- (a) Audit Committee. A Non-Employee Director serving as Chairperson of the Audit Committee shall receive an additional annual retainer of \$20,000 for such service. A Non-Employee Director serving as a member of the Audit Committee (other than the Chairperson of the Audit Committee) shall receive an additional annual retainer of \$9,000 for such service.
- (b) Compensation Committee. A Non-Employee Director serving as Chairperson of the Compensation Committee shall receive an additional annual retainer of \$15,000 for such service. A Non-Employee Director serving as a member of the Compensation Committee (other than the Chairperson of the Compensation Committee) shall receive an additional annual retainer of \$6,000 for such service.
- (c) Nominating and Corporate Governance Committee. A Non-Employee Director serving as Chairperson of the Nominating and Corporate Governance Committee shall receive an additional annual retainer of \$12,000 for such service. A Non-Employee Director serving as a member of the Nominating and Corporate Governance Committee (other than the Chairperson of the Nominating and Corporate Governance Committee) shall receive an additional annual retainer of \$5,000 for such service.

1.3 *Payment of Retainers.* The annual retainers described in Sections 1.1 and 1.2 shall be earned on a quarterly basis based on a calendar quarter and shall be paid by the Company in arrears on a quarterly prorated portion basis (where applicable) not later than the fifteenth day following the end of each calendar quarter. In the event a Non-

Employee Director does not serve as a Non-Employee Director, or in the applicable positions described in Section 1.1 and 1.2, for an entire calendar quarter, such Non-Employee Director shall receive a prorated portion of the annual retainer(s) otherwise payable to such Non-Employee Director for such calendar quarter pursuant to Sections

1.1 and 1.2, with such prorated portion determined by multiplying such otherwise payable retainer(s) by a fraction, the numerator of which is the number of days during which the Non-Employee Director serves as a Non-Employee Director or in the applicable positions described in Section 1.1 and 1.2 during the applicable calendar quarter and the denominator of which is the number of days in the applicable calendar quarter.

## 2. Equity Compensation

2.1 Non-Employee Directors shall be granted the equity awards described below. The awards described below shall be granted under and shall be subject to the terms and provisions of the Company's 2021 Incentive Award Plan or any other applicable Company equity incentive plan maintained by the Company (such plan, as may be amended from time to time, the "**Equity Plan**") and shall be granted subject to the execution and delivery of award agreements, in substantially the forms previously approved by the Board. All applicable terms of the Equity Plan apply to this Policy as if fully set forth herein, and all equity grants hereunder are subject in all respects to the terms of the Equity Plan.

- (a) Annual Awards. Each Non-Employee Director who (i) serves on the Board as of the date of any annual meeting of the Company's stockholders (an "**Annual Meeting**") after the Effective Date and (ii) will continue to serve as a Non-Employee Director immediately following such Annual Meeting, shall be automatically granted, on the date of such Annual Meeting, an award of restricted stock units that has an aggregate fair value on the date of grant of \$125,000, except for any Lead Independent Director and any Non-Employee Board Chairperson whose awards of restricted stock units shall each have an aggregate fair value on the date of grant of \$135,000 (as determined in accordance with ASC 718 and subject to adjustment as provided in the Equity Plan). The awards described in this Section 2.1(a) shall be referred to as the "Annual Awards." For the avoidance of doubt, a Non-Employee Director elected for the first time to the Board at an Annual Meeting shall receive only an Annual Award in connection with such election, and shall not receive any Initial Award on the date of such Annual Meeting as well.
- (b) Initial Awards. Except as otherwise determined by the Board, each Non-Employee Director who is initially elected or appointed to the Board after the Effective Date on any date other than the date of an Annual Meeting shall be automatically granted, on the date of such Non-Employee Director's initial election or appointment (such Non-Employee Director's "Start Date"), an award of restricted stock units that has an aggregate fair value on such Non-Employee Director's Start Date (as determined in accordance with ASC 718) equal to the product of (i) \$125,000 and (ii) a fraction, the numerator of which is (x) 365 minus (y) the number of days in the period beginning on the date of the Annual Meeting immediately preceding such Non-Employee Director's Start Date and ending on such Non-Employee Director's Start Date and the denominator of which is 365. The awards described in this Section 2.1(b) shall

be referred to as "Initial Awards." For the avoidance of doubt, no Non- Employee Director shall be granted more than one Initial Award.

