

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

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2021

OR

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

For transition period from to

Commission File Number 001-41043

EXPENSIFY, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

27-0239450

(I.R.S. Employer
Identification No.)

**401 SW 5th Ave
Portland, Oregon
Telephone: (971) 365-3939**

(Address of registrant's principal executive offices)

97204

(Zip code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Class A Common Stock, par value \$0.0001 per share	EXFY	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

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

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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

The registrant was not a public company as of June 30, 2021, the last business day of its most recently completed second fiscal quarter, and therefore, cannot calculate the aggregate market value of its voting and non-voting common equity held by non-

affiliates as of such date. The registrant's Class A common stock began trading on the Nasdaq Global Select Market on November 10, 2021.

As of March 25, 2022, there were approximately 68,027,354 shares of the registrant's Class A common stock outstanding, 7,332,640 shares of the registrant's LT10 common stock outstanding, and 6,224,160 shares of the registrant's LT50 Common stock outstanding..

DOCUMENTS INCORPORATED BY REFERENCE

Information required in response to Part III of this Annual Report on Form 10-K (Items 10, 11, 12, 13 and 14) is hereby incorporated by reference to portions of the registrant's Proxy Statement for its Annual Meeting of Stockholders to be held in 2022. The Proxy Statement will be filed by the registrant with the Securities and Exchange Commission no later than 120 days after the end of the registrant's fiscal year ended December 31, 2021.

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Special Note Regarding Forward Looking Statements

This Annual Report on Form 10-K contains forward-looking statements about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this Annual Report on Form 10-K, including statements regarding our strategy, future financial condition, future operations, projected costs, prospects, plans, objectives of management and expected market growth, are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as “may,” “will,” “shall,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “target,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “potential,” “goal,” “objective,” “seeks,” or “continue” or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans, or intentions. Forward-looking statements contained in this Annual Report on Form 10-K include, but are not limited to, statements about:

- the economic, political and social impact of, and uncertainty relating to, the COVID-19 pandemic;
- the war in Ukraine and escalating geopolitical tensions as a result of Russia's invasion of Ukraine;
- our expectations regarding our financial performance and future operating performance;
- our ability to attract and retain members, expand usage of our platform, sell subscriptions to our platform and convert individuals and organizations into paying customers;
- the timing and success of new features, integrations, capabilities and enhancements by us, or by competitors to their products, or any other changes in the competitive landscape of our market;
- the amount and timing of operating expenses and capital expenditures that we may incur to maintain and expand our business and operations to remain competitive;
- the sufficiency of our cash, cash equivalents and investments to meet our liquidity needs;
- our ability to make required payments under and to comply with the various requirements of our current and future indebtedness;
- our ability to effectively manage our exposure to fluctuations in foreign currency exchange rates;
- the increased expenses associated with being a public company;
- the size of our addressable markets, market share and market trends;
- anticipated trends, developments and challenges in our industry, business and the highly competitive markets in which we operate;
- our expectations regarding our income tax liabilities and the adequacy of our reserves;
- our ability to effectively manage our growth and expand our infrastructure and maintain our corporate culture;
- our ability to identify, recruit and retain skilled personnel, including key members of senior management;
- the safety, affordability and convenience of our platform and our offerings;
- our ability to successfully defend litigation brought against us;
- our ability to successfully identify, manage and integrate any existing and potential acquisitions of businesses, talent, technologies or intellectual property;
- general economic conditions in either domestic or international markets, including the societal and economic impact of the COVID-19 pandemic, and geopolitical uncertainty and instability;

- our protections against security breaches, technical difficulties, or interruptions to our platform; and
- our ability to maintain, protect and enhance our intellectual property.

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

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

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

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

Risk Factor Summary

Our business is subject to a number of risks and uncertainties of which you should be aware. These risks are more fully described in the section titled "Risk Factors". These risks include, among others, the following:

- Our quarterly and annual results of operations have fluctuated in the past and may fluctuate significantly in the future and may not meet our expectations or those of investors or securities analysts.
- We experienced rapid growth in recent periods prior to the COVID-19 pandemic, and those growth rates may not be indicative of our future growth, and we may not be able to maintain profitability.
- The COVID 19 pandemic has materially adversely affected, and may continue to materially adversely affect, our business and our ability to grow. Whether or not a result of the COVID-19 pandemic, a sustained general economic downturn, an uneven recovery, or continued instability could materially and adversely affect our business, results of operations and financial condition and growth prospects.
- Our expense management feature drives the majority of our subscriptions, and any failure of this feature to satisfy customer demands or to achieve increased market acceptance could adversely affect our business, results of operations, financial condition and growth prospects.
- If we fail to adapt and respond effectively to rapidly changing technology, evolving industry standards and changing customer needs or preferences, our platform may become less competitive.
- If we are unable to attract new customers on a cost-effective basis, convert individuals and organizations using our free basic expense management feature and trial subscriptions into paying customers, retain existing customers and expand usage within organizations, our revenue growth will be harmed.
- We may fail to accurately predict the optimal pricing strategies necessary to attract new customers, retain existing customers and respond to changing market conditions.
- We may not successfully develop or introduce new features, enhancements, integrations, capabilities and versions of our existing features that achieve market acceptance, and our business could be harmed and our revenue could suffer as a result.
- We face significant competition, the market in which we operate is rapidly evolving, and if we do not compete effectively, our results of operations and financial condition could be harmed.
- The estimates of market opportunity and forecasts of market growth included in this prospectus may prove to be inaccurate. Even if the market in which we compete achieves the forecasted growth, our business could fail to grow at similar rates, if at all.
- We depend on our senior management team, as well as a single professional services firm for a significant portion of our finance function, and the loss of any key employees or our outsourced finance team could adversely affect our business.
- Our failure to protect our sites, networks and systems against security breaches, or otherwise to protect our confidential information or the confidential information of our members, customers, or other third parties, would damage our reputation and brand, and substantially harm our business and results of operations.
- Our business depends on a strong brand, and if we are not able to maintain and enhance our brand, our ability to expand our base of customers may be impaired, and our business and results of operations will be harmed.

- Our culture has contributed to our success, and if we cannot maintain this culture as we grow, we could lose the high employee engagement fostered by our culture, which could harm our business.
- We may be adversely affected by global economic and political instability, including the war in Ukraine and escalating geopolitical tensions as a result of Russia's invasion of Ukraine.
- Sales to customers outside the United States and our international operations expose us to risks inherent in international sales and operations.
- We receive, process, store and use business and personal information, which subjects us to governmental regulation and other legal obligations related to data protection and security, and our actual or perceived failure to comply with such obligations could harm our business and expose us to liability.
- If we fail to manage our technical operations infrastructure, or experience service outages, interruptions, or delays in the deployment of our platform, our results of operations may be harmed.
- The multiple class structure of our common stock and the ownership of substantially all of our LT10 and LT50 common stock by holders through a trust agreement (the "Voting Trust") have the effect of concentrating voting control with the Voting Trust for the foreseeable future, which will limit your ability to influence corporate matters, including a change in control. We are controlled by the Voting Trust, whose interests may differ from those of our public stockholders. Our amended and restated certificate of incorporation also delegates significant authority to our Executive Committee.

Part I.

Item 1. Business

OVERVIEW

Expensify is a cloud-based expense management software platform that helps the smallest to the largest businesses simplify the way they manage money. Every day, people from all walks of life in organizations around the world use Expensify to scan and reimburse receipts from flights, hotels, coffee shops, office supplies and ride shares. Since our founding in 2008, we have added over 11 million members to our community, and processed and automated over 1.2 billion expense transactions on our platform, freeing people to spend less time managing expenses and more time doing the things they love. For the quarter ended December 31, 2021, an average of 711,000 paid members across 53,000 companies and over 200 countries and territories used Expensify to make money easy.

Small and medium businesses (“SMBs”) are the cornerstone of the global economy, making up almost all businesses and the majority of employment in OECD countries. Despite their significance, the vast majority of SMBs still rely on manual, inefficient processes to manage the critical back office functions that power their businesses every day. Expense management, which refers to the collection, processing, auditing and reimbursement of employee expenses, is one of the last great holdouts of paper-based back office processes, with employees stuffing actual physical receipts into an envelope and handing it to their accountant. As SMBs seek to modernize back office functions like expense management to better compete in today’s digital economy, we believe they will look for comprehensive technologies that are easy to discover, implement, purchase, manage and use. At the same time, individual employees are becoming a powerful source of change as they increasingly expect to bring their own choice of technology into the workplace.

Since the beginning of Expensify, our North Star has been improving the experience of the actual end users of expense management software: everyday employees. We designed Expensify to be easy to set up, integrate, configure and use from any device, which has enabled us to serve employees of all types and organizations of all sizes, industries and geographies. Our first breakthrough was revolutionizing receipt tracking with our patented scanning technology, SmartScan, which allows anyone to simply take a photo of any receipt – no matter the currency or quality of handwriting – for fast, automatic and accurate transcription of a receipt with just one tap. After removing the need for people to keep a pocket full of crumbled receipts and spend hours manually tracking expenses, we moved on to automating the entire expense journey, from the initial receipt scan all the way through to categorization, expense approval, reconciliation and next-day reimbursement. Since then, we have expanded our platform to include features that help businesses manage corporate credit cards, generate and send invoices, pay bills and book travel, all from our single, easy-to-use mobile application. We intend to continue adding complementary features to retain and add value to existing customers and attract new members.

Our intense focus on improving the everyday experience of regular employees with an easy-to-use but powerful platform has enabled a viral, “bottom-up” business model that is capital efficient and extremely scalable. By allowing people to spend less time managing receipts and more time pursuing their real goals, our members have adopted, championed and spread Expensify to their colleagues, managers and friends. We believe our happy members are the best form of marketing, and our self-service, bottom-up approach takes advantage of strong, organic word-of-mouth adoption.

Behind our platform is a company with passionate people and a unique culture that guides everything we do. Our company operates with a flat, generalist organizational structure united by a robust set of common values that foster the long-term happiness and retention of our employees. The efficiency of our business model allows us to prioritize attracting, retaining and inspiring talented, ambitious and humble people committed to a long-term vision. We are a team that likes to solve real problems, and

though expense reports are problematic for most people, there are other pressing problems facing our world that we want to also help solve.

OUR INDUSTRY

Given their size, SMBs typically have one person overseeing the discovery and implementation of new systems, a responsibility that is often in addition to their core job function. As a result, SMBs have specific requirements when adopting new technologies:

- **Easy to discover.** With job responsibilities spanning multiple functions, SMBs do not have the bandwidth and expertise to discover, meet with and evaluate several technology vendors. As such, SMBs increasingly rely on online channels for finding new technologies and heavily consider recommendations from experts, friends and colleagues.
- **Easy to implement.** IT departments within SMBs are often one person or the business owner themselves, and are incapable of taking time away from their business to support cumbersome implementation, maintenance and training requirements. As a result, SMBs prefer solutions that are easy to implement, onboard and integrate and that require little ongoing maintenance.
- **Easy to purchase.** With no procurement department and limited resources, the individuals making the purchasing decision at SMBs often prefer vendors with transparent, self-service monthly subscription plans that can be paid by credit card.
- **Easy to manage.** Unlike large enterprises, which often require multiple, customized point solutions for specialized business processes, SMBs prefer a single, comprehensive platform from one provider that can solve multiple pain points.
- **Easy to use.** Many SMBs prioritize ease of use and convenience over cost and seek solutions with elegant, intuitive user experiences that require no training or expertise to operate.

In short, SMBs look for “easy money” management.

OUR APPROACH

Since our founding, we have taken a unique approach to expense management built on key, complementary elements:

- **Platform strategy hyper-focused on the employee.** We designed Expensify to be easily configured and used by every single employee within an organization, not just decision makers or managers. Expensify is a highly integrated mobile platform with many features designed to make our members' lives easier, simple enough for freelancers and small businesses, and powerful enough for large enterprises with tens of thousands of employees. Our product development is compounding and driven by member feedback, with every new feature making every past feature a little bit better, as well as methodically laying a strategic foundation for features yet to come.
- **Viral, bottom-up business model driven by the employee.** Our employee-focused platform strategy enables a viral, “bottom-up” adoption cycle that starts with an individual employee. After signing up for free on the website or downloading our free app to submit expenses and realizing the benefits of using Expensify, our enthusiastic members champion our platform internally, spreading it via word-of-mouth to other employees and convincing decision makers to adopt Expensify company-wide. This enables us to focus our time and resources on making our features better for our members, and avoid the reliance on a costly, traditional top-down sales and marketing approach to attract and retain customers.
- **Word-of-mouth adoption supported by a market consensus approach.** We believe that our happy members are the best form of marketing. We strive to build a superior platform that makes the lives of employees and admins easier so that they become our champions and promote us to other individuals and organizations. We deploy large scale brand advertising to build on this

platform superiority and help create market consensus that Expensify is the category leader for expense management software. We believe this enables us to focus on creating great features for our members rather than rely on the expensive and ineffective activities of traditional sales and marketing to drive customer acquisition.

- **Unique company culture and long-term vision.** Our platform strategy and business model are complemented by our unique company culture and intense focus on the long-term happiness of our employees. Our organization is flat, generalist, transparent and inclusive, and we value ideas from every corner of our company, no matter who or where it comes from. We believe our special culture and the long-term commitment from our employees are key drivers to our success.

We believe that these elements of our approach are hard to replicate, self-reinforcing and work together to drive a powerful competitive advantage.

Our Platform Strategy

Expensify is a leading cloud-based expense management platform that allows any business to simplify how it manages expenses. We built our platform to be intuitive and easy to deploy, with powerful features that increase our network effect inside and between companies. This helps us reach more potential members and expand our value by solving more pain points for our customers. While our core features enable businesses to easily manage expenses, our platform includes features for managing corporate cards, paying bills, generating invoices, collecting payments and booking travel. Our platform strategy centers around the following key concepts:

- **Built for everyone.** We designed our platform to be used by everyone in an organization, from employees to managers to the finance department. We offer an intuitive, elegant user interface that everyday employees can easily understand and operate from any device. We deliver guided workflows for administrators to accurately and quickly approve expenses in accordance with their unique company policies. Our platform is simple enough for SMBs, but powerful features can be enabled for use across enterprises with tens of thousands of employees. We believe that the more intuitive and simple Expensify is, the more employees and administrators will want to use it.
- **Easy to set up.** We designed our platform to be easily implemented and configured without the need to speak with a sales person. Any employee can download our free application from mobile app stores or sign up on the website, create an account and start submitting expenses within minutes. When an expense report is submitted, the manager who receives it also automatically becomes a member. Concierge, our AI-powered customer support engine, helps new members set up an account, connect teammates, assign company policies and immediately sync Expensify with existing accounting, HR and travel systems. We believe that by making our platform easily accessible, simple to set up and easily configurable attracts more members to download and try Expensify.
- **Designed to improve experiences for all members.** We designed our platform to leverage leading technology, such as our patented SmartScan and our proprietary AI-powered customer support engine, Concierge, to automate and reduce errors from the cumbersome, manual tasks associated with managing expenses. By doing so, we give employees, contractors and administrators in businesses of all shapes and sizes more time to spend on things they care about, leading to improved costs, enhanced productivity and higher job satisfaction. We believe that always having the pain points of our members at the center of every technology decision and feature we develop enables us to consistently deliver an improved experience for every employee in an organization.
- **One platform, many features.** Expensify is one platform, with one price that unlocks access to every feature on the platform, from expense management to bill payment. Our features are just different configurations of the same underlying tool, and are not different products in some kind of combined suite. We develop our features in a compounding manner, which means that everything we build improves everything we've already built, and lays a foundation for what we will build next.

This enables increasingly rapid deployment of new features that solve other problems for our members and allows us to extend the network effect of our platform.

- **Highly integrated.** We designed our platform to easily integrate with other business and consumer applications. We offer over 40 pre-built integrations, allowing Expensify to seamlessly connect with HR, payroll and accounting systems, travel management software, business and employee bank accounts and credit cards. These integrations enable our members to synchronize data in real-time across their technology ecosystem and automate expense management with the applications and tools they use every day.

We believe that elements of our platform strategy are a critical driver of the viral, widespread adoption of Expensify across and between any type of organization.

Our Business Model

Our platform strategy enables a viral “bottom-up” business model that is capital efficient and extremely scalable. Anyone can easily download our mobile application or go to our website to sign up for free on their own, and later upgrade to a paid subscription for advanced features. The adoption of Expensify within an organization often starts with the individual employee, who downloads our mobile application or signs up on our website for free and uses it to easily submit expenses to their manager with a few taps. After the employee realizes the benefits of our platform, they become a champion of Expensify and often spread it internally to other employees. With multiple employees using Expensify and valuable features simplifying the manager’s job, the decision maker purchases a subscription to Expensify and becomes a paying customer with a few members. Our usage within an organization expands further as the company adds members and adopts new features such as the Expensify Card or Bill Pay.

We offer simple, transparent and flexible subscription plans for both individuals and businesses that are completely self-service and payable by credit card. Rather than the traditional software sales model of complex pricing, user thresholds and inconsistent fees, we designed our pricing plans to facilitate the easy adoption of our platform by the smallest mom-and-pop stores to the largest and most complex organizations. Purchasers can select a transparent plan with features that best suit their specific needs, all without interacting with a sales representative or paying hidden costs for implementation, maintenance, or support.

Our individual subscriptions include our *Track* and *Submit* plans, which include an optional paid monthly upgrade for anyone wishing to SmartScan more than 25 receipts in a given month:

- **Free Plans** (Optional upgrade for unlimited SmartScan)
 - **Track.** Our free Track plan comes with our SmartScan receipt scanning functionality and is used primarily by individuals and sole proprietors to streamline their receipt and mileage tracking.
 - **Submit.** Our free Submit plan includes the same functionality in Track, and also adds the ability to automatically submit expense reports to anyone for reimbursement.

Our business subscriptions can be used by teams, organizations, and companies for free or upgraded to one of our paid plans, which include our *Collect* and *Control* plans, following a free trial. We bill customers on *Collect* and *Control* plans at the start of each month based on the number of policy members who were active in the previous month. Each customer has either a “pay per use” plan in which they are billed a flat rate or each active member, or an “annual” plan where they commit to a

minimum number of monthly seats in exchange for a discount. *Collect* and *Control* customers can access additional discounts if they spend on the Expensify Card:

- **Free Plans**

- **Free.** Our Free plan enables our members to roll out a corporate card program with the Expensify Card, reimburse cash expenses for employees, send invoices to clients and set up bill payment for their team.

- **Paid Plans**

- **Collect.** Our *Collect* plan enables our members to integrate with popular small business accounting systems, configure simple expense report approval workflows, as well as pay employees, contractors and volunteers via Direct Deposit ACH.
- **Control.** Our *Control* plan, which is by far our most popular plan, includes everything in *Collect* and adds the ability to configure rules-based approval workflows and integrate with financial, travel, HR, as well as other internal systems commonly used by mid-market and enterprise companies.

We also leverage partnerships with accounting and bookkeeping firms, who provide validation of our platform and refer customers to us. We partner with strategic accounting software partners such as Intuit, NetSuite, Xero and Intacct to integrate our software in their clients' back offices, and recognize us as a top expense tool when their clients are browsing and selecting integrated solutions. Additionally, our *ExpensifyApproved!* Partner Program trains and supports accountants to use our platform and encourages their customers to use Expensify. We work hard to maintain top expense partner status with all partners to support our market consensus strategy. The strength of our alliances is highlighted by frequent distinction by our partners, including being named NetSuite's Innovation Partner of the Year, Xero's App Partner of the Year and one of the most reviewed "Popular Apps" on the Intuit Quickbooks platform.

Our Growth Strategies

We intend to drive the growth of our business by executing on the following strategies:

- **Build new features that create additional value for existing members.** Our word-of-mouth model works well because people genuinely enjoy using Expensify. We intend to continue to invest in building features that increase the value our software delivers to our existing members. Our flat, generalist and democratic structure cultivates a diversity of ideas from every single one of our employees, which enables an efficient, scalable and rigorous product development process. By efficiently investing in new features that prioritize the needs of our members, we can continue to retain existing members and attract new members via word-of-mouth;
- **Build new features that attract new members beyond employees who submit expenses.** We have and will continue to invest in developing features complementary and adjacent to expense management. At most companies, not every employee generates expenses that would be submitted via an expense report. As we add additional features that can be used by all employees rather than just those that submit expense reports, we have the potential to monetize the segment of our customers' employees that are not submitting expense reports on a monthly basis, and increase revenue without adding more customers or raising prices. These features will enable easy financial collaboration within communities and between friends and family;
- **Build viral loops into our member experience that increase adoption by new customers.** We design our expense management platform and every new feature with the aim of frictionless adoption. Individual employees download the Expensify mobile app or sign up on our website, for free, and use it to submit their expenses to their bosses – turning every expense report into a highly targeted marketing message, straight to a decision maker. Outside of expense management, we

have expanded our platform and built invoicing and bill payment features with the goal of replicating the frictionless adoption of our expense management feature. By sending an invoice using Expensify, accounts receivable departments naturally promote Expensify to their clients. A company that adopts Expensify bill payment tacitly promotes Expensify to all of their vendors: any one vendor that sends a manual invoice receives an email notifying them that their invoice was converted into an Expensify invoice, and they should sign in to collect payment online. We will continue to focus on the maintaining and extending the virality of our features to support our viral, bottom-up business model;

- **Expand and monetize transaction volume from existing and new customers.** We fully launched the Expensify Card in 2020 and, despite pullback in corporate expenses with the COVID-19 pandemic, customers began adopting the card. We expect its adoption to continue to grow, especially as business travel is expected to return from the challenges caused by the COVID-19 pandemic. Going forward, we intend to increase the promotion of the Expensify Card to both new and existing customers to drive growth in adoption;
- **Promote Expensify's culture and values.** We believe that consumers are more likely to both use and recommend products from brands they admire. By consistently acting on and vocally promoting our values, we have the ability to both drive positive change and create brand awareness that can add to the virality of our platform. Our culture and values, including our adherence to Environmental, Social, and Governance (ESG) principles, will be shared in our company code of ethics and conduct and in future sustainability reporting;
- **Continue to strengthen our market consensus.** We have worked hard to establish and maintain Expensify as the dominant expense management platform for SMBs. We leverage a variety of targeted marketing strategies that involve industry conferences, industry influencers, partner marketing, our own conference and more to achieve market consensus that Expensify is the premier, industry standard expense management platform. This is essential to our viral and word-of-mouth business model. We plan to reinforce the market consensus surrounding our platform, as well as expand on these strategies across new feature verticals and markets;
- **Create physical spaces to attract new members and promote our brand.** Before the COVID-19 pandemic we began transition our office spaces into co-working spaces, which we call lounges. These spaces are uniquely designed to be extensions of our culture and brand, and we intend to open these spaces to certain members in addition to Expensify employees. These spaces are designed to showcase how we work and have built our company, which we hope will encourage current members to adopt our culture for their companies and invite their friends to join, adding new members;
- **Expand integrations and strengthen partnerships.** Expense management touches many functions across a company. To provide a seamless experience for our customers, we integrate with the accounting, ERP and travel software used by SMBs and their employees every day. We also have frictionless integrations with many of the technology providers that generate the most receipts for our members, such as Uber and Lyft. Through our *ExpensifyApproved!* Partner Program, we train and support accountants who then encourage their customers to use Expensify. We intend to continue to invest in both integrations and partnerships as they are critical to delivering best-in-class user experiences and ensuring that Expensify is deeply embedded within our customer base; and
- **Expand internationally.** We see significant opportunity to acquire new customers internationally. Because word-of-mouth drives significant adoption, we have experienced member growth outside of our core geographies without investment in marketing or regional sales forces. We have the opportunity to accelerate international growth by investing in marketing, developing a localized platform experience and expanding international partnership and integrations.

