



Q1 2023 Earnings



May 9th, 2023



Disclaimer

All information included in this presentation is unaudited.

FORWARD-LOOKING STATEMENTS

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

NON-GAAP FINANCIAL MEASURES

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



Long term strategy



Three secrets to Expensify's long-term success

1

Enormous untapped market opportunity

2

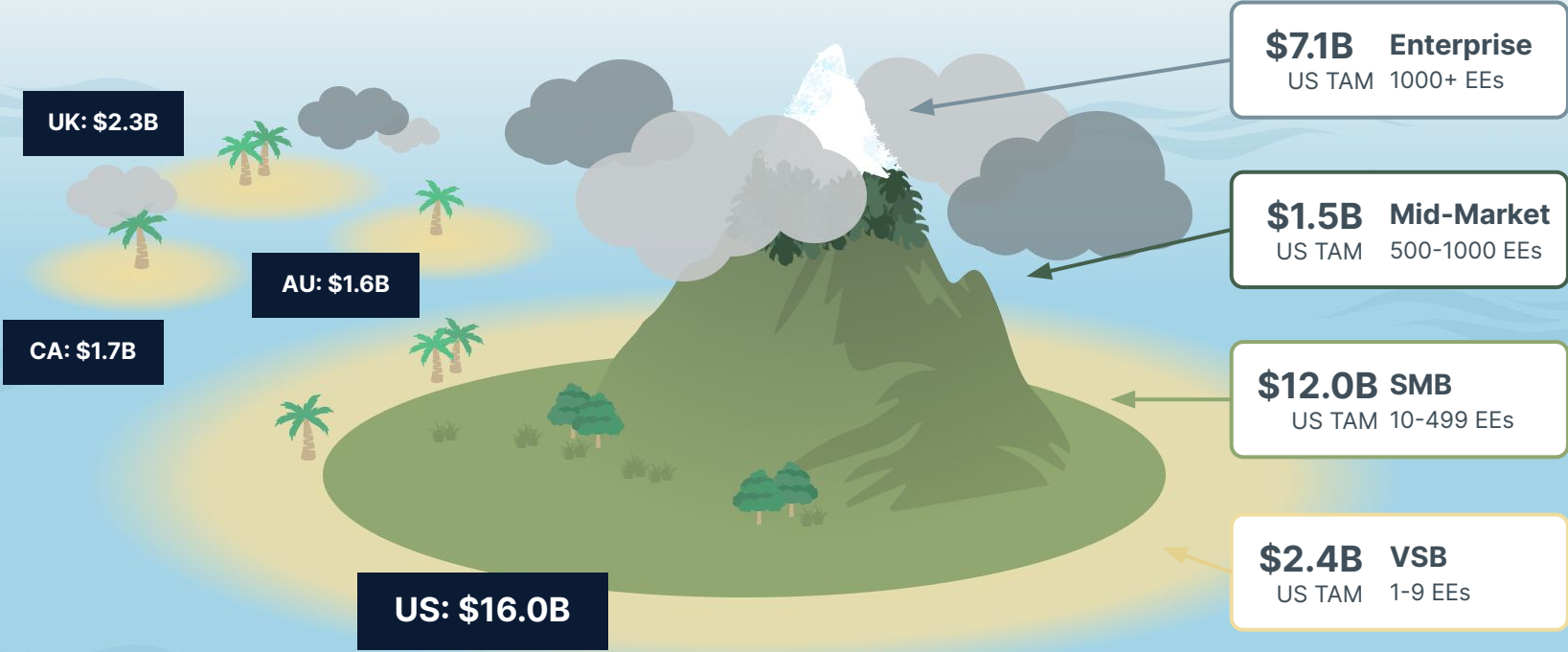
Unique bottom-up acquisition model

3

Billion-user platform ambition



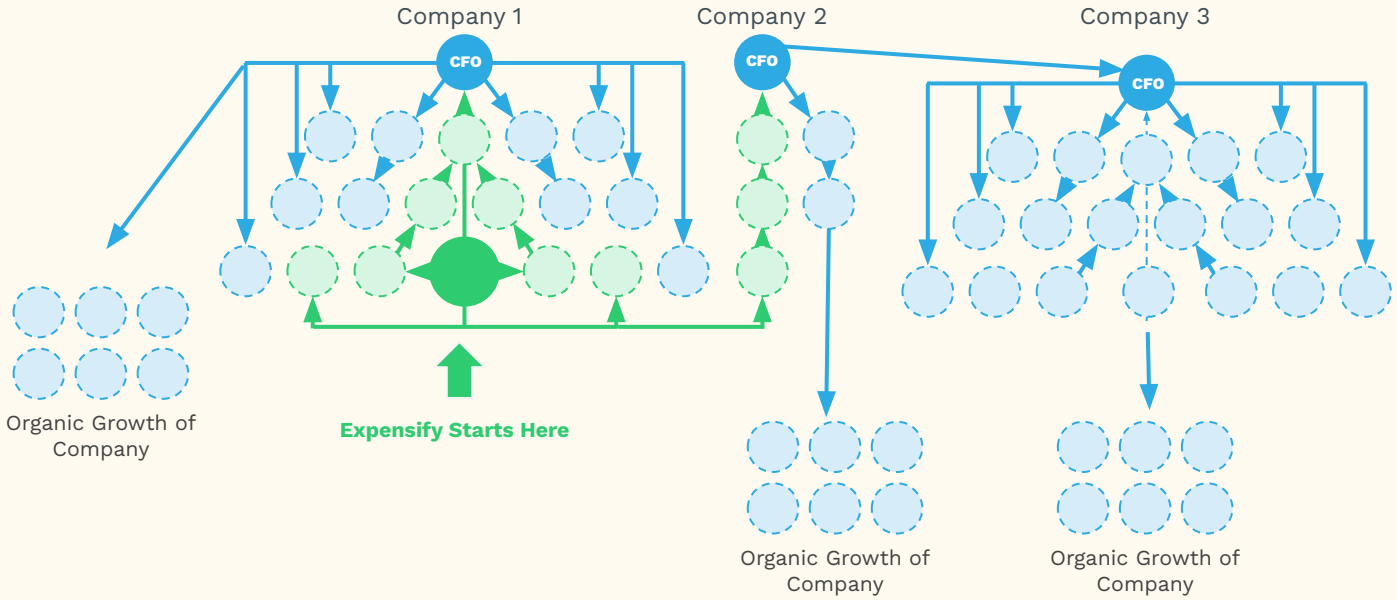
Full court press on whole market, not just enterprise






Note: EEs = Employees. VSB = Very Small Businesses. Figures represent our estimated TAM in our core geographies based on our average revenue per paid member in each business size segment as of June 30, 2021, multiplied by number of employees in each segment based on data from U.S. Bureau of Labor Statistics, U.K. Department for Business, Energy & Industrial Strategy, Statistics Canada and the Australian Government.



Bottom-up sales reaches the rest of the market



-  Patient Zero (initial contact point)
-  Employees Referred through Patient Zero