- (c) Termination of Employment of Employee Directors. Members of the Board who are employees of the Company or any parent or subsidiary of the Company who subsequently terminate their employment with the Company and any parent or subsidiary of the Company and remain on the Board will not receive an Initial Award pursuant to Section 2.1(b) above, but to the extent that they are otherwise eligible, will be eligible to receive, after termination from employment with the Company and any parent or subsidiary of the Company, Annual Awards as described in Section 2.1(a) above.
- (d) Vesting of Awards Granted to Non-Employee Directors. Each Annual Award and Initial Award shall vest on the earlier of (i) the day immediately preceding the date of the first Annual Meeting following the date of grant and (ii) the first anniversary of the date of grant, subject to the Non-Employee Director continuing in service on the Board as a Non-Employee Director through the applicable vesting date. No portion of an Annual Award or Initial Award that is unvested at the time of a Non-Employee Director's termination of service on the Board shall become vested thereafter. All of a Non-Employee Director's Annual Awards and Initial Awards shall vest in full immediately prior to the occurrence of a Change in Control (as defined in the Equity Plan), to the extent outstanding at such time.

### 3. Expenses

The Company will reimburse each Non-Employee Director for ordinary, necessary, and reasonable out-of-pocket travel expenses to cover in-person attendance at and participation in Board meetings and meetings of any committee of the Board; provided, that the Non- Employee Director timely submits to the Company appropriate documentation substantiating such expenses in accordance with the Company's travel and expense policy applicable to directors, as in effect from time to time. To the extent that any taxable reimbursements are provided to any Non-Employee Director, they will be provided in accordance with Section 409A of the Internal Revenue Code of 1986, as amended, including, but not limited to, the following provisions: (i) the amount of any such expenses eligible for reimbursement during such individual's taxable year may not affect the expenses eligible for reimbursement in any other taxable year; (ii) the reimbursement of an eligible expense must be made no later than the last day of such individual's taxable year that immediately follows the taxable year in which the expense was incurred; and (iii) the right to any reimbursement may not be subject to liquidation or exchange for another benefit.

**Certification by the Chief Executive Officer pursuant to  
Securities Exchange Act Rules 13a-14(a) and 15d-14(a)  
as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Dr. David Eifrig, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of MarketWise, Inc. (the "Registrant") for the fiscal quarter ended September 30, 2024;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer 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.

**MarketWise, Inc.**

Date: November 7, 2024

By: /s/ Dr. David Eifrig

Name: Dr. David Eifrig

Title: Interim Chief Executive Officer

**Certification by the Chief Financial Officer pursuant to  
Securities Exchange Act Rules 13a-14(a) and 15d-14(a)  
as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Erik Mickels, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of MarketWise, Inc. (the "Registrant") for the fiscal quarter ended September 30, 2024;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer 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.

**MarketWise, Inc.**

Date: November 7, 2024

By: /s/ Erik Mickels

Name: Erik Mickels

Title: Chief Financial Officer

**Certification of Chief Executive Officer  
pursuant to 18 U.S.C. Section 1350,  
as adopted pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

I, Dr. David Eifrig, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of MarketWise, Inc. for the fiscal quarter ended September 30, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of MarketWise, Inc.

**MarketWise, Inc.**

Date: November 7, 2024

By: /s/ Dr. David Eifrig

Name: Dr. David Eifrig

Title: Interim Chief Executive Officer

**Certification of Chief Financial Officer  
pursuant to 18 U.S.C. Section 1350,  
as adopted pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

I, Erik Mickels, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of MarketWise, Inc. for the fiscal quarter ended September 30, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of MarketWise, Inc.

**MarketWise, Inc.**

Date: November 7, 2024

By: /s/ Erik Mickels

Name: Erik Mickels

Title: Chief Financial Officer