We believe that the combination of the strength of our platform, our scalable business model and our special company culture has us well-positioned to achieve these growth strategies.

Our Platform

Expensify makes money easy for SMBs by enabling them to collaborate and complete financial tasks more efficiently. Our AI-driven, mobile-first, cloud-based platform offers a best-in-class experience for companies looking to modernize their financial processes away from paper and excel spreadsheets for the first time.

We define preaccounting as the systemized set of processes through which employees, or non-accountants, gather, code, aggregate and normalize financial data. While other financial processes have seen vast efficiency improvements with the widespread adoption of cloud-based ecosystems, company-focused preaccounting tasks such as expense management have largely remained unchanged, and therefore are still overwhelmingly inefficient, unscalable and time-consuming. Our comprehensive financial platform offers a wide range of easy-to-use but powerful features that automate the preaccounting processes for businesses of all sizes – including managing expenses, capturing and managing spend via the Expensify Card and more recently, paying bills and sending invoices, all included in the Expensify platform.

Expense Management

Expenses are among the most complicated preaccounting workflow, no matter the size of a company. Expenses touch every employee, span every layer of the organization and require interaction with a host of internal and external business systems. While the expense management process is incredibly complex, it largely occurs in three distinct, sequential phases: Capture > Approve > Pay.

CAPTURE

Most of today's financial data still exists on paper. Expensify streamlines the capture and normalization of disparate financial data in the following ways:

- **SmartScan.** Snap a photo of your receipt, forward receipts from email, or upload attachments directly in the application. SmartScan optimizes for high-accuracy data extraction to support our “fire and forget” receipt capture.
- **Credit card matching.** Receipts and emails are automatically matched to incoming credit card transactions in real-time, preventing duplicates and reducing the need to manually reconcile credit card statements at month end.
- **Mobile expense capture.** With mobile apps for Android and iOS, it's possible to capture receipts, mileage expenses and per diems while in the office or anywhere else in the world – online or offline. In addition, members can automatically import receipts from their favorite travel tools, including Uber, Lyft, Grab, Hotel Tonight, among others.

APPROVE

Once financial transactions are captured, we deliver AI-driven insights into the nature of company spend, as well as adherence to company-specific rules and guidelines. Expensify's robust approval functionality can be scaled up and down in the following ways:

- **Multi-level approval workflows.** Customizable approval workflows help companies of all sizes tailor their approval hierarchies, route specific expenses to budget or project owners and approve expenses through an intuitive “Guided Review” that highlights specific items requiring review.

- **Intelligent auditing.** Process data automatically or configure which types of transactions require review. Expensify detects receipt duplicates by default and automatically verifies that any manually-entered expenses match attached receipts.
- **Powerful integrations.** Connect directly with leading cloud accounting and finance platforms such as QuickBooks, Xero, Oracle NetSuite, Sage Intacct and FinancialForce, among others. A continuous real-time sync means that information is dynamically updated across all connected platforms. Expensify connects directly with the top banks in the U.S., as well as leading human resource, practice management, tax reclamation, recruiting and travel management systems. A self-service API is available to anyone who wants to integrate Expensify into their technology ecosystem on their own without additional cost.
- **Comprehensive visibility.** Whether companies require visibility into transaction approvals, help with corporate credit card reconciliation and remittance, or insights into travel spend, financial data is visible throughout the platform.

PAY

After capturing and approving relevant company spend, businesses require an easy and fast method for disbursing funds to employees and vendors. Expensify's payments platform streamlines how modern payments are made and reconciled in the following ways:

- **Next day ACH direct deposit.** For companies that enable automatic processing and reimbursement, employees receive expense reimbursements in their bank account the following business day.
- **Centralized travel procurement.** Manage and centrally pay for travel bookings made with any Expensify Card, all while ensuring compliance with company travel policies.
- **Corporate card remittance.** Streamline the process of managing and remitting corporate card payments.

Expensify Card

The Expensify Card is a natural extension of our expense management platform, and is powered by the Visa network. Companies can use the Expensify Card in conjunction with existing expense policies at no additional cost, or independently as a separate corporate card program through our platform.

The Expensify Card leverages our wealth of experience acquired by working directly with finance administrators. The feature is designed to fix the common pain points seen with traditional corporate cards, namely the lack of real-time receipt capture and transaction visibility, enhanced access to credit for small businesses and streamlined setup of corporate card programs.

Key capabilities of the Expensify Card include:

- **Streamlined card application/setup.** Companies receive an automated approval decision in seconds, and card provisioning for an entire organization is possible in a few minutes. Every member receives a virtual card for immediate use.
- **Continuous automatic reconciliation.** Card transactions are synchronized in real-time between Expensify and a company's accounting systems. This removes the need for an arduous once-a-month statement reconciliation.
- **Real-time compliance.** Cardholders receive an immediate push notification when their card is charged, which helps protect against fraud. In addition, eReceipts mean that no receipt capture is required for nearly all purchases, though companies can stipulate their own receipt policy where preferred.

- **Spend control with Smart Limits.** Companies control the maximum exposure they will accept for each employee by stipulating their individual unapproved spend, which is another cash control feature. If a cardholder fails to submit their expenses in a timely fashion, card activity is suspended until historical card spend is approved.
- **Cash back.** Companies receive up to 4% cash back in their first 3 months, and up to 2% with no limits for all spend on their Expensify Cards afterwards. Companies receive 1% cash back when they spend over \$25,000 summed across all of their Expensify Cards, or 2% cash back when they spend over \$250,000 summed across all of their Expensify Cards.
- **Karma Points.** Every time a cardholder makes a purchase, Expensify donates 10% of our interchange amount to Expensify.org for use in one of its five funds – Hunger, Climate, Homes, Youth, Reentry.
- **Daily settlement.** Ensure that employees never overspend what a company is able to pay. Daily settlement also helps smooth cash flows throughout the month, as opposed to one large, uncertain lump sum at month's end.
- **Integrated travel booking.** Offered at no additional cost for all cardholders, administrators can set flight class, hotel ratings and other travel preferences to ensure that bookings comply with company policy. Reporting tools give admins full visibility into trip costs, and currently every booking comes with emergency transportation services in partnership with Global Rescue at no additional cost, as well as health and security assessments applicable for their destination.

We believe we have growth in many areas in regards to the Expensify card. Our goal is to continue increasing the amount of companies that have adopted the Expensify card and the number of members that have a card provisioned per company both of which would increase the amount of total spend converted to the Expensify card.

Invoicing & Bill Pay

Key capabilities of our invoicing and bill payment features include:

- **Payments made easy.** With multiple payment options, including credit/debit card, ACH, check, Venmo and PayPal, customers across the globe have access to quick, easy and frictionless payment options.
- **Eliminate manual entry.** Bills sent to a company's @expensify.cash address are automatically SmartScanned, which captures key details for easy review and processing.
- **Real-time communication.** Customers can leave comments or ask questions on the invoice and both parties can chat in real time directly in Expensify, or receive an email instantly.
- **Extensive integrations.** Companies can save time by exporting invoices and bills to QuickBooks, Xero, Sage Intacct, Oracle NetSuite and more. Invoices are automatically linked to the corresponding customer and exported as a receivable in the accounting system. Bills are automatically linked to the corresponding vendor and exported as a payable.

Expensify.org

We started Expensify.org to “create a just and generous world” with the belief that doing good is good for business. We aim to integrate the Expensify.org mission into everything we do. If nothing else, it's good for employee retention and morale, by framing our work in a more powerful context than it might otherwise seem. Everyone here knows that we cannot succeed as a business without also giving back and making the world a better place than we found it.

Though Expensify.org launched in January 2020 and is now a 501(c)(3) non-profit, the concept was set into motion before Expensify was founded when David Barrett, Expensify's founder and CEO, had an idea of how to help feed unhoused neighbors he passed every day walking through San Francisco. He developed a platform to load gift cards on-demand from his personal credit card to offer funds immediately for individuals in his neighborhood to purchase food. While this idea didn't take off, David held onto the concept for more than a decade until it became a reality with the launch of Expensify.org and its corporate-card-fueled donations called Karma Points.

Through Expensify.org, we seek to empower individuals and communities to eliminate injustice around the world by making giving and volunteering more convenient, accountable, meaningful and collaborative. The foundation of Expensify.org was built on applying our expertise in expense management to increase the transparency of how funds are used, the convenience of how donations are gathered and — most importantly — the emotional connection between donors, volunteers and recipients. Donations route to one of our five funds related to tackling the biggest social injustices of our time: Housing Equity, Youth Advocacy, Food Security, Reentry Services and Climate Justice.

Our Compliance and Data Security

We are PCI-DSS, SOC1 Type II, and SOC2 Type II compliant, with external parties performing "grey box" testing to simulate nation-state level hacking capability. We are integrated with every major bank in the United States and our system and processes have been stress tested by each of them. We process billions of dollars in expense reimbursements every year and are audited annually by our processing bank. We take privacy and data security seriously and are in compliance with domestic and international data privacy regulations, which sometimes change faster than the wind.

Our Data

As of December 31, 2021, we have processed over 1.2 billion expense transactions for our customers. These expenses span across employees from all functions and layers in organizations of all sizes, industries and geographies. To process these expenses, our platform runs on our proprietary distributed and fully replicated technology architecture that is built to process many multiples of our current transaction volume. We also designed our platform to be deeply integrated and connected with a broad suite of back office systems, consumer applications and banking technology infrastructures that our customers use every day. The combination of the scale and diversity of the expenses we process, the breadth and depth of our integrations and the scalability of our infrastructure has enabled us to build a massive data asset that continually enhances the value of our platform.

We derive powerful insights from our data such as the unique buying behavior of our members, the spending trends of the businesses they work for and changes in the technologies businesses use for multiple back-office workflows. These insights provide continuous and real-time input into our product development and enable us to develop features that reflect the behavior and preferences of our members and the organizations they work for. Our data asset also benefits from significant network effects, with every new member and transaction adding incremental value to our platform. Every receipt we process through our OCR technology makes our SmartScan technology more accurate, every transaction we process and backtest enhances our fraud protection capabilities and every customer inquiry we resolve allows Concierge to answer future questions faster. We believe that our data asset will continue to expand the value of our platform and drive future growth.

Our Culture, Employees and Human Capital

At Expensify, our culture is deeply embedded in everything we do. We strive to create a diverse, inclusive and collaborative workplace that prioritizes and fosters the long-term happiness of our employees. We operate with a flat, generalist organizational structure, where everybody is encouraged to participate in every discussion and contribute to every decision they choose to. Our culture is

centered on the belief that a life well lived is one that enables you to achieve the following three goals, which we all work towards with a long-term mindset:

- **Live Rich.** This means we want to have ample means, and the time to enjoy it. We want to participate in a diverse, equitable, inclusive and fundamentally just society — both inside and outside our own walls. We want to have a “comfortable baseline,” where on a dull, ordinary day we wake up refreshed and excited to take on the day’s challenges, and go to bed each night fully satisfied in life well lived and a job well done.
- **Have Fun.** Sometimes, we want to do stuff that is awesome just for the sake of awesomeness. Not too often, but often enough to remind ourselves that we are living life to its fullest, and enabling others to do the same. For example, every year, we bring the whole company, plus families and kids, to a warm and sunny international location for a month-long “working vacation” to enable our employees to collaborate in person from a remote beach, build friendships with their colleagues, broaden their perspective and have a great time. These “Offshore” trips are productivity powerhouses that have resulted in some of our most impressive platform developments to date. Most recently, our team built the technology behind the Expensify Card as we hopped from cafe to cafe together in Hanoi, Vietnam.
- **Save The World.** We like the phrasing of this goal precisely because it is bombastic. We want to play an active role in unwinding the systemic bias that has prevented so many from living rich. We believe that even a small team with limited resources, given enough time and focus, can move the world. This is why we started Expensify.org, to “create a just and generous world”, and we are all wholly committed to its mission.

We believe that there are three common qualities critical to achieving these three goals and the success of our company:

- **Talent.** Each of us can learn without being taught, and can teach whatever we’ve learned.
- **Ambition.** Each of us has a genuine desire to accomplish something meaningful to us individually, to create more than we consume in this world.
- **Humility.** Each of us genuinely values the opinions and perspectives of others, and seeks above all to find the right solution to any given problem, no matter who came up with it.

Finally, our long-term commitment to our three life goals is guided by two simple rules:

- **Get Shit Done.** We have little-to-no internal hierarchy; nobody reports to anyone else. Everyone is responsible for their own time and empowered to spend it in the way they feel will best advance their own goals, and the goals of the company.
- **Don’t Ruin It for Everyone Else.** Whenever there is some complicated scenario with an unclear resolution, we always brainstorm the fairest possible solution -- and then put in the hard work to make that ideal solution our actual solution. Fairness rarely comes easy, and is typically far, far from the norm.

We believe that our unique culture and our employees’ happiness and long-term commitment to Expensify is a critical component of our success. As of December 31, 2021 we had 144 full-time employees. None of our employees are represented by a labor union or covered by collective bargaining agreements. We also engage third-party vendors to supply on-demand workers as needed to support our operations. We have not experienced any work stoppages, and we believe that our employee relations are strong. We remain relentlessly committed to reevaluating ourselves and continuing to foster a workplace environment that prioritizes the well-being of each and every Expensify employee.

We consider our culture and employees to be vital to our success. We strive to create a diverse, inclusive and collaborative workplace that prioritizes and fosters the long-term happiness of our employees. Our company operates with a flat, generalist organizational structure, united by a robust

set of common values focused on fostering the long-term happiness of our employees. Expensify's culture is centered on the belief that a life well lived is one that enables you to achieve our three life goals: live rich, have fun and save the world.

We provide our employees with competitive compensation, comprehensive healthcare options and equity ownership across our organization. We encourage a balanced lifestyle by offering our employees the flexibility to work remotely and set their own schedules.

RESEARCH AND DEVELOPMENT

We have a product-led growth strategy, so our ability to scale our platform depends on our ability to innovate and continue to deliver quality and valuable features for members. As such, we prioritize our research and development above all other investments. Our Customer Success team works closely with our customers to identify our members' greatest needs and act as our primary Product Managers to develop features that reflect their feedback. We build our software with the end user at the center of every decision, investing substantial time, energy and resources to ensure we have a deep understanding of our members' needs.

CUSTOMER SUCCESS

Concierge is our customer support engine. Concierge is designed for speed and accuracy and optimized for cost. Concierge is powered by AI and trained by customer support agents, with different levels of skill and training, spread out across the world.

First Responders provide simple support that requires minimal training, with the primary requirement being English proficiency. Second Responders receive more in depth training and answer more complex questions, as well as those that require a deeper understanding of the platform. The costs of maintaining a team of First and Second Responders scales according to support volume, but thanks to Concierge, benefits from extraordinary economies of scale as well as consistency in speed and quality. First and Second Responders are employed and managed by vendors, which helps us efficiently scale up and down based on support volumes.

Success Coaches are full-time employees who manage the bulk of our product management. Approximately 75% of Success Coach time is spent on traditional product management activity (i.e., writing product proposals, engaging with the product development team, testing new functionality, updating documentation). The remaining approximately 25% is spent doing "supervised training" of the Concierge AI in response to edge case conversations escalated from Second Responders. We believe that by keeping our product managers involved with the customers we design and develop features that customers like to use - supporting our product-led growth.

MARKETING

Our members are our best marketers. They have adopted, championed and spread Expensify to their colleagues, managers and friends. We have empowered employees to simplify and streamline expense management and in the process we have created champions of our solutions who naturally demonstrate the value of Expensify to decision makers at their broader organizations.

We make our platform available for free trial online, which facilitates rapid and widespread adoption. The superiority of our solution and its user-friendly nature creates advocates of our platform and allows Expensify to spread virally, through word-of-mouth, across teams, departments and organizations. This word-of-mouth marketing increases organically as more individual members and teams discover our platform.

Our marketing efforts are designed to support the bottom-up viral nature of our platform by establishing our brand as the premiere option in preaccounting software. We invest in brand and platform promotion through partners, conference participation, thought leadership, direct marketing

and advertising and content development to educate the market about the benefits of our platform and create market consensus.

Creating market consensus requires a major investment to establish and requires ongoing commitment to our product to maintain. So long as the market agrees we are the best, it is relatively inexpensive to maintain that perception. This creates an asymmetric advantage against anybody who would seek to challenge our brand. This market consensus strategy ensures we get the lion's share of the best new customers in the market by default, without needing to pay a high marginal cost to acquire each new customer.

SALES

Our viral and word-of-mouth lead generation enables us to employ a self-service and inbound sales model. Potential customers are generally first introduced to Expensify when an employee submits an expense report using Expensify, when they hear of us through their networks, or indirectly through accountants and accounting platforms. Customers then seek out our mobile app and website to try, adopt and use our platform.

Our sales model focuses on enabling customer self-service and low-friction entry points enhanced with AI powered customer service. Our customers can access free and fully functional trials. When a member has completed their platform evaluation, purchasing is coordinated online through an automated, easy-to-use web or mobile based process. Any customer can get on the phone with our team during or after the sales process, but due to the segment of the market we serve, the overwhelming majority prefer to complete the sales and onboarding process online.

Our Competition

Our primary competition remains the antiquated manual processes that SMBs have been relied upon for decades. Other competitors include traditional horizontal platform solutions with basic expense management features, corporate card providers, and niche expense management point solutions. Because of the strength, flexibility and interoperability of our offering, many of our customers use Expensify in tandem with some of our competitors' products. We differentiate ourselves from our competition by remaining hyper-focused on our members, continuing to innovate features that add value to our members and maintaining market consensus to facilitate word-of-mouth marketing and support our viral, bottom-up go-to-market motion.

We believe the principal competitive factors that drive leadership in the markets we compete in include the following:

- End user design focus;
- Ease of access, adoption, deployment and use;
- Platform functionality and ability to automate processes;
- Mobile access across devices;
- Ability to purchase without a sales representative;
- Viral, bottom-up business model supported by word-of-mouth adoption;
- High interoperability with internal and third party systems and consumer applications;
- Flexible, employee-centric legal terms regarding data ownership;
- Data security and privacy;
- Speed and scalability of architecture underlying the platform;

- Brand reputation and market consensus around platform superiority; and
- Customer service and support.

We believe we compete favorably with our competitors on the basis of the factors described above. We believe our unique approach, business model, and company culture drive significant competitive differentiation. We intend to continue our intense design focus on the employee experience, support our viral bottom-up business model to drive profitable growth, and nurture our one-of-a-kind company structure and culture to maintain this competitive advantage.

Intellectual Property

Our intellectual property is an important aspect of our business and helps us maintain our competitive position. To establish and protect our rights in our proprietary intellectual property, we rely upon a combination of patent, copyright, trade secret and trademark laws, and contractual restrictions such as confidentiality agreements, licenses and intellectual property assignment agreements.

As of December 31, 2021, we had 7 trademark registrations in the United States, including EXPENSIFY, SMARTSCAN and CONCIERGE and various other marks had been published, such as EASY MONEY, EXPENSIFY IS EASY MONEY, LAT* TALKS, LONG ASS TABLE TALKS, KARMA POINTS, CORPORATE KARMA, PERSONAL KARMA, EXPENSIFY THIS, EXPENSIFYTHIS and YOU WEREN'T BORN TO DO EXPENSES. We also had approximately 24 trademark registrations and approximately 67 applications in certain foreign jurisdictions. We will pursue additional trademark registrations to the extent we believe it would be beneficial and cost effective. We also own several domain names, including www.expensify.com, use.expensify.com, www.expensify.org and new.expensify.com.

As of December 31, 2021, we had 17 issued patents and 9 pending patent applications in the United States. Our issued patents expire between August 18, 2028 and September 4, 2032. We have 1 pending PCT international patent application. We continually review our development efforts to assess the existence and patentability of new intellectual property.

We control access to our intellectual property and confidential information through internal and external controls. We maintain a policy requiring our employees, contractors, consultants and other third parties involved in the development of intellectual property on our behalf to enter into confidentiality and proprietary rights agreements to control access to our proprietary information. Intellectual property laws and our procedures and restrictions provide only limited protection, and any of our intellectual property rights may be challenged, invalidated, circumvented, infringed, or misappropriated.

For additional information about our intellectual property and associated risks, see the section titled "Risk Factors—Risks Related to Our Business."

Government Regulation

Our business activities are subject to various federal, state, local and foreign laws, rules and regulations. Compliance with these laws, rules and regulations has not had, and is not expected to have, a material effect on our capital expenditures, results of operations and competitive position as compared to prior periods. Nevertheless, compliance with existing or future governmental regulations, including, but not limited to, those pertaining to global trade, business acquisitions, consumer and data protection and taxes, could have a material impact on our business in subsequent periods. For more information on the potential impacts of government regulations affecting our business, see "Risk Factors—Risks Related to Our Business."