-  Employees Adopted after CFO Implementation



Only Expensify can reach the full market

	A	B	C	D	Expensify
Enterprise scale			✓		✓
Consumer grade	✓			✓	✓
Global reach		✓	✓		✓
Native card+travel		✓			✓
Free		✓		✓	✓



Consolidating payment opportunities



Social

Planned



Chat

Live



Wallet

Beta



Travel

Live



Invoice

Live



Bill

Live



Card

Live



Payroll

Beta



Expense

Live



Accounting

Planned

Expensify

Viral Leadgen

Transactional Revenue

Subscription Revenue



Q1 Updates

The ship continues to sail through tough headwinds



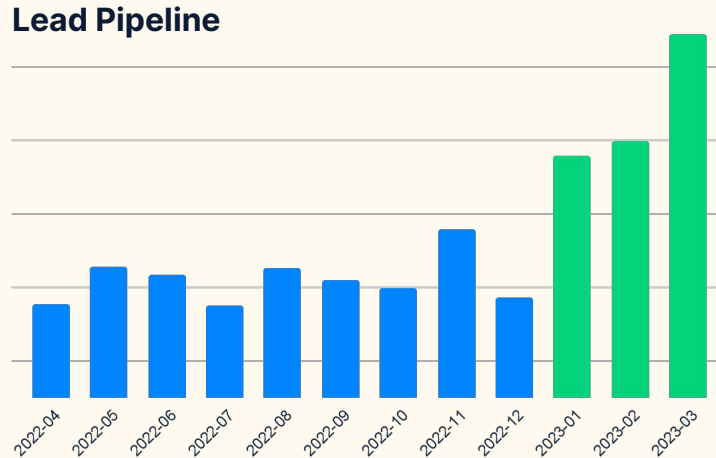
Supercharging the accounting channel

- Even a small firm is an enterprise-sized opportunity:
 - Each firm has dozens of accountants
 - Each accountant has dozens of SMB clients
- Assigned Partner Managers to the 500+ largest partner firms, over half of partner revenue is now overseen by a Partner Manager.
- ExpensiCon 3, around the corner, bringing 140 industry leading accountants and some large customers



Supercharging our sales efforts

- **Created an outbound SDR program**, using multiple vendors, built to scale efficiently.