Corporate Information

We were incorporated on April 29, 2009 as Expensify, Inc. a Delaware corporation. Our principal executive offices are located at 401 SW 5th Street, Portland, Oregon 97204.

Available Information

Our website address is www.expensify.com. Information contained on, or that can be accessed through, our website does not constitute part of this Annual Report on Form 10-K. The U.S. Securities and Exchange Commission ("SEC") maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at www.sec.gov. Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") are also available free of charge on our investor relations website, investors.expensify.com as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

We webcast our earnings calls on our investor relations website. Additionally, we provide notifications of news or announcements regarding our financial performance, including SEC filings, investor events, press and earnings releases, as part of our investor relations website. The contents of these websites are not intended to be incorporated by reference into this report or in any other report or document we file.

Item 1A. Risk Factors

Our business involves a high degree of risk. You should carefully consider the risks described below, as well as the other information contained or incorporated by reference in this Annual Report on Form 10-K, including our consolidated financial statements and related notes, as well as our other filings with the SEC. The occurrence of any of the events or developments described below could materially and adversely affect our business, financial condition, results of operations and growth prospects. In such an event, the market price of our Class A common stock could decline, and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently believe are not material may also impair our business, financial condition, results of operations and growth prospects.

Risks Related to Our Business

Our quarterly and annual results of operations have fluctuated in the past and may fluctuate significantly in the future and may not meet our expectations or those of investors or securities analysts.

Our quarterly and annual results of operations, including the levels of our revenue, deferred revenue, working capital and cash flows, have varied significantly in the past and may vary significantly in the future, such that period-to-period comparisons of our results of operations may not be meaningful. Our quarterly and annual financial results may fluctuate due to a variety of factors, many of which are outside of our control and may be difficult to predict, including, but not limited to:

- the level of demand across our platform and for individual features within our platform;
- our ability to grow or maintain our gross logo retention rate and net seat retention rate (each as described under the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Our Performance—Retaining Existing Customers"), expand usage within organizations, retain and increase sales to existing customers and attract new members and customers;
- our ability to convert individuals and organizations using our free features or trial subscriptions into paying customers;
- our ability to predictably generate revenue through marketing and sales efforts;
- the timing and success of new features, integrations, capabilities and enhancements by us to our platform, or by our competitors to their products, or any other changes in the competitive landscape of our market;
- our ability to grow and maintain our relationships and/or integrations with our network of third-party partners, including integration partners, channel partners and professional service partners;
- our ability to regulate members and member interactions on an increasingly collaborative platform;
- our ability to grow revenue share and customer referrals from our partner ecosystem;
- our ability to attract new customers and retain existing customers;
- the success of our customers' businesses;
- our ability to achieve widespread acceptance and use of our platform and features, including the Expensify Card and any new features we may introduce;
- our ability to retain customers on annual subscriptions;

- our ability to maintain and improve employee efficiency, and our ability to manage third party, outsourced or open source workers to provide value-added services like receipt processing, customer support and engineering;
- errors in our forecasting of the demand for our platform and features, which would lead to lower revenue, increased costs, or both;
- the amount and timing of operating expenses and capital expenditures, as well as entry into operating leases, that we may incur to maintain and expand our business and operations and to remain competitive;
- the timing of expenses and recognition of revenue;
- actual or perceived security breaches, technical difficulties, or interruptions to our platform and features;
- pricing pressure as a result of competition or otherwise;
- ineffective pricing strategies that could limit customer base expansion, revenue growth and subscription renewals;
- adverse litigation judgments, other dispute-related settlement payments, or other litigation-related costs;
- the number of new employees hired;
- the timing of the grant or vesting of equity awards to employees, directors, or consultants;
- declines in the values of foreign currencies relative to the U.S. dollar;
- changes in, and continuing uncertainty in relation to, the legislative or regulatory environment;
- legal and regulatory compliance costs in new and existing markets;
- costs and timing of expenses related to the potential acquisition of talent, technologies, businesses or intellectual property, and their integration, including potentially significant amortization costs and possible write-downs;
- health epidemics, such as the COVID-19 pandemic, or other conditions that impact travel and business spending; and
- general economic and market conditions in either domestic or international markets, including geopolitical uncertainty and instability and their effects on software spending.

Any one or more of the factors above may result in significant fluctuations in our quarterly and annual results of operations, which may negatively impact the trading price of our Class A common stock. You should not rely on our past results as an indicator of our future performance.

The variability and unpredictability of our quarterly and annual results of operations or other operating metrics could result in our failure to meet our expectations or those of investors or analysts with respect to revenue or other metrics for a particular period. If we fail to meet or exceed such expectations for these or any other reasons, the trading price of our Class A common stock would fall, and we would face costly litigation, including securities class action lawsuits.

We experienced rapid growth in recent periods prior to the COVID-19 pandemic, and those growth rates may not be indicative of our future growth, and we may not be able to maintain profitability.

We experienced rapid growth in recent periods prior to the COVID-19 pandemic. Our business has been impacted by the COVID-19 pandemic, with declines in revenue and paid members due to government-

imposed lock-downs, a decrease in business travel and other expense-generating activity, and SMBs downsizing or going out of business, among other things. While we have seen an increase in paid members and improvements in revenue since the low point of the pandemic, our growth rate may not return to pre-pandemic levels. Even if our revenue and paid members continue to increase in the near term, we expect that our growth rate will decline as a result of a variety of factors, including the maturation of our business. Further, as we operate in a new and rapidly changing category of preaccounting software, widespread acceptance and use of our platform and features, particularly our expense management feature, is critical to our future growth and success. We believe our growth depends on a number of factors, including, but not limited to, our ability to:

- attract new individuals and organizations to use our features, particularly our expense management feature;
- convert individuals and organizations using our free features or trial subscriptions into paying customers;
- grow or maintain our gross logo retention rate and net seat retention rate, and expand usage within organizations;
- price our subscription plans effectively and competitively;
- retain our existing individual and organizational customers;
- achieve widespread acceptance and use of our platform and features, including in markets outside of the United States;
- continue to successfully advance our bottom-up sales strategy as well as strategic relationships with our channel partners;
- continue to maintain and build a platform and brand that drives word of mouth exposure to new potential members;
- grow or maintain our brand through marketing, advertising campaigns, partnerships and other methods;
- gain member traction for and generate revenue from our new features and services;
- grow or maintain current levels of consideration from a vendor and/or fees generated through transaction-based features;
- expand the features and capabilities of our platform and features;
- provide excellent customer experience and customer support;
- maintain the security and reliability of our platform and features;
- maintain the trust of our customers;
- successfully compete against established companies and new market entrants, as well as existing software tools;
- successfully respond to other competitive challenges in the United States and globally;
- attract, hire and retain highly skilled personnel;
- the impact of the COVID-19 pandemic and the pace and rate of recovery on our business;
- obtain, expand, maintain, enforce and protect our intellectual property portfolio;
- operate as a public company;

- grow our member and customer base in new countries and/or markets, and increase awareness of our brand on a global basis; and
- obtain and maintain compliance and licenses material to our current and future businesses, and comply with existing and new applicable laws and regulations including in markets outside of the United States.

If we are unable to accomplish these tasks, our growth, including our revenue growth, would be harmed. We also expect our operating expenses to increase in future periods, and if our revenue growth does not increase to offset these anticipated increases in our operating expenses, our business, results of operations, and financial condition will be harmed, and we may not be able to maintain profitability.

The COVID-19 pandemic has materially adversely affected, and may continue to materially adversely affect, our business and our ability to grow. Whether or not a result of the COVID-19 pandemic, a sustained general economic downturn, an uneven recovery, or continued instability could materially and adversely affect our business, results of operations, financial condition and growth prospects.

The COVID-19 pandemic and the measures attempting to contain and control its spread significantly curtailed the movement of people, goods and services worldwide. The effects of the COVID-19 pandemic, including stay at home, business closure and other restrictive orders, and the resulting changes in business and consumer expenditures and other behaviors, disrupted our business and impacted our employees, partners, third-party service providers and customers.

In particular, conditions caused by the COVID-19 pandemic such as economic instability, remote work and travel restrictions have negatively affected demand for our platform as employees incurred fewer work- and travel-related expenses and submitted fewer expense reimbursement requests to their employers, and as SMBs downsized or went out of business. As a result of the COVID-19 pandemic, we experienced a decline in paid members and subscription revenue, with our revenue declining from approximately \$21.9 million in the quarter ended March 31, 2020 to approximately \$18.8 million in the quarter ended June 30, 2020, as well as reduced customer spend as customers streamlined travel and other expenses, delayed expanding subscriptions and laid off or furloughed workers. After a steady increase in paid members over multiple years prior to the COVID-19 pandemic, the average number of paid members on our platform declined 15% from 742,000 in the quarter ended March 31, 2020 to 630,000 in the quarter ended June 30, 2020, but we have subsequently rebounded to 711,000 paid members in the quarter ended December 31, 2021. Our activity is still recovering from May 2020 as the United States and certain other parts of the world continue to rebound from the COVID-19 pandemic. The amount of expenses incurred by the paid members remaining on our platform has also declined. In 2020 and 2021, our annual gross logo retention was 86% and 83%, respectively. In 2020 and 2021, our net seat retention was 96% and 93%, respectively. The COVID-19 pandemic impacted both our annual gross logo retention and our net seat retention as many of our customers ceased (or paused) operations, and scaled back usage of our platform as their business travel and other expenses declined as a result of the factors stated above. In addition, we launched the Expensify Card shortly prior to the outbreak of the COVID-19 pandemic, and this product launch was negatively impacted by the effects of the pandemic due to decline in volume of expenses and potential customers' reluctance to adopt a new card in this unusual environment. If conditions caused by the COVID-19 pandemic continue, our business, results of operations, financial condition and growth prospects will be materially adversely affected. In addition, to the extent the ongoing COVID-19 pandemic continues to adversely affect our business and our ability to grow, it may also heighten many of the other risks and uncertainties described in this "Risk Factors" section.

The COVID-19 pandemic has caused an economic downturn in many markets and heightened uncertainty in the global economy. Our business depends on the economic health of our current and prospective customers and the overall state of the economy. Declining levels of economic activity may lead to declines in business spending, declines in the number of paid monthly members of our platform and fewer transactions for which our platform may be used, which may result in decreased revenue for

us. Further, our customers may change their company policies to limit expense reimbursement in response to a deterioration or continued uncertainty in the economy. Uncertainty or continued economic impacts from the pandemic may also cause prospective or existing customers to defer investment or expansion in their businesses. As of December 31, 2021, businesses with fewer than 1,000 employees accounted for approximately 95% of our customers by revenue, and we focus our product, marketing and sales efforts on these businesses, including SMBs. Many very small businesses (“VSBs”) and SMBs experienced substantial revenue and cash liquidity declines in the early months of the pandemic, and there were high observed rates of small business failures. Uncertain and adverse economic conditions also have led to increased requests for, and may lead to, increased refunds and chargebacks. We expect the COVID-19 pandemic and related impacts on the global economy to continue to affect our results of operations in future periods, and our member base may not return to pre-pandemic levels.

The degree to which the COVID-19 pandemic will continue to affect our business will depend on future developments that are highly uncertain and cannot currently be predicted. These developments include, but are not limited to, the duration, extent and severity of the pandemic; actions taken to contain the COVID-19 pandemic, including the development, approval, production, distribution and administration of vaccines, and the public’s perception of the safety of vaccines and their willingness to receive them; rising infection rates and the emergence of new variants; the ultimate societal impact of the pandemic and any lasting changes in business and consumer behavior, including with respect to remote work, business travel and business expense spending and reimbursement; the duration and nature of pandemic-related restrictions on economic activity and domestic and international trade; and the extent of the impact of these and other factors on our employees, partners, third-party service providers and customers. We cannot predict whether, when and to what extent pre-pandemic business SaaS spending, employee business expense spending and submission, and pre-pandemic ways of working will return, including whether demand for expense management products will return to pre-pandemic levels.

In response to the COVID-19 pandemic, we have taken a number of actions that have impacted and continue to impact our business and which could negatively impact our culture, our marketing initiatives, our expansion efforts and our ability to retain and recruit employees across the organization. For example, we reduced our 2020 marketing spend in response to the COVID-19 pandemic, although we have since began increasing the spend to promote the adoption of new products and features. Travel is an important part of our business and our culture, and prior to the COVID-19 pandemic, we hosted global conferences and an annual “Offshore” trip for our employees. We have a distributed workforce, and many of our employees were accustomed to traveling frequently prior to the pandemic to establish and maintain relationships with each other and with our customers, members, business partners, vendors and others. Prior to the pandemic, we began to transition our offices to co-working spaces, which we call lounges, with the goal of creating flexible workspaces that can be shared by Expensify employees and certain Expensify members. This initiative has been disrupted by the pandemic, and it is unclear when, and if, members will have access to these co-working spaces and whether they will be successful in the post-pandemic business climate. See “—We are transitioning our offices to co-working spaces, which we call lounges, and may expand to additional lounges. This process is expensive, may not achieve our intended goals, and could expose us to additional risks.” While we expect to return to offering our employees, and possibly others, the option to work from our lounges, we expect there to be an increase in sustained remote work as a result of the COVID-19 pandemic. If we must continue to limit or suspend travel, use of our lounges, and in-person business on a long-term basis, our culture, marketing initiatives, expansion efforts and ability to recruit and retain employees could be negatively affected.

To the extent there is a sustained general economic downturn, whether or not related to the COVID-19 pandemic, our customers may become more price-sensitive, our platform may be perceived by customers and potential customers as too costly, and our revenue may be disproportionately affected by delays or reductions in general business spending. Our VSB and SMB customers may be more susceptible to general economic conditions than larger businesses, which may have greater liquidity

and access to capital. Competitors, many of whom are larger and more established than we are, may respond to market conditions by lowering their prices and attempting to lure away our customers. Many of our larger competitors currently focus their product offerings on larger customers who may be less susceptible to general economic conditions, whether or not related to the COVID-19 pandemic. As a result, our larger competitors may be better positioned than we are to increase their market share with businesses of all sizes. In addition, the increased pace of consolidation in certain industries may result in reduced overall spending on our platform offerings. We cannot predict the timing, strength, or duration of any economic slowdown, instability, or recovery, generally or within any particular industry. If the economic conditions of the general economy or markets in which we operate worsen from present levels, our business, results of operations and financial condition could be materially and adversely affected.

Our expense management feature drives the majority of our subscriptions, and any failure of this feature to satisfy customer demands or to achieve increased market acceptance could adversely affect our business, results of operations, financial condition and growth prospects.

A majority of our subscriptions are driven by bottom-up adoption related to our expense management feature. Although we have added, and expect to continue to add, new features to expand our offerings, and all of our features are accessible under a single subscription, at least in the near term, we expect our expense management feature to continue to drive the majority of our subscriptions. As a result, market acceptance of our expense management feature is critical to our success. Demand for our expense management feature, as well as our other features, is affected by a number of factors, many of which are beyond our control, such as the adoption of our features by new and existing customers; the timing of development and release of upgraded or new features on our platform; products and services introduced or upgraded by our competitors or partners; our ability to determine optimal pricing for our platform, including in international markets; pricing offered by our competitors; technological change; and growth or contraction in our addressable market. We recently increased our subscription prices, and we do not know if these price increases will adversely affect our business. If we are unable to meet customer demand for our expense management feature; do not price our subscriptions optimally or make changes to our subscription or pricing models that are not accepted by the market; or fail to convert members of our free expense management feature or trial subscriptions to paying subscribers, our business, results of operations, financial condition and growth prospects will suffer.

If we fail to adapt and respond effectively to rapidly changing technology, evolving industry standards and changing customer needs or preferences, our platform may become less competitive.

The software industry is subject to rapid technological change, evolving industry standards and practices and changing customer needs and preferences. The success of our business will depend, in part, on our ability to adapt and respond effectively to these changes by continually modifying and enhancing our features to keep pace with changes in hardware systems and software applications, database technology and evolving technical standards and interfaces on a timely basis. If we are unable to develop and market new technology, features and functionality for our platform that keep pace with rapid technological and industry change and satisfy our customers, our revenue and operating results could be adversely affected. If new technologies emerge that deliver competitive products at lower prices, more efficiently, more conveniently, or more securely, it could adversely impact our ability to compete.

Our platform must also integrate with a variety of network, hardware, mobile and software platforms and technologies. We need to continuously modify and enhance our platform to adapt to changes and innovation in these technologies. This development effort may require significant engineering, marketing and sales resources, all of which would affect our business and operating results. Any failure of our platform to operate effectively with future technologies could reduce the demand for our platform. If we are unable to respond to these changes in a cost effective manner, our platform may

become less marketable and less competitive or obsolete, and our operating results may be negatively affected.

If we are unable to attract new customers on a cost-effective basis, convert individuals and organizations using our free basic expense management feature and trial subscriptions into paying customers, retain existing customers and expand usage within organizations, our revenue growth will be harmed.

To increase our revenue, we must increase our customer base through various methods, including but not limited to, retaining existing customers, adding new customers, converting individuals and organizations using our free basic expense management feature and trial subscriptions into paying customers, and expanding usage within organizations. Our business is subscription-based, with monthly and annual subscriptions, and customers are not obligated to and may not renew their subscriptions after their existing subscriptions expire.

One of our primary marketing strategies is to offer a free basic version of our expense management feature to individuals within organizations. We rely on these individuals to expose others within their organizations to our platform and features and to convince those individuals to become new members, which could eventually lead to the engagement of the organization or individuals or departments within the organization as paying customers. To encourage viral adoption, we offer viral features that are free and accessible without a paid subscription, and we also offer time-limited trial subscriptions. We believe these free basic features and trial subscriptions promote brand awareness and organic adoption of our platform. While our viral model means that employees or contractors often introduce Expensify into SMBs, companies subscribe and pay for the majority of our paid members. To the extent that increasing numbers of these individuals and organizations who utilize the free aspects of our platform do not become, or lead others to become, paying customers, we will not realize the intended benefits of these marketing strategies, we will continue to pay the costs associated with hosting such free basic features and trial subscriptions, our ability to grow our business will be harmed, and our business, results of operations and financial condition will suffer.

While we experienced significant growth in the number of our customers prior to the COVID-19 pandemic, we do not know whether we will continue to achieve similar customer growth rates in the future. The COVID-19 pandemic significantly impacted the number of our paid members, and our member base has not recovered and may never recover. Numerous factors may impede our ability to attract new customers, convert individuals and organizations using our free basic features and trial subscriptions into paying customers, expand usage within organizations, increase use of our other features such as the Expensify Card and gain new subscriptions, including but not limited to, the continuing impacts of the COVID-19 pandemic; failure to retain and motivate our personnel; failure to establish, maintain or expand relationships with channel and integration partners; failure to compete effectively against alternative products or services; our ability to determine optimal pricing for our subscriptions, including in international markets; failure to successfully deploy new features and integrations; failure to provide a quality customer experience and customer support; or failure to ensure the effectiveness of our "bottom-up" sales approach and other marketing programs. Channel partnerships are also an important aspect of our growth strategy, and we will need to maintain our partnerships with existing channel partners and identify and attract new channel partners in order to maintain the effectiveness of this strategy. Moreover, we believe that many of our new customers originate from word-of-mouth and other non-paid referrals from existing customers, so we must ensure that our existing customers remain loyal to our platform in order to continue receiving those referrals.

Our business is subscription-based, and customers are not obligated to and may not renew their subscriptions after their existing subscriptions expire. We cannot ensure that customers will renew subscriptions with the same or greater number of members or for the same level of subscription plan or that they will upgrade to use features such as bi-directional accounting sync and invoicing features or the Expensify Card. Customers may or may not renew their subscriptions as a result of a number of factors, including their satisfaction or dissatisfaction with our platform; changes we may implement in

our pricing or structure, such as the pricing change implemented in May 2020; the pricing or capabilities of the products and services offered by our competitors; the effects of general economic conditions; or customers' budgetary constraints. If customers do not renew their subscriptions, renew on less favorable terms, or fail to add members, or if we fail to convert individuals and organizations into paying members, or expand the adoption of our platform within their organizations, our revenue may decline or grow less quickly than anticipated, which would harm our business, results of operations and financial condition. Our future success also depends in part on our ability to provide additional features to attract new members at existing customers, as well as increase transaction monetization from the Expensify Card. If our efforts to do so are not successful, our revenue may decline or grow less quickly than anticipated, which would harm our business, results of operations and financial condition.

We may fail to accurately predict the optimal pricing strategies necessary to attract new customers, retain existing customers and respond to changing market conditions.

We have in the past, and may in the future, need to change our pricing model from time to time. As the market for our platform matures, or as competitors introduce new solutions that compete with ours, we may be unable to attract new customers at the same prices or based on the same pricing models that we have used historically. While we do and will attempt to set prices based on our prior experiences and customer feedback, our assessments may not be accurate and we could be underpricing or overpricing our platform. In addition, if the offerings on our platform change, then we may need to revise our pricing strategies. Any such changes to our pricing strategies or our ability to efficiently price our offerings could adversely affect our business, operating results and financial condition. Pricing pressures and decisions could result in reduced sales, reduced margins, losses or the failure of our platform to achieve or maintain more widespread market acceptance, any of which could negatively impact our overall business, operating results and financial condition. Moreover, the organizations which we target may demand substantial price concessions. As a result, we may be required to price below our targets in the future, which could adversely affect our revenue, profitability, cash flows and financial condition.

We may not successfully develop or introduce new features, enhancements, integrations, capabilities and versions of our existing features that achieve market acceptance, and our business could be harmed and our revenue could suffer as a result.

Our ability to attract new customers and increase revenue from existing customers depends in large part upon the successful development, introduction and customer acceptance of new features, enhancements, integrations, capabilities and versions of our existing features. If we are unable to expand our platform offerings in a manner that increases retention of existing customers and attracts new customers, our customers could migrate to competitors who may offer a broader or more attractive range of products and services. Unexpected delays in releasing new or enhanced features or versions of our features, or errors following their release, could result in loss of sales, delay in market acceptance of our features, or customer claims against us, any of which could harm our business. The success of any new feature, enhancement, integration, capability or version depends on several factors, including timely completion and delivery, competitive pricing, adequate quality testing, integration with existing technologies, proper marketing of the feature and market acceptance. For example, growth from Expensify Card, which we introduced in 2020, has taken longer than anticipated due to the impact of the COVID-19 pandemic, and there can be no assurance that it will reach the level of customer adoption that it was designed to achieve. We may not be able to develop new features successfully or to introduce and gain market acceptance of new features in a timely manner, or at all.

The successful development, introduction and customer acceptance of new features, enhancements, integrations, capabilities and versions of our existing features is costly and time-consuming, and our business could be harmed if we fail to deliver new features, enhancements, integrations, capabilities and versions of our existing features that meet customer needs on a timely and cost effective basis.

For example, we are developing an open-source financial group chat optimized for financial conversations, designed to be used both in and outside of work, and maintained by a community of open source developers. We expect our open-source offering to be a complete rewrite of the Expensify front end, built on a new React Native platform that uses the same codebase across iOS, Android, web and desktop. Although we see this direction as a natural next step in our long-term product vision, we have not developed an open-source financial group chat (or similar feature) before, and it may not meet customer needs, gain member traction or generate revenue sufficient to offset the costs of development, which could harm our business.

We face significant competition, the market in which we operate is rapidly evolving, and if we do not compete effectively, our results of operations and financial condition could be harmed.

We face significant competitive challenges from do-it-yourself approaches as well as companies that provide traditional horizontal platform solutions with expense management features, corporate card providers and niche expense management solutions. Traditional do-it-yourself approaches (for example, using spreadsheets, email, messaging and legacy project management tools) are people-intensive and involve internal personnel manually performing expense management processes. Many businesses using do-it-yourself approaches believe that these manual processes are adequate and may be unaware that Expensify can replace several expensive, disconnected services with one fully connected preaccounting platform for a fraction of the cost, resulting in an inertia that can be difficult to overcome. It is difficult to predict adoption rates and demand for our platform, the future growth rate and size of the market for expense management and other preaccounting products, or the entry of competitive offerings. The expansion of the expense management and other preaccounting products market depends on a number of factors, including the cost, performance and perceived value associated with these solutions. If expense management and other preaccounting solutions do not achieve widespread adoption, or there is a reduction in demand for expense management and other preaccounting products caused by a lack of customer acceptance, technological challenges, weakening economic conditions, security or privacy concerns, competing technologies and products, decreases in corporate spending, or otherwise, it could result in decreased revenue, and our business, results of operations and financial condition would be adversely affected.

In addition, there are a number of competing companies that provide traditional horizontal platform solutions with expense management features, some of which have substantially greater revenue, personnel and other resources than we do, such as Intuit, Oracle Corporation (NetSuite), SAP AG (Concur) and Workday. These firms have historically targeted primarily large enterprise customers, but many of them also market to SMBs in search of growth in revenue or market share. We also face competition from a growing number of other businesses offering expense management solutions and corporate cards, including Bill.com (Divvy), Bento, Brex, Emburse (Certify, Abacus and Nexonia), Expensya, Fyle, Happay, Pleo, Ramp, Spendesk, TravelBank, TripActions, Webexpenses and Zoho Expense. Our smaller competitors who currently focus their product offerings on SMBs may be better positioned than larger competitors to increase their market share with SMBs, whether by competing based on price, service, or otherwise. Increased competition may impact our ability to add new customers at the rates we have historically achieved. Additionally, competition may increase in the future from new market entrants. With the introduction of new technologies and the entry of new companies into the market, we expect competition to persist and intensify. This could harm our ability to increase our customer base, maintain subscription renewals and maintain our prices.

Additionally, it is possible that large enterprises with substantial resources that operate in adjacent accounting, finance or compliance verticals may decide to pursue expense management automation and become immediate, significant competitors. Merger and acquisition activity in the technology industry could increase the likelihood that we compete with other large technology companies. Many of our existing competitors have, and our potential competitors could have, substantial competitive advantages such as greater name recognition, longer operating histories, larger sales and marketing budgets and resources, greater customer support resources, lower labor and development costs, larger and more mature intellectual property portfolios and substantially greater financial, technical and other

resources. Some of our larger competitors also have substantially broader product lines and market focus and will therefore not be as susceptible to downturns in a particular market. Conditions in our market could change rapidly and significantly as a result of technological advancements, partnering by our competitors, or continuing market consolidation. New startup companies that innovate, and large companies that are making significant investments in research and development, may invent similar or superior products and technologies that compete with our platform, including the addition of “bottom up” adoption features. Some of our larger competitors use broader product offerings to compete, including by selling at zero or negative margins, by bundling their product, or by closing access to their technology platforms. Potential customers may prefer to purchase from their existing suppliers rather than a new supplier regardless of product performance or features. Furthermore, potential customers may be more willing to incrementally add solutions to their existing infrastructure from competitors than to replace their existing infrastructure with our platform. These competitive pressures in our market, or our failure to compete effectively, may result in price reductions, fewer new customers, lower revenue and loss of market share. Any failure to successfully and effectively compete with current or future competitors could cause us to lose business and harm our revenue growth, business, results of operations and financial condition.

Payments and other financial services-related laws and regulations and government oversight are material to our business. Our failure to comply with such laws and regulations could materially harm our business and can subject us to criminal and civil liability.

The local, state, and federal laws, rules, regulations, licensing and other authorization schemes, and industry standards that govern our business, including our payment services, include, or may in the future include, those relating to banking, invoicing, cross-border and domestic money transmission, foreign exchange, payments services (such as payment processing and settlement services), anti-money laundering, combating terrorist financing, escheatment, U.S. and international sanctions regimes, and compliance with the Payment Card Industry Data Security Standard (PCI-DSS), a set of requirements designed to ensure that all companies that process, store, or transmit payment card information maintain a secure environment to protect cardholder data. These laws, rules, regulations, licensing and other authorization schemes, and industry standards are administered and enforced by multiple authorities and governing bodies in the United States, including but not limited to the U.S. Department of the Treasury, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, Office of Foreign Assets Control, self-regulatory organizations, and numerous state and local governmental and regulatory authorities. Any failure or perceived failure to comply with existing or new laws and regulations, or orders of any governmental authority, including changes to or expansion of their interpretations, may subject us to significant fines, penalties, criminal and civil lawsuits, forfeiture of significant assets, enforcement actions in one or more jurisdictions, result in additional compliance and licensure requirements, and increased regulatory scrutiny of our business. In addition, we may be forced to restrict or change our operations or business practices, make product changes, or delay planned product launches or improvements. Any of the foregoing could materially adversely affect our brand, reputation, business, results of operations, and financial condition.

Expensify Payments LLC (“Expensify Payments”) is a licensed money transmitter (or its equivalent) in various U.S. states and territories and is in the process of obtaining money transmission licenses in a number of states and territories. As a licensed money transmitter, Expensify Payments, its ultimate beneficial owners, and its control persons are subject to a range of restrictions and ongoing compliance obligations under the money transmitter statutes (or their equivalent) administered by the banking departments (or their equivalent) of the various U.S. states and territories where it is licensed, including requirements with respect to the investment of customer funds, financial recordkeeping and reporting, reconciliation of customer funds, bonding, minimum capital, minimum net worth, disclosure, and inspection by regulatory authorities concerning various aspects of its business. In a number of cases, evaluation of our compliance efforts, as well as questions of whether and to what extent our activities in connection with the provision of certain products and services (both current and historical) are considered money transmission, are matters of regulatory interpretation and could change over time. In the past, regulators have identified violations or alleged violations of certain statutory and

regulatory requirements, and we have been subject to fines and other penalties by state regulatory authorities due to their interpretation and application of their respective state money transmitter regime to our activities. In the future, as a result of the laws and regulations applicable to us and our business, we could be subject to investigations, inspections, examinations, and supervision, and resulting liability, including governmental fines, restrictions on our business, or other similar enforcement actions, and we could be forced to cease conducting certain aspects of our business with residents of certain jurisdictions, be forced to change our business practices in certain jurisdictions, or be required to obtain additional licenses, regulatory approvals, or other similar authorizations. We cannot make any assurances that we will be able to obtain or maintain any such licenses, regulatory approvals, and other similar authorizations, and there could be substantial costs and potential product changes involved in obtaining and maintaining any such licenses, approvals, or other similar authorizations, which could have a material adverse effect on our business. In addition, there are substantial costs and potential product changes involved in maintaining and renewing any licenses, regulatory approvals, and other similar authorizations, and we could be subject to fines or other enforcement action if we are found to violate disclosure, reporting, anti-money laundering, capitalization, net worth, corporate governance, or other requirements applicable to us, including those required in connection with maintaining such licenses, approvals, or authorizations. These factors could impose substantial additional costs on us, involve considerable delay to the development or provision of our products or services to our customers, require significant and costly operational changes, or prevent us from providing our products or services in any given market.

Governmental and regulatory bodies and authorities may also impose new or additional requirements on our business or issue or promulgate new laws, regulations, or rules applicable to persons engaged in money transmission that adversely affect our business, including those that:

- prohibit, restrict, and/or impose taxes or fees on money transmission transactions in, to or from certain countries or with certain governments, individuals, or entities;
- impose additional customer identification and customer due diligence requirements;
- impose additional reporting or recordkeeping requirements, or require enhanced transaction monitoring;
- limit the types of entities capable of providing money transmission services, or impose additional licensing or registration requirements;
- impose minimum capital or other financial requirements;
- limit or restrict the revenue that may be generated from money transmission, including revenue from interest earned on customer funds, transaction fees, and revenue derived from foreign exchange;
- require enhanced disclosures to our money transmission customers;
- require the principal amount of money transmission originated in a country to be invested in that country or held in trust until paid;
- limit the number or principal amount of money transmission transactions that may be sent to or from a jurisdiction, whether by an individual or in the aggregate;
- restrict or limit our ability to process transactions using centralized databases, for example, by requiring that transactions be processed using a database maintained in a particular country or region; or
- impose other requirements in furtherance of their missions.

We depend on our senior management team, as well as a single professional services firm for a significant portion of our finance function, and the loss of any key employees or our outsourced finance team could adversely affect our business.

Our success depends largely upon the continued services of our key executive officers and employees, including our founder and CEO, David Barrett. We also rely on our leadership team in the areas of research and development, marketing, sales, services and general and administrative functions, and on mission-critical individual contributors in research and development. From time to time, there may be changes in our executive management team resulting from the hiring or departure of executives, which could disrupt our business. We do not have employment agreements with our executive officers or other key personnel that require them to continue to work for us for any specified period and, therefore, they could terminate their employment with us at any time. The loss of one or more of our executive officers or key employees could have a serious adverse effect on our business.

In addition, we depend on a single professional services firm for a significant portion of our finance function. If we lose the services of this outsourced finance team for any reason, our ability to complete key accounting processes and reviews and provide timely and accurate financial reporting could be seriously harmed, and we could experience material weaknesses in our disclosure controls and procedures and our internal control over financial reporting. In addition, we may be unable to retain a new outside professional services firm or expand the size and expertise of our internal accounting team sufficiently and quickly enough to implement the processes and reviews necessary to ensure that material misstatements do not occur, which could seriously harm our business. Any failure to provide timely and accurate financial reporting or to maintain effective disclosure controls and internal control over financial reporting could harm our business, results of operations and financial condition, and could cause investors to lose confidence in our financial reports and our financial reporting generally, which could cause a decline in the trading price of our Class A common stock.

We rely on a single third-party vendor, issuing bank and card network for our Expensify Card, and if we lose any of these services, our business, results of operations, financial condition and growth prospects could be harmed.

The Expensify Card is an important element of our growth strategy, and we believe that, over time, the Expensify Card will be a prominent corporate card solution for SMBs in our core markets. We rely on a single third-party vendor, Marqeta, Inc. ("Marqeta"), for the Expensify Card, who also manages the relationship with the card's issuing bank, Sutton Bank, and the card network, Visa. In the annual periods ended December 31, 2021 and December 31, 2020, consideration from this vendor representing monetized Expensify Card activities reduced our cost of revenue by \$2.9 million and \$1.0 million, respectively. Our agreement with Marqeta has a three year term, expiring in June 2022 and automatically renews annually thereafter unless either party provides 90 days' notice prior to renewal. In addition to standard termination for cause provisions, either party can terminate without cause upon 180 days' notice, and under certain circumstances Marqeta may terminate with reduced or no notice, including if required to do so by the issuing bank or any regulator with jurisdiction over the issuing bank or Marqeta, or in the event of that we issue cards outside of approved use cases. In the event of termination or expiration of the agreement with Marqeta, we have the right to request Marqeta's assistance in transitioning to a new vendor, and during the transition period the agreement will continue on the same terms. If such transition is not successful, or if we otherwise lose our Expensify Card vendor, issuing bank or card network for any reason, we could experience service interruptions as well as delays and additional expenses, and we may be unable to replace these services on competitive terms, or at all, which could harm our business, results of operations, financial condition and growth prospects.

Our failure to protect our sites, networks and systems against security breaches, or otherwise to protect our confidential information or the confidential information of our members, customers, or other third parties, would damage our reputation and brand, and substantially harm our business and results of operations.

Breaches of our security measures or those of our customers, partners or third-party service providers, or other cyber security incidents, could result in intentional or accidental unauthorized access to our or our customers' or partners' sites, networks, systems and accounts; unauthorized access to, and misappropriation or disclosure of, individuals' personal information or other confidential or proprietary information of ourselves, our customers or partners, or other third parties; viruses, worms, spyware, ransomware, or other malware being served from our platform, mobile application, networks, or systems, including as a result of supply chain attacks; deletion or modification of content or the display of unauthorized content on our platform; interruption, disruption, or malfunction of operations; costs relating to breach remediation, deployment of additional personnel and protection technologies, and response to governmental investigations and media inquiries and coverage; engagement of third-party experts and consultants; or risk of loss, litigation, regulatory action and other potential liabilities. If any of these intentional or accidental breaches of security should occur, we cannot guarantee that recovery protocols and backup systems will be sufficient to prevent data loss. Additionally, if any of these breaches occur, our reputation and brand could be damaged, our business may suffer, we could be required to expend significant capital and other resources to alleviate problems caused by such breaches. Actual or anticipated security breaches or attacks may cause us to incur increasing costs, including costs to deploy additional personnel and protection technologies, train employees and engage third-party experts and consultants. Additionally, some of our employees and our service providers have historically worked remotely, and the number doing so increased significantly as a result of the COVID-19 pandemic. As a result, we may be more vulnerable to cybersecurity-related events such as phishing attacks and other security challenges. Many companies that provide cloud based services have reported a significant increase in cyberattack activity since the beginning of the COVID-19 pandemic. Attacks upon information technology systems are increasing in their frequency, levels of persistence, sophistication and intensity, and are being conducted by sophisticated and organized groups and individuals with a wide range of motives and expertise. Furthermore, because the techniques used to obtain unauthorized access to, or to sabotage, systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or implement adequate preventative measures. We may also be subject to vulnerabilities or experience security breaches or incidents that may remain undetected for an extended period. These events threaten the performance, reliability, security and availability of our platform. Any computer malware, viruses, computer hacking, fraudulent use attempts, phishing attacks, or other data security breaches to our systems could, among other things, harm our reputation and our ability to retain existing customers and attract new customers.

Our customers provide us with information that our systems store, some of which is confidential information about them or their financial transactions. In addition, we store personal information about our employees and, to a lesser extent, those who purchase products or services from our customers. Even though we have security systems and information technology infrastructure designed to protect against unauthorized access to such information, our efforts to address these threats may not always be successful. Any actual or perceived compromise or breach of our security measures, or those of our customers, partners or third-party service providers, could violate applicable privacy, data protection, data security, network and information systems security and other laws, and cause significant legal and financial exposure, adverse publicity and a loss of confidence in our security measures, which could have a material adverse effect on our business, results of operations and financial condition. In addition, the insurance we maintain may be insufficient to cover our losses resulting from disasters, cyber-attacks, or other business interruptions, and any incidents may result in loss of, or increased costs of, such insurance. Our disaster recovery plan may not be sufficient to address all aspects or any unanticipated consequence or incident. We continue to devote significant resources to protect against security breaches, and we may need to devote significant resources in the future to address problems

caused by breaches, including notifying affected subscribers and responding to any resulting litigation, which in turn, diverts resources from the growth and expansion of our business.

Our business depends on a strong brand, and if we are not able to maintain and enhance our brand, our ability to expand our base of customers may be impaired, and our business and results of operations will be harmed.

We believe that the brand identity that we have developed has significantly contributed to the success of our business. We also believe that maintaining and enhancing the “Expensify” brand is critical to expanding our customer base and establishing and maintaining relationships with partners. Successful promotion of our brand will depend largely on the effectiveness of our marketing efforts, our ability to ensure that our platform remains high-quality, reliable, useful and competitively priced, the quality and perceived value of our platform, our ability to successfully differentiate our platform and features from those of our competitors and the ability of our customers to achieve successful results by using our platform and features. Maintaining and enhancing our brand may require us to make substantial investments not just in our core expense management service but also in newer features, such as our travel concierge services, and to make substantial investments in foreign markets, and these investments may not be successful. We also plan to enhance our brand and drive interest in our overall platform by introducing certain consumer-focused features, which may not be successful. Substantial advertising expenditures may be required to maintain and enhance our brand, which may not prove successful. Advertising and other brand promotion activities may not generate customer awareness or increase revenue, and even if they do, any increase in revenue may not offset the expenses we incur in building our brand. Additionally, there could be a negative reaction to certain advertising campaigns and values-based activity and communications. If we fail to promote and maintain the “Expensify” brand, or if we incur excessive expenses in this effort, we may fail to attract or retain customers necessary to realize a sufficient return on our brand-building efforts or to achieve the widespread brand awareness that is critical for broad customer adoption of our platform and features. We anticipate that, as our market becomes increasingly competitive, maintaining and enhancing our brand may become more difficult and expensive.

We expect to continue to make substantial investments and expenditures related to the growth of our business.

To improve the scalability, security, efficiency and failover aspects of our features, and to support our ongoing efforts to expand and enhance our platform and our business, we are continually updating our software and content and investing in the development, introduction and customer acceptance of new features, enhancements, integrations, capabilities and versions of our existing features. Additionally, we will need to continue to make substantial investments and expenditures to, among other things:

- hire new and retain existing employees;
- maintain, expand, update and improve our infrastructure;
- expand our sales and marketing activities, including to obtain channel partners and to expand our SMB and consumer advertising;
- expand our operations across multiple geographies;
- operate as a public company; and
- pay for increasing costs associated with our general and administrative organization.

We may also review or revise our software architecture as we grow, which may require significant resources and investments. For example, we are developing an open-source financial group chat optimized for financial conversations, designed to be used both in and outside of work, and maintained by a community of open source developers. We expect our open-source offering to be a complete rewrite of the Expensify front end, built on a new React Native platform that uses the same codebase

across iOS, Android, web and desktop. There can be no assurance that this direction will achieve customer acceptance or that we will realize the anticipated return on our investment.

If we experience increasing demand for our features, we may not be able to augment our infrastructure quickly enough to accommodate this demand, which may limit our growth or cause disruptions, outages and other performance problems that could lead to financial liabilities or affect our brand and reputation. If our subscription sales decrease, certain of our fixed costs, such as for capital equipment, may make it difficult for us to adjust our expenses downward quickly.

Our business is substantially dependent upon the continued development of the market for, and acceptance of, cloud based software features.

We have derived, and expect to continue to derive, substantially all of our revenue from the sale of subscriptions for our cloud based platform. The market for cloud based software is not as mature as the market for on premises software applications. We do not know whether the trend of adoption of cloud based software that we have experienced in the past will continue in the future, and the adoption rate of cloud based software may be slower at companies in industries with heightened data security interests or sensitivity to communication network slowdowns or outages. Additionally, international acceptance of cloud-based software varies by country, and is limited in certain countries where we may seek to expand. Our success will depend to a substantial extent on the widespread adoption of cloud based software products in general, and of cloud based preaccounting products in particular. Many businesses have invested substantial personnel and financial resources to integrate on premises software products into their businesses and have been reluctant or unwilling to migrate to cloud based software products. Furthermore, some businesses may be reluctant or unwilling to use cloud based products because they have concerns regarding the risks associated with the security of their data and the reliability of the technology and service delivery model associated with solutions like ours. Additionally, integration opportunities for our cloud-based platform may be limited without widespread adoption of other cloud-based software products, which may prevent a member from maximizing their experience with our platform. In addition, if we or other cloud based providers experience security incidents, loss of customer data, disruptions in delivery, or other problems, the market for cloud based software solutions as a whole, including for our solutions, may be negatively impacted. If the adoption of cloud based software solutions does not continue at the rate we anticipate, the market for these solutions may stop developing or may develop more slowly than we expect, either of which would harm our business.

If we fail to offer a high-quality customer experience, our business and reputation will suffer.

While we have designed our platform and features to be easy to adopt and use, once individuals and organizations begin using Expensify, they rely on our support services to resolve any related issues. High-quality member and customer education and customer experience have been key to the adoption of our platform and features and for the conversion of individuals and organizations using our free features and trial subscriptions into paying customers. The importance of high-quality customer experience will increase as we expand our business and pursue new customers. For instance, if we do not help organizations on our platform quickly resolve issues and provide effective ongoing member experience at the individual and organizational levels, our ability to convert organizations on our trial subscription into paying customers will suffer, and our reputation with existing or potential customers will be harmed. Further, the success of our “bottom up” business model is highly dependent on our business reputation and on word-of-mouth positive recommendations from existing individuals and organizations using our platform and features. Any failure to maintain high-quality customer experience, or a market perception that we do not maintain high-quality customer experience, could harm our reputation, our ability to sell our platform to existing and prospective customers and our business, results of operations and financial condition.

In addition, as we continue to grow our operations and reach a larger and increasingly global customer and member base, we need to be able to provide efficient customer support that meets the needs of organizations using our platform and features globally at scale. The number of organizations using our

platform and features has grown significantly, which puts additional pressure on our support organization. Our platform is designed to leverage our proprietary AI-powered customer support engine, Concierge. Our Concierge service is powered by AI and trained by customer support agents. As we continue to grow and add features, we will need to hire additional support personnel to be able to continue to provide efficient customer support globally at scale, and if we are unable to provide such support, our business, results of operations and financial condition would be harmed.