- **Continued optimizing the sales program for ROI**, on average, doubling the number of annual seats closed by the sales team each month compared to the previous month in 1Q23.

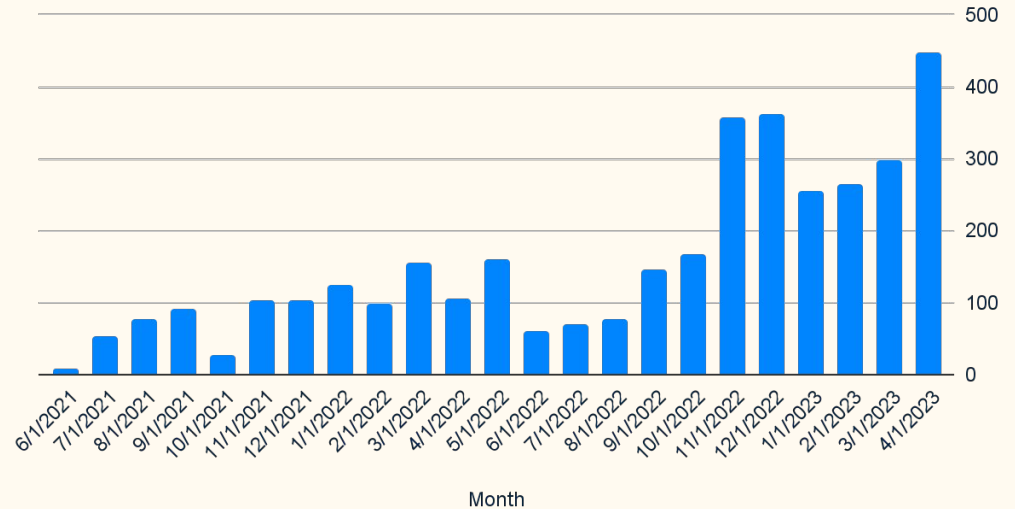
Note: There can be no assurances that the trends of previous second quarters are representative of future trends.



Supercharging our contributor community

- Hosted ExpensiConX with leading React Native engineers to accelerate partnership and the roadmap.
- Contributors have increased the amount of jobs completed in April 2023 by 322% compared to April 2022.

Jobs Completed by Contributors



Q1 Financials

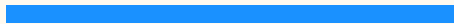


Q1 2023



Revenue

\$40.1MM



Average Paid Members

747,000

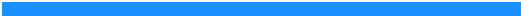


Gross Interchange

\$2.3MM




Q1 2023



Operating Cash Flow
(Includes timing of customer funds)

\$7.6MM



Free Cash Flow¹
(Excludes timing of customer funds)

\$10.2MM



Net Loss

\$(5.9MM)



Non-GAAP Net Income²

\$4.1MM



Adj. EBITDA³

\$8.7MM

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

² We define Non-GAAP Net Income as net income (loss) excluding stock-based compensation. Through the fourth quarter of 2021, non-GAAP net income also excluded IPO related bonus costs. These IPO related bonus costs impacted the second, third and fourth fiscal quarters of 2021 but did not impact any subsequent quarters. Please see appendix for GAAP to non-GAAP reconciliation.