We must continue to attract and retain highly qualified personnel, including an on-demand workforce in certain jurisdictions and for certain aspects of our business, to continue to execute on our business strategy and growth plans.

In order to continue to execute on our business strategy and growth plans, including the development of new features, and to maintain and upgrade our existing features, we will need to attract a sufficient number of highly qualified personnel, especially software engineers. Competition for software engineers and other key personnel in our industry is intense, especially for engineers with high levels of experience in designing and developing software for Internet-related services. As we become a more mature company, we may find our recruiting efforts more challenging.

In addition, one of our business strategies is to supplement our small core team of generalists with a large number of specialist contractors, managed by third-party vendors, from around the world. For example, we rely on certain third-party vendors to provide a specialized on-demand workforce to provide 24/7 real-time chat support and free phone onboarding for every Expensify.com member. We also intend to use this strategy to pair our core group of engineering generalists with a global network of open source engineering specialists, such as for the development and maintenance of our open-source financial group chat. If we are unable to attract a sufficient number of specialized on-demand workers, or if changes to applicable foreign, state and local laws governing the definition or classification of independent contractors make it difficult or impossible for us to hire a sufficient number of specialized on-demand workers in a cost-effective manner, our costs could increase and our business, results of operations and financial condition could be harmed.

Job candidates and existing employees often consider the value of the equity awards they receive in connection with their employment. The incentives to attract, retain and motivate employees provided by our equity awards or other compensation arrangements may not be as effective as in the past. If the perceived value of our stock declines, it may adversely affect our ability to recruit and retain highly skilled employees.

Many of the companies with which we compete for experienced personnel have greater resources than we have. If we hire employees from competitors or other companies, their former employers may attempt to assert that these employees or our company have breached their legal obligations, resulting in a diversion of our time and resources.

Our recruiting efforts may also be limited by laws and regulations, such as restrictive immigration laws, and restrictions on travel or availability of visas (including during the ongoing COVID-19 pandemic). If we do not succeed in attracting excellent personnel or retaining or motivating existing personnel, we may be unable to innovate quickly enough to support our business model or grow effectively.

Our culture has contributed to our success, and if we cannot maintain this culture as we grow, we could lose the high employee engagement fostered by our culture, which could harm our business.

We believe that a critical component of our success has been our culture, which is deeply embedded in everything we do. Our culture is centered on a belief that a life well lived is one that enables you to achieve the following three goals: Live Rich, Have Fun and Save the World. We have invested substantial time and resources in building our team with an emphasis on collaboration and innovation, ensuring customer success and a commitment to diversity and inclusion. We invest in our culture to create fun, diverse and memorable experiences for our employees, including employee travel to

company-wide meetings in the U.S. and abroad. As we continue to grow and develop the infrastructure associated with being a public company, we will need to maintain our culture among a larger number of employees dispersed in various geographic regions. Any failure to preserve our culture could negatively affect our future success, including our ability to retain and recruit personnel.

If we fail to effectively manage our growth, our business and results of operations could be harmed.

We experienced rapid growth and increased demand for our platform prior to the COVID-19 pandemic. Our revenue grew from \$53.9 million in 2018 to \$80.5 million in 2019 to \$88.1 million in 2020, but our headcount remained consistent, with 131 employees as of December 31, 2018, 127 employees as of December 31, 2019 and 133 employees as of December 31, 2020. Comparing 2020 to 2021, our revenue has grown from \$88.1 million to \$142.8 million, respectively, but our headcount remained relatively consistent, with 133 employees as of December 31, 2020 and 144 employees as of December 31, 2021. The growth and expansion of our business and platform may place a significant strain on our management and our administrative, operational and financial reporting resources. Our ability to accurately plan for and model future growth is limited and subject to a number of uncertainties, due in part to our global operations, customer preferences and mix of products and features. We have encountered, and will continue to encounter, risks and uncertainties frequently experienced by growing companies in rapidly changing industries. If our assumptions regarding these risks and uncertainties, which we use to plan our business strategies and operations, are incorrect or change due to industry or market developments, or if we do not address these risks successfully, our operating results could differ materially from our expectations and our business could suffer. For example, we are required to manage multiple relationships with various strategic, integration and channel partners, customers and other third parties. In the event of further growth of our operations or in the number of our third-party relationships, our computer systems, procedures, or internal controls may not be adequate to support our operations, and our management may not be able to manage such growth effectively. To effectively manage our growth, we must continue to implement and improve our operational, financial and management information and reporting systems and manage our employee base. In addition, as we seek to continue to expand internationally, we will likely encounter unexpected challenges and expenses due to unfamiliarity with local regulations, requirements, practices and markets.

Our payments services and our Expensify Card are targets for illegal or improper uses, and our risk management efforts may not be effective, which could expose us to losses and liability and otherwise harm our business.

We offer payments services and the Expensify Card to our customers, and we are responsible for vetting and monitoring these customers and determining whether the transactions we process for them are legitimate. When our features and services are used to process illegitimate transactions, and we settle those funds to sellers and are unable to recover them, we suffer losses and liability. These types of illegitimate transactions can also expose us to governmental and regulatory sanctions. The highly automated nature of, and liquidity offered by, our payments services make us a target for illegal or improper uses, including fraudulent or illegal sales of goods or services, money laundering and terrorist financing. Identity thieves and those committing fraud using stolen or fabricated credit card or bank account numbers, or other deceptive or malicious practices, can potentially steal significant amounts of money from our business. In configuring our payments services, we face an inherent trade-off between security and customer convenience. Our risk management policies, procedures, techniques and processes may not be sufficient to identify all of the risks to which we are exposed, to enable us to mitigate the risks we have identified, or to identify additional risks to which we may become subject in the future. In addition, when we introduce new services, focus on new business types, or begin to operate in markets where we have a limited history of fraud loss, we may be less equipped to forecast and reserve accurately for those losses. Furthermore, if our risk management policies and processes contain errors or are otherwise ineffective, we may suffer large financial losses, we may be subject to civil and criminal liability, and our business may be materially and adversely affected.

We are currently, and will continue to be, exposed to risks associated with chargebacks and refunds in connection with payment card fraud or relating to the goods or services provided by our sellers. In the event that a billing dispute between a cardholder and a seller is not resolved in favor of the seller, including in situations where the seller engaged in fraud, the transaction is typically “charged back” to the seller and the purchase price is credited or otherwise refunded to the cardholder. If we are unable to collect chargeback or refunds from the seller’s account, or if the seller refuses to or is unable to reimburse us for a chargeback or refunds due to closure, bankruptcy, or other reasons, we may bear the loss for the amounts paid to the cardholder. We do not collect and maintain reserves from our sellers to cover these potential losses. The risk of chargebacks is typically greater with those of our sellers that promise future delivery of goods and services, which we allow on our service. If we are unable to maintain our losses from chargebacks at acceptable levels, the payment card networks could fine us, increase our transaction fees, or terminate our ability to process payment cards. Any increase in our transaction fees could damage our business, and if we were unable to accept payment cards, our business would be materially and adversely affected.

If we experience excessive fraudulent activity, we could incur substantial costs and lose the right to accept credit cards for payment, which could cause our customer base to decline significantly.

A large portion of our paying customers authorize us to bill their credit card accounts through our third-party payment processing partners for our paid subscription plans. If customers pay for their subscription plans with stolen credit cards, we could incur substantial third-party vendor costs for which we may not be reimbursed. Further, our customers provide us with credit card billing information online, and we do not review the physical credit cards used in these transactions, which increases our risk of exposure to fraudulent activity. We also incur chargebacks from the credit card companies for claims that the customer did not authorize the credit card transaction for subscription plans, something that we have experienced in the past. If the number of claims of unauthorized credit card transactions becomes excessive, we could be assessed substantial fines for excess chargebacks, and we could lose the right to accept credit cards for payment. In addition, credit card issuers may change merchant standards, including data protection and documentation standards, required to utilize their services from time to time. Our third-party payment processing partners must also maintain compliance with current and future merchant standards to accept credit cards as payment for our paid subscription plans. Substantial losses due to fraud or our inability to accept credit card payments would cause our customer base to significantly decrease and would harm our business.

We are transitioning our offices to co-working spaces, which we call lounges, and may expand to additional lounges. This process is expensive, may not achieve our intended goals, and could expose us to additional risks.

Prior to the COVID-19 pandemic, we began to transition our offices to co-working spaces, which we call lounges, with the goal of enhancing our culture and our brand by creating flexible workspaces that can be shared by Expensify employees and certain Expensify members. We have spent significant resources on this initiative, which has been disrupted by the pandemic. While we expect to open these lounges to certain members in the near term, there is no assurance that they will be successful in the post-pandemic business climate. In addition, we may be exposed to additional risks by allowing non-employees to use our lounges, including increased risk of litigation, theft, data privacy and cybersecurity breaches, and because we have very limited experience managing co-working spaces, we may not adequately balance managing these risks with our goals for these spaces. Furthermore, these lounges are subject to different rules and regulations than our normal operations, and which differ from location to location, and a failure to properly comply with such rules and regulations, due to our limited experience managing co-working spaces or otherwise, could result in regulatory action or fines. If we are unable to achieve our desired results, or if we are required to limit or suspend use of our lounges for an extended period of time for any reason, this initiative may be unsuccessful, which could damage our business, our culture and our brand.

Sales to customers outside the United States and our international operations expose us to risks inherent in international sales and operations.

Our revenue generated from customers outside the United States was \$15.2 million (11% of our revenue), and \$9.0 million (10% of our revenue), for the annual periods ended December 31, 2021 and 2020, respectively. Our core geographies are the United States, the United Kingdom, Canada and Australia. We intend to pursue expansion of our international operations. Operating in international markets requires significant resources and management attention and subjects us to regulatory, economic and political risks that are different from those in the United States. In addition, we face risks in doing business internationally that could adversely affect our business and results of operations, including:

- the need to localize and adapt our platform and features for specific countries, including translation into foreign languages, tax and regulatory updates and associated expenses;
- data privacy laws that impose different and potentially conflicting obligations with respect to how personal data is processed or require that customer data be stored in a designated territory;
- more fragmented partner market which proves to be harder for our platform to integrate with;
- difficulties in staffing and managing foreign operations;
- regulatory and other delays and difficulties in setting up foreign operations;
- different pricing environments, longer accounts receivable payment cycles and collections issues;
- new and different sources of competition;
- weaker protection for intellectual property and other legal rights than in the United States and practical difficulties in enforcing intellectual property and other rights outside of the United States;
- laws and business practices favoring local competitors;
- compliance challenges related to the complexity of multiple, conflicting and changing governmental laws and regulations;
- exposure to liabilities under anti-corruption and anti-money laundering laws, including the U.S. Foreign Corrupt Practices Act (FCPA), U.S. bribery laws, the UK Bribery Act and similar laws and regulations in other jurisdictions;
- increased financial accounting and reporting burdens and complexities;
- declines in the values of foreign currencies relative to the U.S. dollar;
- restrictions on the transfer of funds;
- potentially adverse tax consequences;
- the cost of and potential outcomes of any claims or litigation;
- future accounting pronouncements and changes in accounting policies;
- changes in tax laws or tax regulations;
- health or similar issues, such as a pandemic or epidemic; and
- regional and local economic and political conditions.

As we continue to expand our business globally, our success will depend, in large part, on our ability to anticipate and effectively manage these risks. These factors and others could harm our ability to increase international revenue and, consequently, would materially impact our business and results of

operations. The expansion of our existing international operations and entry into additional international markets will require significant management attention and financial resources. Our failure to successfully manage our international operations and the associated risks effectively could limit the future growth of our business.

We may be adversely affected by global economic and political instability.

As we seek to expand our business globally, our overall performance will depend in part on worldwide economic and geopolitical conditions. Economies domestically and internationally have been affected from time to time by falling demand for a variety of goods and services, restricted credit, poor liquidity, reduced corporate profitability, employment pressures in services sectors, volatility in credit, equity and foreign exchange markets, bankruptcies and outbreaks of COVID-19, as well as war, terrorist activity, political unrest, civil strife and other geopolitical uncertainty, and the resulting impact on business continuity and travel, supply chain disruptions, inflation, security issues, and overall uncertainty with respect to the economy, including with respect to tariff and trade issues.

For example, on February 24, 2022, Russian military forces invaded Ukraine, and sustained conflict and disruption in the region is likely. Although the length, impact and outcome of the ongoing military conflict in Ukraine is highly unpredictable, this conflict could lead to significant market and other disruptions, including significant volatility in commodity prices and supply of energy resources, instability in financial markets, supply chain interruptions, political and social instability, changes in consumer or purchaser preferences as well as an increase in cyberattacks and espionage.

Russia's recognition of two separatist republics in the Donetsk and Luhansk regions of Ukraine and subsequent military action against Ukraine have led to an unprecedented expansion of sanction programs imposed by the United States, the European Union, the United Kingdom, Canada, Switzerland, Japan and other countries against Russia, Belarus, the Crimea Region of Ukraine, the so-called Donetsk People's Republic and the so-called Luhansk People's Republic. The situation is rapidly evolving as a result of the conflict in Ukraine, and the United States, the European Union, the United Kingdom and other countries may implement additional sanctions, export controls or other measures against Russia, Belarus and other countries, regions, officials, individuals or industries in the respective territories. Such sanctions and other measures, as well as the existing and potential responses from Russia or other countries to such sanctions, tensions and military actions, could adversely affect the global economy and financial markets, which could in turn have a material adverse effect on our business, financial condition and results of operations.

We are actively monitoring the situation in Ukraine and assessing its impact on our business, but to date have not experienced any material impact. We have no way to predict the progress or outcome of the conflict in Ukraine or its impacts in Ukraine, Russia or Belarus as the conflict, and any resulting government reactions, are rapidly developing and beyond our control. The extent and duration of the military action, sanctions and resulting market disruptions could be significant and could potentially have a substantial impact on the global economy and our business for an unknown period of time. As the adverse effects of this conflict continue to develop and potentially spread, both in Europe and through the rest of the world, our customers, and customer behavior, may be negatively impacted, which could negatively affect subscription renewal rates and overall demand across our platform. Further or prolonged impacts on the global economy could also cause businesses to curtail business expenses, which could hinder our ability to attract new customers or result in fewer expense reimbursements among our existing customers and, thus, less frequent use of our platform. It is not possible to predict the ultimate broader consequences of this conflict, and any of the abovementioned factors could have a material adverse effect on our business, financial condition and results of operations, particularly to the extent the conflict escalates to involve additional countries, further economic sanctions and wider military conflict. Any such disruptions could also magnify the impact of other risks described in this Annual Report on Form 10-K.

In addition, political instability or adverse political developments and new or continued economic deterioration, including as a result to the withdrawal by many global central banks of stimulus

measures deployed during the peak of the COVID-19 pandemic, in any of the countries in which we operate could harm our business, results of operations and financial condition.

We face exposure to foreign currency exchange rate fluctuations.

While we have historically transacted in U.S. dollars with the majority of our customers and vendors, we have transacted in some foreign currencies with such parties and for our payroll in those foreign jurisdictions where we have operations, and expect to continue to transact in more foreign currencies in the future. Accordingly, declines in the value of foreign currencies relative to the U.S. dollar can adversely affect our revenue and results of operations due to remeasurement that is reflected in our earnings. Also, fluctuations in the values of foreign currencies relative to the U.S. dollar could make it more difficult to detect underlying trends in our business and results of operations.

We are subject to anti-corruption, anti-bribery, anti-money laundering and similar laws. Non-compliance with such laws can subject us to criminal and/or civil liability and harm our business.

We must comply with anti-corruption laws and regulations imposed by governments around the world with jurisdiction over our operations, which may include the U.S. Foreign Corrupt Practices Act of 1977 (the "FCPA") and the U.K. Bribery Act 2010 (the "Bribery Act"), as well as the laws of the countries where we do business. These laws and regulations apply to companies, individual directors, officers, employees and agents, and may restrict our operations, trade practices, investment decisions and partnering activities. Where they apply, the FCPA and the Bribery Act prohibit us and our officers, directors, employees and business partners acting on our behalf, including joint venture partners and agents, from corruptly offering, promising, authorizing or providing anything of value to public officials for the purposes of influencing official decisions or obtaining or retaining business or otherwise obtaining favorable treatment. The Bribery Act also prohibits non-governmental "commercial" bribery and accepting bribes. As part of our business, we may deal with governments and state-owned business enterprises, the employees and representatives of which may be considered public officials for purposes of the FCPA and the Bribery Act. We also are subject to the jurisdiction of various governments and regulatory agencies around the world, which may bring our personnel and agents into contact with public officials responsible for issuing or renewing permits, licenses or approvals or for enforcing other governmental regulations. In addition, some of the international locations in which we operate lack a developed legal system and have elevated levels of corruption.

Our wholly owned subsidiary, Expensify Payments LLC, is registered as a "Money Services Business" with the U.S. Department of Treasury's Financial Crimes Enforcement Network ("FinCEN"), and subject to regulatory oversight and enforcement by FinCEN under the Bank Secrecy Act, as amended by the USA PATRIOT Act of 2001 (the "BSA"). Among other things, the BSA requires money services businesses to develop and implement risk-based anti-money laundering programs, report large cash transactions and suspicious activity and maintain transaction records. The BSA prohibits, among other things, our involvement in transferring the proceeds of criminal activities. Regulators in the United States and globally may require us to further revise or expand our compliance program, including the procedures we use to verify the identity of our customers and to monitor international and domestic transactions. In addition, we are contemplating offering certain products in the future that may require us to obtain licenses to operate as a money transmitter (or its equivalent) in various states and territories where such licenses are required. We have already obtained such licenses in certain states and have pending license applications in others. If we are unable to obtain a license to operate as a money transmitter, our ability to grow certain of our services may be limited. As a licensed money transmitter, we would be subject to obligations and restrictions with respect to the handling and investment of customer funds, record keeping and reporting requirements, bonding requirements and inspection by state regulatory agencies.

There are substantial costs and potential changes to our offerings involved in obtaining, maintaining and renewing these licenses and registrations. We could be subject to significant fines or other enforcement actions if we are found to violate disclosure, reporting, anti-money laundering, economic and trade sanctions, corporate governance and internal controls, banking secrecy, or other laws and

requirements. These factors could involve considerable delay to the development or provision of our offerings or services, require significant and costly operational changes, impose restrictions, limitations, or additional requirements on our business, or prevent us from providing our offerings or services in a given geography.

Our business also must be conducted in compliance with applicable economic and trade sanctions and export control laws and regulations, such as those administered and enforced by the U.S. Department of Treasury's Office of Foreign Assets Control, the U.S. Department of State, the U.S. Department of Commerce, the United Nations Security Council and other relevant sanctions authorities, which impose restrictions or prohibitions on the sale or supply of certain products or services to embargoed or sanctioned countries, governments, persons, and entities. Although we take precautions to prevent our platform from being provided in violation of such laws, our platform may have been in the past, and could in the future be, provided inadvertently in violation of such laws, despite the precautions we take. Our global operations expose us to the risk of violating, or being accused of violating, anti-corruption, anti-money laundering, export control and economic and trade sanctions laws and regulations. Our failure to comply with these laws and regulations may expose us to reputational harm as well as significant penalties, including criminal fines, imprisonment, civil fines, disgorgement of profits, injunctions and debarment from government contracts, as well as other remedial measures. Investigations of alleged violations can be expensive and disruptive. Despite our compliance efforts and activities we cannot assure compliance by our employees or representatives for which we may be held responsible, and any such violation could materially adversely affect our reputation, business, financial condition and results of operations.

We receive, process, store and use business and personal information, which subjects us to governmental regulation and other legal obligations related to data protection and security, and our actual or perceived failure to comply with such obligations could harm our business and expose us to liability.

We receive, process, store and use business and personal information belonging to our members and customers. There are numerous federal, state, local and foreign laws, regulations and standards regarding data protection and the storing, sharing, use, processing, disclosure and protection of business and personal information, and we may be subject to these laws in certain circumstances. Most states have also adopted data security breach laws that require notice be given to affected consumers in the event of a security breach. In the event of a security breach, our compliance with these laws may subject us to costs associated with notice and remediation, as well as potential investigations from federal regulatory agencies and state attorneys general. These laws continue to evolve in scope and are subject to differing interpretations, and may contain inconsistencies or pose conflicts with other legal requirements. We seek to comply with applicable laws, regulations, policies, legal obligations and industry standards and have developed privacy policies, data processing addenda and internal privacy procedures to reflect our practices designed to achieve such compliance. However, it is possible that these obligations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. A failure on our part to safeguard consumer data adequately or to destroy data securely or otherwise comply with legal obligations may subject us, depending on the personal information in question, to costs associated with notice and remediation, as well as potential regulatory investigations or enforcement actions, and possibly to civil liability, under federal, state, or foreign laws or regulation, industry standards, our internal privacy policies and procedures, or our contracts governing our processing of personal information claims by third parties, and damage to our reputation, any of which could have an adverse effect on our operations, financial performance and business. We could also incur significant costs investigating and defending such claims and, if we are found liable, significant damages.

Data protection regulation is an area of increased focus and changing requirements. Any significant change in applicable laws, regulations, or industry practices regarding the use or disclosure of our members' or customers' data, or regarding the manner in which the express or implied consent of members or customers for the use and disclosure of such data is obtained, could require us to modify

our platform, possibly in a material manner, and may limit our ability to develop new services and features that make use of the data that our members and customers voluntarily share.

For example, the EU General Data Protection Regulation (the "GDPR") imposes stringent data protection requirements for processing the personal data of individuals within the European Economic Area (the "EEA"). The GDPR enhances data protection obligations for processors and controllers of personal information, including, for example, expanded disclosure requirements, limitations on retention of personal information, mandatory data breach notification requirements and additional obligations. Non-compliance with the GDPR can trigger fines of up to the greater of €20 million or 4% of our global revenue. Among other requirements, the GDPR regulates transfers of personal data subject to the GDPR to third countries that have not been found to provide adequate protection to such personal data, including the United States, and the efficacy and longevity of current transfer mechanisms between the E.U. and the United States remains uncertain. For example, in 2016, the E.U. and United States agreed to a transfer framework for data transferred from the E.U. to the United States, called the Privacy Shield, but the Privacy Shield was invalidated in July 2020 by the Court of Justice of the European Union ("CJEU"). The CJEU also raised questions about whether the European Commission's Standard Contractual Clauses, one of the primary mechanisms used by companies to transfer personal information out of the EEA, complies with the GDPR. While the CJEU upheld the validity of the Standard Contractual Clauses, the CJEU ruled that the underlying data transfers must be assessed on a case-by-case basis by the data controller to determine whether the personal information will be adequately protected. At present, there are few if any viable alternatives to the Standard Contractual Clauses and, therefore, there is uncertainty regarding how to ensure that transfers of personal information from Europe to the United States comply with the GDPR. As such, any transfers by us of personal information from Europe may not comply with European data protection laws and may increase our exposure to the GDPR's heightened sanctions for violations of its cross-border data transfer restrictions. Loss of our ability to transfer personal information from Europe may also require us to increase our data processing capabilities in those jurisdictions at significant expense.

Further, following the United Kingdom's withdrawal from the E.U. and the end of the related transition period, as of January 1, 2021, companies may be subject to both GDPR and the United Kingdom GDPR, or UK GDPR, which, together with the amended UK Data Protection Act 2018, retains the GDPR in UK national law. The UK GDPR mirrors the fines under the GDPR, imposing fines up to the greater of €20 million (£17.5 million) or 4% of global turnover. The relationship between the United Kingdom and the E.U. in relation to certain aspects of data protection law remains unclear, and it is unclear how United Kingdom data protection laws and regulations will develop in the medium to longer term, and how data transfers to and from the United Kingdom will be regulated in the long term. These changes will lead to additional costs and increase our overall risk exposure. Currently there is a four to six-month grace period agreed in the E.U. and United Kingdom Trade and Cooperation Agreement, ending June 30, 2021 at the latest, while the parties discuss an adequacy decision. The European Commission published a draft adequacy decision on February 19, 2021. If adopted, the decision will enable data transfers from E.U. member states to the United Kingdom for a four-year period, subject to subsequent extensions. While we have instituted a GDPR compliance strategy and program that we continue to evaluate and improve as our platform changes and expands, we still do not know how E.U. regulators will interpret or enforce many aspects of the GDPR, and some regulators may do so in an inconsistent manner, making such a prediction even more difficult.

In addition to the E.U., a growing number of other global jurisdictions are considering or have passed legislation implementing data protection requirements or requiring local storage and processing of data or similar requirements that could increase the cost and complexity of delivering our platform, particularly as we expand our operations internationally. Some of these laws, such as the General Data Protection Law in Brazil, or the Act on the Protection of Personal Information in Japan, impose similar obligations as those under the GDPR. Others, such as those in Russia, India and China, could potentially impose more stringent obligations, including data localization requirements. If we are unable to develop and offer features that meet legal requirements or help our members and customers meet their obligations under the laws or regulations relating to privacy, data protection, or information

security, or if we violate or are perceived to violate any laws, regulations, or other obligations relating to privacy, data protection, or information security, we may experience reduced demand for our platform, harm to our reputation and become subject to investigations, claims and other remedies, which would expose us to significant fines, penalties and other damages, all of which would harm our business. Further, given the breadth and depth of changes in global data protection obligations, compliance has caused us to expend significant resources, and such expenditures are likely to continue into the future as we continue our compliance efforts and respond to new interpretations and enforcement actions.

The data protection landscape is also rapidly growing and evolving in the United States. As our operations and business grow, we may become subject to or affected by new or additional data protection laws and regulations and face increased scrutiny or attention from regulatory authorities. For example, the California Consumer Privacy Act of 2018 (the "CCPA") came into effect on January 1, 2020. The CCPA requires companies that process information on California residents to make new disclosures to consumers about their data collection, use and sharing practices, allows consumers to opt out of certain data sharing with third parties and exercise certain individual rights regarding their personal information, provides a new cause of action for data breaches, and provides for penalties for noncompliance of up to \$7,500 per violation. While we are positioned as a "service provider" under the CCPA with respect to most of our data activities, have conducted a CCPA compliance review process, and do not currently share data with third parties in a way that would be currently considered a "sale" under the CCPA, some observers have noted that the CCPA could mark the beginning of a trend toward more stringent privacy legislation in the United States, which means that despite our efforts, an expansive reading of the CCPA could increase our potential liability and adversely affect our business. Additionally, the California Privacy Rights Act (the "CPRA") was recently passed in California. The CPRA will impose additional data protection obligations on covered businesses, including additional consumer rights processes, limitations on data uses, new audit requirements for higher risk data, and opt outs for certain uses of sensitive data. It will also create a new California data protection agency authorized to issue substantive regulations and could result in increased privacy and information security enforcement. The majority of the CPRA provisions will go into effect on January 1, 2023, and additional compliance investment and potential business process changes may be required. Similar laws have been proposed, and likely will be proposed, in other states and at the federal level, and if passed, such laws may have potentially conflicting requirements that would make compliance challenging. For example, on March 2, 2021, the Virginia Consumer Data Protection Act ("CDPA") was signed into law. The CDPA becomes effective January 1, 2023 and contains provisions that require businesses subject to the legislation to conduct data protection assessments in certain circumstances and that require opt-in consent from Virginia consumers to process certain sensitive personal information.

Furthermore, the Federal Trade Commission (the "FTC") and many state Attorneys General continue to enforce federal and state consumer protection laws against companies for online collection, use, dissemination and security practices that appear to be unfair or deceptive. For example, according to the FTC, failing to take appropriate steps to keep consumers' personal information secure can constitute unfair acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act. The FTC expects a company's data security measures to be reasonable and appropriate in light of the sensitivity and volume of consumer information it holds, the size and complexity of its business, and the cost of available tools to improve security and reduce vulnerabilities. There are a number of legislative proposals in the United States, at both the federal and state level, and in the E.U. and more globally, that could impose new obligations in areas such as e-commerce and other related legislation or liability for copyright infringement by third parties. We cannot yet determine the impact that these future laws, regulations and standards may have on our business.

In addition to laws relating to data privacy and security, we are subject to self-regulatory standards and industry certifications that may legally or contractually apply to us. These include the Payment Card Industry Data Security Standards ("PCI-DSS") with which we are currently compliant. In the event that we fail to comply with the PCI-DSS, we could be in breach of our obligations under customer and other

contracts, fines and other penalties could result, and we may suffer reputational harm and damage to our operations, financial performance, reputation and business. Further, our clients may expect us to comply with more stringent privacy and data security requirements than those imposed by laws, regulations, or self-regulatory requirements, and we may be obligated contractually to comply with additional or different standards relating to our handling or protection of data on or by our offerings.

Changes in laws and regulations related to the Internet or changes in the internet infrastructure itself may diminish the demand for our applications, and could have a negative impact on our business.

The future success of our business depends upon the continued use of the Internet as a primary medium for commerce, communication and business. Federal, state and foreign government bodies or agencies have in the past adopted, and may in the future adopt, laws or regulations affecting the use of the Internet as a commercial medium. Changes in these laws or regulations could require us to modify our applications in order to comply with these changes. In addition, government agencies or private organizations may impose taxes, fees or other charges for accessing the Internet or commerce conducted via the Internet. These laws or charges could limit the growth of Internet-related commerce or communications generally, or result in reductions in the demand for Internet-based applications such as ours.

In addition, the use of the Internet as a means of conducting business could be adversely affected due to delays in the development or adoption of new standards and protocols to handle increased demands of Internet activity, security, reliability, cost, ease of use, accessibility and quality of service. The performance of the Internet has been adversely affected by “viruses,” “worms” and similar malicious programs and the Internet has experienced a variety of outages and other delays as a result of damage to portions of its infrastructure. If the use of the Internet is adversely affected by these issues, demand for our applications could suffer.

If we fail to manage our technical operations infrastructure, or experience service outages, interruptions, or delays in the deployment of our platform, our results of operations may be harmed.

Because our operations involve delivering a suite of preaccounting features to our customers through a cloud-based software platform, our continued growth depends in part on the ability of our platform and related computer equipment, infrastructure and systems to continue to support our features. In the past, we have experienced temporary platform disruptions, outages in our features and degraded levels of performance due to human and software errors, file corruption and capacity constraints associated with the number of customers accessing our platform simultaneously. While our past experiences have not materially impacted us, in the future we may face more disruptions, outages, or performance problems. Factors that may cause such disruptions or problems include:

- human error;
- security breaches;
- telecommunications failures or outages from third-party providers;
- computer viruses, malware, vulnerability exploits, or cyber-attacks;
- software errors, failures, vulnerabilities or bugs in our features;
- acts of terrorism, sabotage or other intentional acts of vandalism;
- unforeseen interruption or damages;
- pandemics and epidemics;
- tornados, fires, earthquakes, floods and other natural disasters; and

- power loss.

In addition, continued growth in our customer base could place additional demands on our platform and features and could cause or exacerbate slowdowns or interrupt the availability of our platform. As we expand our platform capabilities to other features, like the Expensify Card, those new features may come with different technological demands, like real time transactions. If we are unable to plan or develop our platform accordingly, it could have a negative impact on our business. If there is a substantial increase in the volume of usage across our platform, we will be required to further expand and upgrade our technology and infrastructure. There can be no assurance that we will be able to accurately project the rate or timing of increases, if any, in the use of our platform or expand and upgrade our systems and infrastructure to accommodate such increases on a timely basis. In such cases, if our members are not able to access our platform and features or encounter slowdowns when doing so, we may lose customers or partners, which would adversely impact our reputation and revenue. Further, any changes in the service levels at our data centers or any errors, defects, disruptions or other performance problems with our network infrastructure may result in lengthy interruptions in the availability of our platform and features. In such cases, we may lose our customers' trust and confidence in our platform, and customer and employee data from recent transactions may be permanently lost and we could be exposed to significant claims by clients, particularly if the access interruption is associated with problems in the timely delivery of funds due to employees. In order to remain competitive, we must continue to enhance and improve the responsiveness, functionality and features of our platform and products. Our disaster recovery plan may not be sufficient to address all aspects or any unanticipated consequence or incidents, and our insurance may not be sufficient to compensate us for the losses that could occur.

We lease the cloud computing infrastructure that we use to host our platform, mobile application and many of the internal tools we use to operate our business. Any significant disruption of, limitation of our access to, or other interference with our use of the cloud services would negatively impact our operations and could seriously harm our business. Our business relies on the availability of our platform for our members and customers, and we may lose members or customers if they are not able to access our platform or encounter difficulties in doing so.

In addition, we rely on third-party hosting services, hardware and infrastructure purchased or leased from third parties and software licensed from third parties to operate critical business functions. Our business would be disrupted if any of this third-party hardware, software and infrastructure becomes unavailable on commercially reasonable terms, or at all. Furthermore, delays or complications with respect to the transition of critical business functions from one third-party product to another, or any errors or defects in third-party hardware, software, or infrastructure could result in errors or a failure of our platform, which could harm our business and results of operations.

Moreover, our platform and features depend on our customers' high speed broadband or wireless access to the Internet. Increasing numbers of customers and bandwidth requirements may degrade the performance of our features due to capacity constraints and other Internet infrastructure limitations, and additional network capacity to maintain adequate data transmission speeds may be unavailable or unacceptably expensive. If adequate capacity is not available to us, our features may be unable to achieve or maintain sufficient data transmission, reliability, or performance. In addition, if Internet service providers and other third parties providing Internet services, including incumbent phone companies, cable companies and wireless companies, have outages or suffer deterioration in their quality of service, our customers may not have access to or may experience a decrease in the quality of our platform and features. These providers may take measures that block, degrade, discriminate, disrupt, or increase the cost of customer access to our features. Any of these disruptions to data transmission could lead customers to switch to our competitors or avoid using our features, which could negatively impact our revenue or harm our opportunities for growth.

We rely upon data centers and other systems and technologies provided by third parties to operate our business, and interruptions or performance problems with these centers, systems and technologies may adversely affect our business and operating results.

We rely on data centers and other technologies and services provided by third parties in order to operate our business. If any of these services becomes unavailable or otherwise is unable to serve our requirements, there could be a delay in activating a mirrored data center or our disaster recovery system.

Our business depends on our ability to protect the growing amount of information stored in our data centers and related systems, offices and hosting facilities, against damage from earthquake, floods, fires, other extreme weather conditions, power loss, telecommunications failures, hardware failures, unauthorized intrusion, overload conditions and other events. If our data centers or related systems fail to operate properly or become disabled even for a brief period of time, we could suffer financial loss, a disruption of our business, liability to customers, or damage to our reputation. Our response to any type of disaster may not be successful in preventing the loss of customer data, service interruptions and disruptions to our operations, or damage to our important facilities.

Our data center providers have no obligations to renew their agreements with us on commercially reasonable terms, or at all, and it is possible that we will not be able to switch our operations to another provider in a timely and cost effective manner should the need arise. If we are unable to renew our agreements with these providers on commercially reasonable terms, or if in the future we add additional data center facility providers, we may face additional costs or expenses or downtime, which could harm our business.

Any unavailability of, or failure to meet our requirements by, third party data centers, technologies, or services, could impede our ability to provide services to our customers, harm our reputation, subject us to potential liabilities, result in contract terminations and adversely affect our customer relationships. Any of these circumstances could adversely affect our business and operating results.

If we are unable to ensure that our platform interoperates with a variety of software applications that are developed by others, including our integration partners, we may become less competitive and our business, results of operations and financial condition may be harmed.

Our platform must integrate with a variety of hardware and software platforms, and we need to continuously modify and enhance our platform to adapt to changes in hardware, software and browser technologies. In particular, we have developed our platform to be able to easily integrate with third-party applications, including the applications of software providers that compete with us as well as our partners, through the interaction of APIs and/or platforms. In general, we rely on the providers of such software systems to allow us access to their APIs to enable these integrations. We are typically subject to standard terms and conditions of such providers, which govern the distribution, operation and fees of such software systems, and which are subject to change by such providers from time to time. Our business will be harmed if any provider of such software systems:

- discontinues or limits our access to its software or APIs;
- modifies its terms of service or other policies, including fees charged to, or other restrictions on us, or other application developers;
- changes how information is accessed by us or our customers;
- establishes more favorable relationships with one or more of our competitors; or
- develops or otherwise favors its own competitive offerings over our platform.

Third-party services and products are constantly evolving, and we may not be able to modify our platform to assure its compatibility with that of other third parties. In addition, some of our competitors may be able to disrupt the operations or compatibility of our platform with their products or services, or

exert strong business influence on our ability to, and terms on which we operate our platform. Should any of our competitors modify their products or standards in a manner that degrades the functionality of our platform or gives preferential treatment to competitive products or services, whether to enhance their competitive position or for any other reason, the interoperability of our platform with these products could decrease and our business, results of operations and financial condition would be harmed. If we are not permitted or able to integrate with these and other third-party applications in the future, our business, results of operations and financial condition would be harmed.

Further, our platform includes a mobile application to enable individuals and organizations to access our platform through their mobile devices. If our mobile application does not perform well, our business will suffer. In addition, our platform interoperates with servers, mobile devices and software applications predominantly through the use of protocols, many of which are created and maintained by third parties. We therefore depend on the interoperability of our platform with such third-party services, mobile devices and mobile operating systems, as well as cloud-enabled hardware, software, networking, browsers, database technologies and protocols that we do not control. The loss of interoperability, whether due to actions of third parties or otherwise, and any changes in technologies that degrade the functionality of our platform or give preferential treatment to competitive services could adversely affect adoption and usage of our platform. Also, we may not be successful in developing or maintaining relationships with key participants in the mobile industry or in ensuring that Expensify operates effectively with a range of operating systems, networks, devices, browsers, protocols and standards. If we are unable to effectively anticipate and manage these risks, or if it is difficult for customers to access and use our platform, our business, results of operations and financial condition may be harmed.

We rely on third parties maintaining open marketplaces to distribute our mobile application. If such third parties interfere with the distribution of our platform, our business would be adversely affected.

We rely on third parties maintaining open marketplaces, including the Apple App Store and Google Play, which make our mobile application available for download. We cannot assure you that the marketplaces through which we distribute our mobile application will maintain their current structures or that such marketplaces or any new marketplaces will not charge us additional fees to list our application for download. We are also dependent on these third-party marketplaces to enable us and our members to timely update our mobile application, and to incorporate new features, integrations and capabilities.

In addition, Apple Inc. and Google, among others, for competitive or other reasons, could stop allowing or supporting access to our mobile application through their products, could allow access for us only at an unsustainable cost, or could make changes to the terms of access in order to make our mobile application less desirable or harder to access.

We rely on traditional web search engines and prominence in mobile application marketplaces to drive interest in our platform. If our website fails to rank prominently in organic search results, or our mobile application is not featured prominently in marketplaces, the discoverability of our platform could decline and our business would be adversely affected.

Our success depends in part on our discoverability – our ability to attract new members through unpaid Internet search results on traditional web search engines such as Google and through the prominence of our mobile application in open marketplaces. The number of members we are able to attract through these platforms is due in large part to how our website ranks in organic search results and how our mobile application ranks against similar applications. These rankings can be affected by a number of factors, many of which are not in our direct control, and they may change frequently. For example, a search engine may change its ranking algorithms, methodologies, or design layouts. As a result, links to our website may not be prominent enough to drive traffic to our website, and we may not know how or otherwise be in a position to influence the results. Any reduction in our discoverability could reduce our revenue or require us to increase our sales and marketing expenditures.

Third parties may claim that our platform infringes their intellectual property rights and this may create liability for us or otherwise adversely affect our business, operating results and financial condition.

There is considerable patent and other intellectual property litigation in our industry. Our competitors, as well as a number of other entities, including non-practicing entities and individuals, may own or claim to own intellectual property relating to our industry. There may be third-party intellectual property rights, including issued or pending patents, that cover significant aspects of our technologies or business methods. As we face increasing competition and our public profile increases, the possibility of intellectual property rights claims against us may also increase. From time to time, our competitors or other third parties have claimed, and may in the future claim, that we are infringing upon, misappropriating, or violating their intellectual property rights, even if we are unaware of the intellectual property rights that such parties may claim cover our platform or some or all of the other technologies we use in our business.

Our success depends, in part, on our ability to develop and commercialize our solutions and services without infringing, misappropriating or otherwise violating the intellectual property rights of third parties. In a patent infringement claim against us, we may assert, as a defense, that we do not infringe the relevant patent claims, that the patent is invalid or both. The strength of our defenses will depend on the patents asserted, the interpretation of these patents, and our ability to invalidate the asserted patents. However, we could be unsuccessful in advancing non-infringement or invalidity arguments in our defense. In the United States, issued patents enjoy a presumption of validity, and the party challenging the validity of a patent claim must present clear and convincing evidence of invalidity, which is a high burden of proof. Conversely, the patent owner need only prove infringement by a preponderance of the evidence, which is a lower burden of proof. We may also be unaware of the intellectual property rights of others that may cover some or all of our technology. Because patent applications can take years to issue and are often afforded confidentiality for some period of time, there may currently be pending applications, unknown to us, that later result in issued patents that could cover one or more of our products and there is also a risk that we could adopt a technology without knowledge of a pending patent application, which technology would infringe a third-party patent once that patent is issued. Any litigation may also involve non-practicing entities or other adverse patent owners that have no relevant solution revenue, and therefore, our patent portfolio may provide little or no deterrence as we would not be able to assert our patents against such entities or individuals.

We may also face exposure to third party intellectual property infringement, misappropriation, or violation actions if we engage software engineers or other personnel who were previously engaged by competitors or other third parties and those personnel inadvertently or deliberately incorporate proprietary technology of third parties into our features. Any intellectual property claims, with or without merit, could be very time-consuming and expensive to settle or litigate, could cause us to incur significant expenses, pay substantial amounts in damages, ongoing royalty or license fees, or other payments, or could prevent us from offering all or aspects of our platform or using certain technologies, require us to re-engineer all or a portion of our platform or require that we comply with other unfavorable terms. The costs of litigation are considerable, and such litigation may divert management and key personnel's attention and resources, which might seriously harm our business, results of operations and financial condition. We may be required to settle such litigation on terms that are unfavorable to us. For example, a settlement may require us to obtain a license to continue practices found to be in violation of a third party's rights, which may not be available on reasonable terms and may significantly increase our operating expenses. A license to continue such practices may not be available to us at all. As a result, we may also be required to develop alternative non-infringing technology or practices or discontinue the practices. The development of alternative non-infringing technology or practices would require significant effort and expense. Similarly, if any litigation to which we may be a party fails to settle and we go to trial, we may be subject to an unfavorable judgment that may not be reversible upon appeal. For example, the terms of a judgment may require us to cease some or all of our operations or require the payment of substantial amounts to the other party. Any of these

events would cause our business and results of operations to be materially and adversely affected as a result.

We are also frequently required to indemnify our reseller partners and customers in the event of any third-party infringement claims against our customers and third parties who offer our platform, and such indemnification obligations may be excluded from contractual limitation of liability provisions that limit our exposure. These claims may require us to initiate or defend protracted and costly litigation on behalf of our customers and reseller partners, regardless of the merits of these claims. If any of these claims succeed, we may be forced to pay damages on behalf of our customers and reseller partners, may be required to modify our allegedly infringing platform to make it non-infringing, or may be required to obtain licenses for the products used. If we cannot obtain all necessary licenses on commercially reasonable terms, our customers may be forced to stop using our platform, and our reseller partners may be forced to stop selling our platform.

If we are unable to protect our intellectual property rights, the value of our brand and other intangible assets may be diminished, and our business may be adversely affected.