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



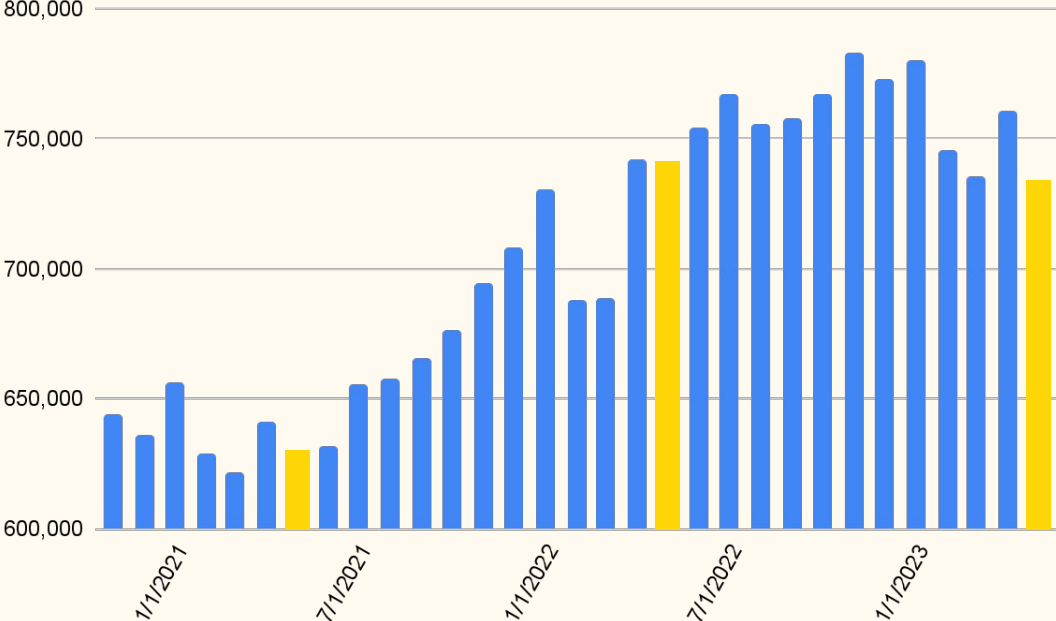
Q1 2023: Customers up, activity down

- Customer count is up in Q1, however, activity across all customers is down resulting in a net decrease in paid members.
- Subscription members increased in Q1, but Pay Per Use (PPU) member decrease outstripped growth in subscriptions.
- We believe decrease in activity is due to economic conditions, expected given the environment, and temporary.



April paid members growth continues to be volatile

Monthly Paid Members



April Paid Members

733,000

Denotes previous April activity

Note: There can be no assurances that the trends of previous second quarters are representative of future trends.



2023 free cash flow

- Free cash flow remains strong despite decreased paid member activity - \$10.2M in Q1.
- In Q2 (starting May 10th) we plan to deploy Q1's Free Cash Flow to:
 - Buyback \$3MM in shares in the open market
 - Reduce debt by \$8MM



Positioning ourselves for success in the future

- Sales efforts are starting to show real results + free trials have seen a huge jump, so we are optimistic for the future
- We are well capitalized and free cash flow is strong. We are using our positive cash flow to reduce debt and return value to shareholders via buybacks
- Soon we will be starting the migration of users to our next-gen platform. Expect more announcements during ExpensiCon 3 (May 18th-22nd)



Positioning ourselves for success in the future

- As a reminder, the future of the Expensify superapp is:
 - Expense management
 - Corporate card with cashback
 - Invoicing
 - Billing
 - Chat
 - Corporate travel management
 - Personal travel management
 - P2P money transfer
 - Bill splitting
 - Personal Wallet
- ...all for \$9/month, all in one app.



Q&A

We are now hosting an FAQ on our Investors Relations page. Go to investors.expensify.com for more Q&A.





Appendix



GAAP to Non-GAAP Reconciliation: Non-GAAP Net Income

	Three months ended March 31, 2023 <i>(unaudited, in thousands)</i>
Net (loss) income	\$ (5,945)
Add:	
Stock-based compensation	10,004
Non-GAAP Net income¹	\$ 4,059

¹ We define Non-GAAP Net Income as net income (loss) excluding stock-based compensation. Through the fourth quarter of 2021, non-GAAP net income also excluded bonus costs related to our IPO. These IPO-related bonus costs impacted the second, third and fourth fiscal quarters of 2021, but did not impact any subsequent quarters



GAAP to Non-GAAP Reconciliation: Adjusted EBITDA

	Three months ended March 31, 2023 <i>(unaudited, in thousands)</i>
Net (loss) income	\$ (5,945)
Provision for income taxes	1,825
Interest and other expenses, net	1,416
Depreciation and amortization	1,413
Stock-based compensation	10,004
Adjusted EBITDA	\$ 8,713

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



GAAP to Non-GAAP Reconciliation: Free Cash Flow

	Three months ended March 31, 2023 <i>(unaudited, in thousands)</i>
Net cash provided by operating activities	\$ 7,642
(Increase) decrease in changes in customer assets and liabilities	
Settlement assets	(2,683)
Settlement liabilities	(738)
Adjusted operating cash flow	\$ 11,063
Less:	
Purchases of property and equipment	(28)
Software development costs	(870)
Free cash flow	\$ 10,165

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



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

	Q2 2023		Q3 2023		Q4 2023		Q1 2024	
	Low	High	Low	High	Low	High	Low	High
Cost of revenue, net	\$ 2.9	\$ 3.6	\$ 2.9	\$ 3.5	\$ 2.8	\$ 3.4	\$ 2.7	\$ 3.3
Research and development	2.5	3.1	2.5	3.0	2.4	3.0	2.3	2.9
General and administrative	2.2	2.6	2.1	2.6	2.1	2.6	2.0	2.5
Sales and marketing	1.7	2.0	1.6	2.0	1.6	1.9	1.6	1.9
Total	\$ 9.3	\$ 11.3	\$ 9.1	\$ 11.1	\$ 8.9	\$ 10.9	\$ 8.6	\$ 10.6

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