Our success is dependent, in part, upon protecting our intellectual property rights and proprietary information. We rely and expect to continue to rely on a combination of trademark, copyright, patent and trade secret protection laws to protect our intellectual property rights and proprietary information. Our trademarks and service marks include EXPENSIFY, SMARTSCAN and various marketing slogans. Additionally, we maintain a policy requiring our employees, consultants, independent contractors and third parties who are engaged to develop any material intellectual property for us to enter into confidentiality and invention assignment agreements to control access to and use of our proprietary information and to ensure that any intellectual property developed by such employees, contractors, consultants and other third parties are assigned to us. However, we cannot guarantee that the confidentiality and proprietary agreements or other employee, consultant, or independent contractor agreements we enter into adequately protect our intellectual property rights and other proprietary information. In addition, we cannot guarantee that these agreements will not be breached, that we will have adequate remedies for any breach, or that the applicable counter-parties to such agreements will not assert rights to our intellectual property rights or other proprietary information arising out of these relationships. If we lose valuable personnel, our ability to develop, market and support potential features or enhancements could also be hampered, which could severely harm our business. Furthermore, the steps we have taken and may take in the future may not prevent misappropriation of our proprietary features or technologies, particularly with respect to officers and employees who are no longer employed by us.

Moreover, third parties may knowingly or unknowingly infringe or circumvent our intellectual property rights, and we may not be able to prevent infringement without incurring substantial expense. Litigation brought to protect and enforce our intellectual property rights may be costly, time-consuming and distracting to management and key personnel, and could result in the impairment or loss of portions of our intellectual property. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights. If the protection of our intellectual property rights is inadequate to prevent use or misappropriation by third parties, the value of our brand and other intangible assets may be diminished and competitors may be able to more effectively mimic our platform and methods of operations. Any of these events would have a material adverse effect on our business, results of operations and financial condition.

Our proprietary rights may be difficult to enforce, which could enable others to copy or use aspects of our platform without compensating us and negatively affect our business.

Our future success and competitive position depends in part upon our ability to obtain or maintain certain intellectual property used in our platform. We rely primarily on patent, trademark, copyright and trade secrets laws and confidentiality procedures and contractual provisions to protect our technology. While we have been issued patents for certain aspects of our intellectual property in the United States

and have additional patent applications pending in the United States, we have not applied for patent protection in foreign jurisdictions, and may be unable to obtain patent protection for the technology covered in our patent applications. In addition, we cannot ensure that any of the patent applications will issue or that the claims allowed on any issued patents will be sufficiently broad to protect our technology or platform and provide us with competitive advantages. Moreover, failure to comply with applicable procedural, documentary, fee payment and other similar requirements with the United States Patent and Trademark Office could result in abandonment or lapse of the affected patent, trademark or application. Furthermore, any issued patents may be challenged, invalidated, or circumvented by third parties.

Many patent applications in the United States may not be public for at least 18 months after they are filed, and since publication of discoveries in the scientific or patent literature tends to lag behind actual discoveries by several months, we cannot be certain that we will be the first creator of inventions covered by any patent application we make or that we will be the first to file patent applications on such inventions. In addition, recent changes to the patent laws in the United States may bring into question the validity of certain software patents and may make it more difficult and costly to prosecute patent applications. Such changes may lead to uncertainties or increased costs and risks surrounding the prosecution, validity, ownership, enforcement and defense of our issued patents and patent applications and other intellectual property, the outcome of third-party claims of infringement, misappropriation, or other violation of intellectual property brought against us and the actual or enhanced damages (including treble damages) that may be awarded in connection with any such current or future claims, and could have a material adverse effect on our business.

We also rely on unpatented proprietary technology. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our technology or obtain and use information that we regard as proprietary. It is possible that others will independently develop the same or similar technology or otherwise obtain access to our unpatented technology. To protect our trade secrets and other proprietary information, we require employees, consultants and independent contractors to enter into confidentiality agreements. However, such agreements may not be enforceable in full or in part in all jurisdictions and any breach could have a negative effect on our business and our remedy for such breach may be limited. The contractual provisions that we enter into may not prevent unauthorized use or disclosure of our proprietary technology or intellectual property rights and may not provide an adequate remedy in the event of unauthorized use or disclosure of our proprietary technology or intellectual property rights. As such, we cannot guarantee that the steps taken by us will prevent misappropriation of our technology. We cannot assure you that these agreements will provide meaningful protection for our trade secrets, know-how, or other proprietary information in the event of any unauthorized use, misappropriation, or disclosure of such trade secrets, know-how, or other proprietary information. If we are unable to maintain the proprietary nature of our technologies, our business would be materially adversely affected.

We rely on our trademarks, trade names and brand names to distinguish our features from the products of our competitors, and have registered or applied to register many of these trademarks in the United States and certain countries outside the United States. However, occasionally third parties may have already registered identical or similar marks for products or features that also address the software market. As we rely in part on brand names and trademark protection to enforce our intellectual property rights, efforts by third parties to limit use of our brand names or trademarks and barriers to the registration of brand names and trademarks in various countries may restrict our ability to promote and maintain a cohesive brand throughout our key markets. Occasionally trademark offices have taken the view that certain of our trademarks, including SMARTSCAN, are merely descriptive or not inherently protectable. There can also be no assurance that pending or future U.S. or foreign trademark applications will be approved in a timely manner or at all, or that such registrations will effectively protect our brand names and trademarks. Third parties may also oppose our trademark applications, or otherwise challenge our use of the trademarks. For example, our applications to register KARMA POINTS as a trademark in the European Union and United Kingdom have been opposed by a third party. In the event that our trademarks are successfully challenged or we do not adequately protect our

trademarks, we could be forced to rebrand our platform, which would result in loss of brand recognition and would require us to devote resources to advertising and marketing new brands.

Policing unauthorized use of our technology and trademarks is difficult. In addition, the laws of some foreign countries do not protect our proprietary rights to as great an extent as the laws of the United States, and many foreign countries do not enforce these laws as diligently as government agencies and private parties in the United States. For example, many foreign countries limit the enforceability of patents against certain third parties, including government agencies or government contractors. In these countries, any patents that we may obtain may provide limited or no benefit. Effective trade secret protection may also not be available in every country in which our features are available or where we have employees or independent contractors. The loss of trade secret protection could make it easier for third parties to compete with our features by copying functionality. In addition, any changes in, or unexpected interpretations of, the trade secret and employment laws in any country in which we operate may compromise our ability to enforce our trade secret and intellectual property rights. From time to time, legal action by us may be necessary to enforce our patents and other intellectual property rights, to protect our trade secrets, to determine the validity and scope of the proprietary rights of others or to defend against claims of infringement or invalidity. Such litigation could result in substantial costs and diversion of resources and could negatively affect our business, operating results and financial condition. If we are unable to protect our proprietary rights (including aspects of our software and platform protected other than by patent rights), we will find ourselves at a competitive disadvantage to others who need not incur the additional expense, time and effort required to create our platform and other innovative features that have enabled us to be successful to date. Moreover, we may need to expend additional resources to defend our intellectual property rights in foreign countries, and our inability to do so could impair our business or adversely affect our international expansion.

Our use of “open source” and third-party software could impose unanticipated conditions or restrictions on our ability to commercialize our features and could subject us to possible litigation.

A portion of the technologies we use in our platform, database infrastructure (Bedrock), Expensify.com, Expensify.cash and mobile application incorporate “open source” software, and we may incorporate open source software in our platform and mobile application in the future. From time to time, companies that use third-party open source software have faced claims challenging the use of such open source software and their compliance with the terms of the applicable open source license. We may be subject to suits by parties claiming ownership of what we believe to be open source software, or claiming non-compliance with the applicable open source licensing terms. If we combine our proprietary software with open source software in a certain manner, we could, under certain open source licenses, be required to release the source code of our proprietary software to the public, including authorizing further modification and redistribution, or otherwise be limited in the licensing of our services, each of which could provide an advantage to our competitors or other entrants to the market, allow them to create similar products with lower development effort and time, and ultimately result in a loss of sales for us. While we employ practices designed to monitor our compliance with the licenses of third-party open source software and protect our valuable proprietary source code, we may inadvertently use third-party open source software in a manner that exposes us to claims of non-compliance with the applicable terms of such license, including claims for infringement of intellectual property rights or for breach of contract. Additionally, if a third-party software provider has incorporated open source software into software that we license from such provider, we could be required to disclose source code that incorporates or is a modification of such licensed software. Furthermore, there is an increasing number of open-source software license types, almost none of which have been tested in a court of law, resulting in a dearth of guidance regarding the proper legal interpretation of such license types. If an author or other third party that distributes open source software that we use or license were to allege that we had not complied with the conditions of the applicable open source license, we may also have to expend substantial time and resources to re-engineer some or all of our software, incur significant legal expenses defending against such

allegations, be subject to significant damages, or be enjoined from the sale of our platform that contained the open source software.

In addition, the use of third-party open source software typically exposes us to greater risks than the use of third-party commercial software because open-source licensors generally do not provide warranties or controls on the functionality or origin of the software. Use of open source software may also present additional security risks because the public availability of such software may make it easier for hackers and other third parties to determine how to compromise our platform. Any of the foregoing could be harmful to our business, results of operations, or financial condition.

We license technology from third parties, and our inability to maintain those licenses could harm our business.

We rely on software licensed from third parties to offer our platform. In addition, we may need to obtain future licenses from third parties to use intellectual property rights associated with the development of our platform, which might not be available on acceptable terms, or at all. Any loss of the right to use any third-party software required for the development and maintenance of our platform or mobile application could result in loss of functionality or availability of our platform or mobile application until equivalent technology is either developed by us, or, if available, is identified, obtained and integrated. Any errors or defects in third-party software could result in errors or a failure of our platform or mobile application. Licensing technologies from third parties also exposes us to increased risk of being the subject of intellectual property infringement due to, among other things, our lower level of visibility into the development process with respect to such technology and the care taken to safeguard against infringement risks. We cannot be certain that our licensors do not or will not infringe on the intellectual property rights of third parties or that our licensors have or will have sufficient rights to the licensed intellectual property in all jurisdictions in which we may sell our platform. Some of our agreements with our licensors may be terminated by them for convenience, or otherwise provide for a limited term. If we are unable to continue to license technology because of intellectual property infringement claims brought by third parties against our licensors or against us, or if we are unable to continue our license agreements or enter into new licenses on commercially reasonable terms, our ability to develop and sell features and services containing or dependent on that technology would be limited, and our business could be harmed. Additionally, if we are unable to license technology from third parties, we may be forced to acquire or develop alternative technology, which we may be unable to do in a commercially feasible manner or at all, and may require us to use alternative technology of lower quality or performance standards. This could limit or delay our ability to offer new or competitive features and increase our costs. Any of the foregoing would disrupt the distribution and sale of subscriptions to our platform and harm our business, results of operations and financial condition.

Any future litigation against us could be costly and time-consuming to defend.

We have in the past and may in the future become subject to legal proceedings and claims that arise in the ordinary course of business. We could be subject to claims, lawsuits (including class actions and individual lawsuits), government investigations and other proceedings involving consumer protection, labor and employment, immigration, import and export practices, product labeling, competition, accessibility, securities, tax, marketing and communications practices, commercial disputes, defamation, civil rights infringement, negligence, intellectual property rights infringement, invasion of privacy, product liability, regulatory compliance, or other legal claims relating to information that is published or made available via our platform. For example, in November 2020, the Federal Election Commission ("FEC") notified us of a number of complaints filed against us in connection with David Barrett's email on October 23, 2020 urging customers to protect democracy. We responded to the complaints in November and December 2020, requesting dismissal of all complaints, and have not received a decision from the FEC on the matter. We cannot assure you that this matter will not result in further complaints, regulatory inquiries or future proceedings.

The number and significance of our legal disputes and inquiries have increased as we have grown larger, as our business has expanded in scope and geographic reach, and as our features and services

have increased in complexity, and we expect the potential for future legal proceedings, claims and disputes will continue to increase. Becoming a public company will raise our public profile, which may result in increased litigation.

Regardless of the outcome, legal proceedings might result in substantial costs and may divert management and key personnel's attention and resources, which might seriously harm our business, results of operations and financial condition. Plaintiffs may seek, and we may become subject to, preliminary or provisional rulings in the course of litigation, including preliminary injunctions requiring us to cease some or all of our operations. We may decide to settle legal disputes on terms that are unfavorable to us; for example, we may be required to cease some or all of our operations or pay substantial amounts to the other party, which could materially and adversely affect our business. Furthermore, if any litigation to which we are a party is resolved adversely, we may be subject to an unfavorable judgment that we may not choose to appeal or that may not be reversed upon appeal. We may have to seek a license to continue practices found to be in violation of a third party's rights. If we are required, or choose to enter into, royalty or licensing arrangements, such arrangements may not be available on reasonable terms or at all and may significantly increase our operating costs and expenses. As a result, we may also be required to develop or procure alternative non-infringing technology or discontinue use of technology, and doing so could require significant effort and expense or may not be feasible. In addition, insurance might not cover these claims, might not provide sufficient payments to cover all the costs to resolve one or more such claims, and might not continue to be available on terms acceptable to us. A claim brought against us that is uninsured or underinsured could result in unanticipated costs and could have a material adverse effect on our business, results of operations and financial condition.

Our employees, commercial partners and vendors may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements.

We are exposed to the risk that our employees, commercial partners and vendors may engage in fraudulent or illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to us that violate: (i) the rules of the applicable regulatory bodies; (ii) data privacy laws or other similar non-United States laws; or (iii) laws that require the true, complete and accurate reporting of financial information or data. It is not always possible to identify and deter misconduct by our employees and other third parties, and the precautions we take to detect and prevent these activities may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. In addition, we are subject to the risk that a person or government could allege such fraud or other misconduct, even if none occurred. If any such actions are instituted against us and we are not successful in defending ourselves or asserting our rights, those actions could result in the imposition of significant fines or other sanctions, including the imposition of civil, criminal and administrative penalties, additional integrity reporting and oversight obligations. Whether or not we are successful in defending against any such actions or investigations, we could incur substantial costs, including legal fees, and divert the attention of management in defending ourselves against any of these claims or investigations, which could have a material adverse effect on our business, financial condition and results of operations.

We may need additional capital, and we cannot be sure that additional financing will be available.

In the future, we may raise additional capital through additional debt or equity financings to support our business growth, to respond to business opportunities, challenges, or unforeseen circumstances, or for other reasons. On an ongoing basis, we are evaluating sources of financing and may raise additional capital in the future. Our ability to obtain additional capital will depend on our development efforts, business plans, investor demand, operating performance, the condition of the capital markets, and other factors. We cannot assure you that additional financing will be available to us on favorable terms when required, or at all. If we raise additional funds through the issuance of equity or equity-

linked securities, those securities may have rights, preferences, or privileges senior to the rights of existing stockholders, and existing stockholders may experience dilution. Debt financing, if available, may involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which could reduce our operational flexibility or make it more difficult for us to obtain additional capital and to pursue business opportunities. In addition, subject to limited exceptions, our loan and security agreement with Canadian Imperial Bank of Commerce ("CIBC") restricts us from incurring indebtedness without the prior written consent of the lender. Further, if we are unable to obtain additional capital when required, or are unable to obtain additional capital on satisfactory terms, our ability to continue to support our business growth or to respond to business opportunities, challenges, or unforeseen circumstances would be adversely affected.

Our operating activities may be restricted as a result of covenants related to the indebtedness under our existing loan and security agreement and/or future indebtedness, and we may be required to repay the outstanding indebtedness in an event of default, which would have an adverse effect on our business.

Our loan and security agreement with CIBC, as amended and restated in September 2021, includes a term loan of up to \$75.0 million, which matures in September 2026, and a \$25.0 million revolving line of credit, which matures in September 2024. The loan and security agreement subjects us, and any future indebtedness would likely subject us, to various customary covenants, including requirements as to financial reporting, insurance and certain liquidity thresholds and restrictions on our ability to dispose of our business or property, to change our line of business, to liquidate or dissolve, to enter into any change in control transaction, to merge or consolidate with any other entity or to acquire all or substantially all the capital stock or property of another entity, to incur additional indebtedness, to incur liens on our property, to pay any dividends or other distributions on capital stock other than dividends payable solely in capital stock, to redeem capital stock, to engage in transactions with affiliates, to encumber our intellectual property and certain other restrictions on our activities. Our business may be adversely affected by these restrictions on our ability to operate our business.

Additionally, our ability to meet our debt obligations and other expenses will depend on our future performance, which will be affected by financial, business, economic, regulatory and other factors, many of which we are unable to control. We may be required to repay the outstanding indebtedness under the loan facility if an event of default occurs under the loan and security agreement. Under the loan and security agreement and a credit agreement with CIBC that provides for a \$8.3 million amortizing term mortgage, an event of default will occur if, among other things, we fail to make payments under such agreements; we breach certain of our covenants under such agreements, subject to specified cure periods with respect to certain breaches; we or our assets become subject to certain legal proceedings, such as bankruptcy proceedings; we are unable to pay our debts as they become due; or we default on contracts with third parties which would permit CIBC to accelerate the maturity of such indebtedness or that could have a material adverse change on us. We may not have enough available cash or be able to raise additional funds through equity or debt financings to repay such indebtedness at the time any such event of default occurs. CIBC could also exercise its rights as collateral agent to take possession of, and to dispose of, the collateral securing the term loans, which collateral includes substantially all of our personal property (including intellectual property). Our business, financial condition and results of operations could be materially adversely affected as a result of any of these events. We may seek to enter into an extension of the loan and security agreement or enter into a new facility with another lender. We may not be able to extend the term or obtain other debt financing on terms that are favorable to us, if at all, and we could be subject to additional restrictions on our business operations. If we are unable to obtain adequate financing or financing on satisfactory terms when required, our ability to support our business growth and to respond to business challenges could be significantly impaired, and our business may be harmed.

As of December 31, 2021, we were not in compliance with all of our debt covenants. Specifically, we were not in compliance with the covenant contained in our loan and security agreement with CIBC restricting investments in certain subsidiaries to a portion of our free cash flow (as defined by the

agreement), however, we obtained a waiver from CIBC. We expect to be in compliance with all debt covenants by the end of the fiscal quarter ended March 31, 2022. However, CIBC may be unwilling to provide such waivers for potential non-compliance in the future and could, as a result, call our outstanding debt obligations immediately which could have a material adverse effect on our financial condition.

A failure to establish and maintain an effective system of disclosure controls and internal control over financial reporting, could adversely affect our ability to produce timely and accurate financial statements or comply with applicable regulations.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We are continuing to develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we will file with the SEC is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms and that information required to be disclosed in reports under the Securities Exchange Act of 1934, as amended, or the Exchange Act, is accumulated and communicated to our principal executive and financial officers. We are also continuing to improve our internal control over financial reporting. For example, as we prepared to become a public company, we worked to improve the controls around our key accounting processes and our quarterly close process, and we hired additional accounting and finance personnel to help us implement these processes and controls. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we have expended, and anticipate that we will continue to expend, significant resources, including accounting-related costs and investments to strengthen our accounting systems. If any of these new or improved controls and systems do not perform as expected, we may experience material weaknesses in our controls. For fiscal 2019, 2020 and 2021, we identified a material weakness in our internal controls that we had insufficient technical skills to address accounting matters combined with insufficient accounting staff and internal control knowledge to design and implement processes and controls, including the review of the completeness and accuracy of reports used to record journal entries, necessary to ensure material misstatements did not occur. Our remediation efforts are still ongoing and there can be no assurance that we will not experience this or other material weaknesses in the future.

Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. Further, weaknesses in our disclosure controls and internal control over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our results of operations or cause us to fail to meet our reporting obligations and may result in a restatement of our consolidated financial statements for prior periods. Any failure to implement and maintain effective internal control over financial reporting also could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we will eventually be required to include in our periodic reports that will be filed with the SEC. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the trading price of our Class A common stock. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on Nasdaq. We are not currently required to comply with the SEC rules that implement Section 404 of the Sarbanes-Oxley Act and are therefore not required to make a formal assessment of the effectiveness of our internal control over financial reporting for that purpose. As a public company, we are required to provide an annual management report on the effectiveness of our internal control over financial reporting commencing with our second Annual Report on Form 10-K.

Our independent registered public accounting firm is not required to formally attest to the effectiveness of our internal control over financial reporting until after we are no longer an "emerging growth company" as defined in the JOBS Act. At such time, our independent registered public

accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our internal control over financial reporting is documented, designed, or operating. Any failure to maintain effective disclosure controls and internal control over financial reporting could harm our business, results of operations and financial condition and could cause a decline in the trading price of our Class A common stock.

If our estimates or judgments relating to our critical accounting policies prove to be incorrect, our results of operations could be adversely affected.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in our consolidated financial statements. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as provided in the section titled "Management's discussion and analysis of financial condition and results of operations." The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities and equity, and the amount of revenue and expenses that are not readily apparent from other sources. Significant assumptions and estimates used in preparing our consolidated financial statements include those related to the useful lives and recoverability of long-lived assets, the fair value of common stock prior to being a publicly traded company and stock-based compensation expense, as well as those used to allocate our employee and employee related expense, which consist of contractor costs, employee salary and wages, stock-based compensation and travel and other employee-related costs, to their appropriate financial statement line items due to our generalist model and organizational structure. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of securities analysts and investors, resulting in a decline in the trading price of our Class A common stock.

Our business and financial performance may differ from any projections that we disclose or any information that may be attributed to us by third parties.

From time to time, we may provide guidance via public disclosures regarding our projected business or financial performance. However, any such projections involve risks, assumptions and uncertainties, and our actual results could differ materially from such projections. Factors that could cause or contribute to such differences include, but are not limited to, those identified in these risk factors, some or all of which are not predictable or within our control. Other unknown or unpredictable factors also could adversely impact our performance, and we undertake no obligation to update or revise any projections, whether as a result of new information, future events, or otherwise. In addition, various news sources, bloggers and other publishers often make statements regarding our historical or projected business or financial performance, and you should not rely on any such information even if it is attributed directly or indirectly to us. Moreover, we may choose not to provide guidance regarding our projected business or financial performance, which may have an adverse impact on our stock price.

Our international operations subject us to potentially adverse tax consequences.

We report our taxable income in various jurisdictions worldwide based upon our business operations in those jurisdictions. Our intercompany relationships are subject to complex transfer pricing regulations administered by taxing authorities in various jurisdictions. The relevant taxing authorities may disagree with our determinations as to the value of assets sold or acquired or income and expenses attributable to specific jurisdictions. If such a disagreement were to occur, and our position were not sustained, we could be required to pay additional taxes, interest and penalties, which could result in one-time tax charges, higher effective tax rates, reduced cash flows and lower overall profitability of our operations.

We could be required to collect additional sales, use, value-added and other indirect taxes, or be subject to other tax liabilities in various jurisdictions, which could adversely affect our results of operations.

The application of indirect taxes, such as sales and use, value-added tax, provincial, goods and services, business, digital services and gross receipts taxes, to businesses like ours is a complex and evolving issue. Significant judgment is required to evaluate applicable tax obligations and, as a result, amounts recorded are estimates and are subject to adjustments. In many cases, the ultimate tax determination is uncertain because it is not clear when and how new and existing statutes might apply to our business. If we are found to have not adequately addressed our tax obligations, our business could be adversely impacted.

The U.S. Supreme Court held in *South Dakota v. Wayfair* that a U.S. state may require an online retailer to collect sales taxes imposed by the state in which the buyer is located, even if the retailer has no physical presence in that state, thus permitting a wider enforcement of such sales tax collection requirements. If our calculation, collection and remittance of taxes in the jurisdictions in which we do business were determined to be deficient, our business and results of operations could be adversely impacted. A successful assertion by a taxing authority that we should collect additional sales, use or other taxes or remit such taxes directly to states could result in substantial tax liabilities for past sales and additional administrative expenses, which could seriously harm our business.

Changes in our effective tax rate or tax liability may adversely affect our operating results.

Our effective tax rate could increase due to several factors, including:

- changes in the relative amounts of income before taxes in the various jurisdictions in which we operate due to differing statutory tax rates in various jurisdictions;
- changes in tax laws, tax treaties and regulations or the interpretation of them;
- changes to our assessment about our ability to realize our deferred tax assets that are based on estimates of our future results, the prudence and feasibility of possible tax planning strategies and the economic and political environments in which we do business;
- the outcome of future tax audits, examinations, or administrative appeals; and
- limitations or adverse findings regarding our ability to do business in some jurisdictions.

Any of these developments could adversely affect our operating results.

Risks Related to the Multiple Class Structure of Our Common Stock and the Voting Trust Agreement

The multiple class structure of our common stock and the ownership of all of our LT10 and LT50 common stock by Trust Beneficiaries through the Voting Trust have the effect of concentrating voting control with the Voting Trust for the foreseeable future, which will limit your ability to influence corporate matters, including a change in control. We are controlled by the Voting Trust, whose interests may differ from those of our public stockholders. Our amended and restated certificate of incorporation also delegates significant authority to an Executive Committee.

Each share of our LT10 and LT50 common stock is entitled to 10 and 50 votes per share, respectively, and each share of our Class A common stock is entitled to one vote per share. All shares of LT10 and LT50 common stock are held directly by the Voting Trust established in connection with our initial public offering pursuant to a voting trust agreement (the "Voting Trust Agreement"). As of December 31, 2021, the Voting Trust held approximately 7,332,640 and 6,224,160 shares of LT10 and LT50 common stock, respectively, representing approximately 16.8% of the economic interest and 82.6% of the voting power of outstanding capital stock following the completion of our Initial Public Offering. All decisions

with respect to the voting (but not the disposition) of shares held in the Voting Trust from time to time will be made by the trustees of the Voting Trust (the "Trustees") in their sole and absolute discretion, and with no responsibility under the Voting Trust Agreement as stockholder, trustee or otherwise, except for his or her own individual malfeasance. The Voting Trust and its Trustees will, for the foreseeable future, have significant influence over our corporate management and affairs, and will be able to control virtually all matters requiring stockholder approval. The Voting Trust is able to, subject to applicable law, elect all of the members of our board of directors and control actions to be taken by us and our board of directors, including amendments to our amended and restated certificate of incorporation and amended and restated bylaws, compensation matters and approval of significant corporate transactions, including mergers and sales of substantially all of our assets. The directors so elected will have the authority, subject to the terms of our indebtedness and applicable rules and regulations, to issue additional stock, implement stock repurchase programs, declare dividends and make other decisions. This concentrated control will limit your ability to influence corporate matters for the foreseeable future and may materially adversely affect the market price of our Class A common stock. It is possible that the interests of the Voting Trust may, in some circumstances, conflict with our interests and the interests of our other stockholders, including you. For example, the Voting Trust may have different tax positions or other differing incentives from other stockholders that could influence its decisions regarding whether and when to cause us to dispose of assets, incur new or refinance existing indebtedness, or take other actions. Additionally, the Voting Trust and the holders of our LT10 and LT50 common stock may cause us to make strategic decisions or pursue acquisitions that could involve risks to you or may not be aligned with your interests.

Additionally, for as long as the Voting Trust holds securities representing at least 50% of the voting power of our outstanding capital stock, our amended and restated certificate of incorporation delegates to the Executive Committee all of the power and authority of the board of directors in the management of our business and affairs, provided that the Executive Committee will not have power or authority in reference to (i) matters that must be approved by the Audit Committee of the board, (ii) matters that must be approved by a committee qualified to grant equity to persons subject to Section 16 of the Exchange Act for purposes of exempting transactions pursuant to Section 16b-3 thereunder, (iii) matters required under Delaware law to be approved by the full board of directors, or (iv) as otherwise required by SEC rules and the rules of Nasdaq. The members of the Executive Committee are, and are expected to be directors who may also be our employees, and the Executive Committee currently consists of David Barrett, Ryan Schaffer, Anu Muralidharan, Jason Mills and Daniel Vidal.

The concentrated control is also likely to have the effect of limiting the likelihood of an unsolicited merger proposal, unsolicited tender offer, or proxy contest for the removal of directors. As a result, our governance structure and the Voting Trust may have the effect of depriving our stockholders of an opportunity to sell their shares at a premium over prevailing market prices and make it more difficult to replace our directors and management.

Delaware law could also require holders of our LT10 and LT50 common stock to vote separately as a single class in the event we seek to amend our amended and restated certificate of incorporation to increase or decrease the par value of a class of our common stock or in a manner that alters or changes the powers, preferences or special rights of LT10 or LT50 common stock in a manner that affects its holders adversely. Future transfers by holders of LT10 and LT50 common stock may result in those shares converting on a one-for-one basis to Class A common stock, which will have the effect, over time, of increasing the relative voting power of those holders of LT10 and LT50 common stock who retain their shares.

We are a “controlled company” within the meaning of Nasdaq listing standards and, as a result, will qualify for, and intend to rely on, exemptions from certain corporate governance requirements. You will not have the same protections afforded to stockholders of companies that are subject to such requirements.

The Voting Trust controls a majority of the voting power of our outstanding common stock. As a result, we qualify as a “controlled company” within the meaning of the corporate governance standards of Nasdaq. Under these rules, a listed company of which more than 50% of the voting power is held by an individual, group or another company is a “controlled company” and may elect not to comply with certain corporate governance requirements, including the requirement that a majority of the board of directors consist of independent directors, the requirement that we have a nominating and corporate governance committee that is composed entirely of independent directors, and the requirement that we have a compensation committee that is composed entirely of independent directors.

We intend to rely on some or all of these exceptions. As a result, we do not have a majority of independent directors, we do not have a nominating and corporate governance committee, and the members of our compensation committee are not independent directors. Accordingly, you do not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of Nasdaq .

The multiple class structure of our common stock features certain provisions that are novel or uncommon among other corporations with multiple class structures.

A number of provisions relating to the multiple class structure of our common stock are novel or uncommon among other corporations with multiple class structures. For example, whenever a holder of LT10 or LT50 common stock desires to transfer or convert shares of his or her LT10 or LT50 common stock, our amended and restated certificate of incorporation and the Voting Trust Agreement contain certain provisions that require, subject to certain exceptions, the trustees of the Voting Trust to attempt to find a holder of shares of Class A common stock to exchange such shares for such shares of LT10 or LT50 common stock, and such shares of LT10 or LT50 common stock will only convert into shares of Class A common stock if no such Class A stockholder is identified. As a result, shares of our LT10 and LT50 common stock may convert into shares of Class A common stock at a slower rate.

We cannot predict the impact our capital structure, governance structure, and the concentrated control by the Voting Trust may have on our stock price or business.

We cannot predict whether our multiple share class capital structure, combined with the concentrated control by the Voting Trust and other aspects of our governance structure, will result in a lower trading price or greater fluctuations in the trading price of our Class A common stock, or will result in adverse publicity or other adverse consequences. The holding of low-voting stock, such as our Class A common stock, may not be permitted by the investment policies of certain institutional investors or may be less attractive to the portfolio managers of certain institutional investors. For example, in July 2017, FTSE Russell, a provider of widely followed stock indexes, stated that it plans to require new constituents of its indexes to have at least five percent of their voting rights in the hands of public stockholders. In addition, in July 2017, S&P Dow Jones, another provider of widely followed stock indexes, stated that companies with multiple share classes will not be eligible for certain of their indexes. As a result, our Class A common stock will likely not be eligible for these stock indexes. We cannot assure you that other stock indexes will not take a similar approach to FTSE Russell or S&P Dow Jones in the future. Exclusion from indexes could make our Class A common stock less attractive to investors and, as a result, the market price of our Class A common stock could be adversely affected.

Risks Related to Ownership of Our Class A Common Stock

Our share price may be volatile.

The market price of our Class A common stock is likely to be volatile and could be subject to wide fluctuations in response to the risk factors described in this Annual Report on Form 10-K, and others beyond our control, including:

- the economic, political, and social impact of, and uncertainty relating to, the COVID-19 pandemic;
- actual or anticipated fluctuations in our results of operations;
- our actual or anticipated operating performance and the operating performance of our competitors;
- changes in the financial projections we provide to the public or our failure to meet these projections;
- failure of securities analysts to initiate or maintain coverage of us, changes in financial estimates by any securities analysts who follow our company, or our failure to meet the estimates or the expectations of investors;
- any major change in our board of directors, management, or key personnel;
- price and volume fluctuations in the overall stock market, including as a result of trends in the economy as a whole;
- the economy as a whole in the United States and internationally, and market conditions in our industry;
- rumors and market speculation involving us or other companies in our industry;
- announcements by us or our competitors of significant innovations, new products, services, features, integrations, or capabilities, acquisitions, strategic investments, partnerships, joint ventures, or capital commitments;
- the legal and regulatory landscape and changes in the application of existing laws or adoption of new laws that impact our business;
- legal and regulatory claims, litigation, or pre-litigation disputes and other proceedings;
- changes in our capital structure;
- other events or factors, including those resulting from war, incidents of terrorism, or responses to these events; and
- sales or expected sales of our Class A common stock by us, our officers, directors, principal stockholders and employees.

Stock prices of many companies, including technology companies, have fluctuated in a manner often unrelated to the operating performance of those companies. These fluctuations may be even more pronounced in the trading market for our Class A common stock shortly following the listing of our Class A common stock on Nasdaq as a result of the supply and demand forces described above. In the past, stockholders have instituted securities class action litigation following periods of stock volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management from our business, and adversely affect our business, results of operations and financial condition.

Future sales of our Class A common stock in the public market could cause our share price to fall.

Sales of a substantial number of shares of our Class A common stock in the public market or the perception that these sales might occur in large quantities, could cause the market price of our Class A common stock to decline and could impair our ability to raise capital through the sale of additional equity securities. As of December 31, 2021, we had 67,844,060 shares of Class A common stock outstanding, 7,332,640 shares of LT10 common stock outstanding and 6,224,160 shares of LT50 common stock outstanding.

All of our directors and officers and the holders of substantially all of our capital stock and securities convertible into our capital stock are subject to lock-up agreements entered into in connection with our initial public offering, that restrict their ability to transfer shares of our capital stock until the 180th day after November 9, 2021, subject to earlier termination as described in the lock-up agreements. These lock-up agreements limit the number of shares of capital stock that may be sold during such period. Subject to certain limitations, approximately 64,739,010 shares of Class A common stock will become eligible for sale upon expiration of the 180-day lock-up period, or earlier, subject to earlier termination. J.P. Morgan Securities LLC may, in their sole discretion, permit our stockholders who are subject to these lock-up agreements to sell shares prior to the expiration of the lock-up agreements. Our amended and restated certificate of incorporation imposes additional transfer restrictions on shares of our LT10 and LT50 common stock.

In addition, there were 7,001,403 shares of Class A common stock issuable upon the exercise of options outstanding as of December 31, 2021. We registered all of the shares of Class A common stock issuable upon exercise of outstanding options, RSUs issued following our IPO or other equity incentives we may grant in the future, for public resale under the Securities Act. The shares of Class A common stock will become eligible for sale in the public market to the extent such options, RSUs or other equity awards are exercised, subject to the lock-up agreements described above and compliance with applicable securities laws.

We may issue our shares of common stock or securities convertible into our common stock from time to time in connection with financings, acquisitions, investments, or otherwise. Any such issuance could result in substantial dilution to our existing stockholders and cause the trading price of our Class A common stock to decline.

Increases in interest rates may cause the market price of our Class A common stock to decline.

Interest rates are at or near record lows. Increases in interest rates may cause a corresponding decline in demand for equity investments. Any such increase in interest rates or reduction in demand for our Class A common stock resulting from other relatively more attractive investment opportunities may cause the market price of our Class A common stock to decline.

We do not intend to pay dividends for the foreseeable future.

We have never declared or paid any cash dividends on our capital stock, and we do not intend to pay any cash dividends in the foreseeable future. Our current indebtedness, including our loan and security agreement with CIBC, contains, and our future indebtedness may contain, restrictions on our ability to pay cash dividends on our capital stock. Any determination to pay dividends in the future will be at the discretion of our Executive Committee, for as long as the Voting Trust controls a majority of the voting power of our outstanding common stock, and at the discretion of our board of directors thereafter. Accordingly, investors in our Class A common stock must rely on sales of their Class A common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

Future sales and issuances of our Class A common stock or rights to purchase our Class A common stock, including pursuant to our equity incentive plans, or other equity securities or securities convertible into our Class A common stock, could result in additional dilution of the percentage ownership of our stockholders and could cause the stock price of our Class A common stock to decline.

In the future, we may sell Class A common stock, convertible securities, or other equity securities, including preferred securities, in one or more transactions at prices and in a manner we determine from time to time. We also expect to issue Class A common stock to employees, consultants and directors pursuant to our equity incentive plans. If we sell Class A common stock, convertible securities, or other equity securities in subsequent transactions, or Class A common stock or LT10 or LT50 common stock is issued pursuant to equity incentive plans, investors may be materially diluted. New investors in subsequent transactions could gain rights, preferences and privileges senior to those of holders of our Class A common stock.

Anti-takeover provisions contained in our amended and restated certificate of incorporation and amended and restated bylaws, as well as provisions of Delaware law, could impair a takeover attempt and could also reduce the market price of our Class A common stock.

Our amended and restated certificate of incorporation and amended and restated bylaws, contain and Delaware law contains provisions which could have the effect of rendering more difficult, delaying or preventing an acquisition deemed undesirable by our board of directors. Our corporate governance documents include provisions:

- authorizing blank check preferred stock, which could be issued with voting, liquidation, dividend and other rights superior to our common stock;
- eliminating the ability of our stockholders to take action by consent in lieu of a meeting following the date on which the Voting Trust holds less than a majority of the voting power of our outstanding capital stock;
- requiring advance notice of stockholder proposals for business to be conducted at meetings of our stockholders and for nominations of candidates for election to our board of directors;
- providing to our board of directors the exclusive right to determine the size of the board, and providing that any vacancies or newly created seats on the board may only be filled by the board of directors, unless the board determines that such vacancies be filled by the stockholders;
- maintaining our current multi-class structure; and
- limiting the liability of, and providing indemnification to, our directors and officers.

These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in our management.

As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the General Corporation Law of the State of Delaware (the "Delaware General Corporation Law"), which prevents some stockholders holding more than 15% of our outstanding common stock from engaging in certain business combinations without approval of the holders of substantially all of our outstanding common stock.

Any provision of our amended and restated certificate of incorporation, amended and restated bylaws or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock, and could also affect the price that some investors are willing to pay for our Class A common stock.

Claims for indemnification by our directors and officers may reduce our available funds to satisfy successful third-party claims against us and may reduce the amount of money available to us.

Our amended and restated bylaws provide that we will indemnify our directors and officers, in each case to the fullest extent permitted by Delaware law.

In addition, as permitted by Section 145 of the Delaware General Corporation Law, our amended and restated bylaws and our indemnification agreements that we have entered or intend to enter into with our directors and officers provide that:

- we will indemnify our directors and officers for serving us in those capacities or for serving other business enterprises at our request, to the fullest extent permitted by Delaware law. Delaware law provides that a corporation may indemnify such person if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the registrant and, with respect to any criminal proceeding, had no reasonable cause to believe such person's conduct was unlawful;
- we may, in our discretion, indemnify employees and agents in those circumstances where indemnification is permitted by applicable law;
- we are required to advance expenses, as incurred, to our directors and officers in connection with defending a proceeding, except that such directors or officers shall undertake to repay such advances if it is ultimately determined that such person is not entitled to indemnification;
- the rights conferred in our amended and restated bylaws are not exclusive, and we are authorized to enter into indemnification agreements with our directors, officers, employees and agents and to obtain insurance to indemnify such persons; and
- we may not retroactively amend our amended and restated bylaw provisions to reduce our indemnification obligations to directors, officers, employees and agents.

While we have procured directors' and officers' liability insurance policies, such insurance policies may not be available to us in the future at a reasonable rate, may not cover all potential claims for indemnification, and may not be adequate to indemnify us for all liability that may be imposed.

Our amended and restated certificate of incorporation provides for an exclusive forum in the Court of Chancery of the State of Delaware for certain disputes between us and our stockholders, and that the federal district courts of the United States of America will be the exclusive forum for the resolution of any complaint asserting a cause of action under the Securities Act, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.

Our amended and restated certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if such court does not have subject matter jurisdiction thereof, the federal district court of the State of Delaware) is the exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a breach of fiduciary duty owed by any of our current or former directors, officers, other employees, agents or stockholders to us or our stockholders, any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, our amended and restated certificate of incorporation or our amended and restated bylaws (as either may be amended or restated) or as to which the Delaware General Corporation Law confers jurisdiction on the Court of Chancery of the State of Delaware, or any action asserting a claim against us that is governed by the internal affairs doctrine of the State of Delaware; provided that the exclusive forum provision will not apply to suits brought to enforce any liability or duty created by the Exchange Act to the extent that the Exchange Act confers exclusive federal jurisdiction over such claims, subject to applicable law. Our amended and restated certificate of incorporation will also provide that the federal district courts of the United States of

America will be the exclusive forum for the resolution of any complaint asserting a cause of action against us or any of our directors, officers, or employees arising under the Securities Act.

We believe these provisions may benefit us by providing increased consistency in the application of Delaware law and federal securities laws by chancellors and judges, as applicable, particularly experienced in resolving corporate disputes, efficient administration of cases on a more expedited schedule relative to other forums and protection against the burdens of multi-forum litigation. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers, other employees or stockholders, which may discourage lawsuits with respect to such claims. If a court were to find the choice of forum provision that will be contained in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could materially adversely affect our business, results of operations and financial condition.

General Risk Factors

Our reported financial results may be adversely affected by changes in accounting principles generally accepted in the United States.

Generally accepted accounting principles in the United States are subject to interpretation by the Financial Accounting Standards Board ("FASB"), the American Institute of Certified Public Accountants, the SEC and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported financial results, and could affect the reporting of transactions completed before the announcement of a change.

We are an emerging growth company under the JOBS Act, and we are permitted to rely on exemptions from certain disclosure requirements. We cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our Class A common stock less attractive to investors.

We are an "emerging growth company" as defined in the JOBS Act. For as long as we continue to be an emerging growth company, which could be as long as five years following the completion of our listing on Nasdaq, we may choose to take advantage of certain exemptions from various reporting requirements applicable to other public companies that are not emerging growth companies, including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved, and extended transition periods for complying with new or revised accounting standards. We cannot predict if investors will find our Class A common stock less attractive because we may rely on these exemptions. If some investors find our Class A common stock less attractive as a result, there may be a less active trading market for our Class A common stock and the trading price of our Class A common stock may be more volatile.

The requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain executive management and qualified board members.

As a public company, we are subject to the reporting requirements of the Exchange Act, the listing standards of Nasdaq and other applicable securities rules and regulations. We expect that the requirements of these rules and regulations will continue to increase our legal, accounting and financial compliance costs, make some activities more difficult, time-consuming, and costly, and place significant strain on our personnel, systems and resources. Furthermore, several members of our management team do not have prior experience in running a public company. For example, the

Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and results of operations. As a result of the complexity involved in complying with the rules and regulations applicable to public companies, our management's attention may be diverted from other business concerns, which could harm our business, results of operations and financial condition. Although we have already hired additional employees to assist us in complying with these requirements, we may need to hire more employees in the future or engage outside consultants, which will increase our operating expenses. In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time-consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest substantial resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from business operations to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and our business may be harmed. We also expect that being a public company that is subject to these new rules and regulations will make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly members who can serve on our audit committee, and qualified executive officers. As a result of the disclosure obligations required of a public company, our business and financial condition will become more visible, which may result in an increased risk of threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business, results of operations and financial condition would be harmed, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, would divert the resources of our management and harm our business, results of operations and financial condition.

If securities or industry analysts do not continue to publish research or publish unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our Class A common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of these analysts ceases coverage of our company or fails to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. Moreover, if our operating results do not meet the expectations of the investor community, one or more of the analysts who cover our company may change their recommendations regarding our company, and our stock price could decline.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

In the United States, our company has offices in Portland, Oregon, San Francisco, California, Ironwood, Michigan and New York City, New York. We own our office space in Portland, which consists of approximately 38,500 square feet. Our office space in San Francisco, consisting of approximately 10,500 square feet, is leased through May 31, 2023. Our office space in New York City is leased through August 19, 2022 and is 3,500 square feet. Our office space in Ironwood, consisting of approximately 2,700 square feet, is leased through April 30, 2022.

We also lease offices in Amsterdam, London and Melbourne. We ended our leases with these offices due to COVID-19 but will likely consider renewing them again in the future. We give all employees the ability to rent a co-working space if we do not provide one.

We intend to procure additional space or expand existing facilities in the future as we continue to add employees and expand geographically. We believe our facilities are adequate and suitable for our current needs and that, should it be needed, suitable additional or alternative space on commercially reasonable terms will be available to accommodate our operations.

Item 3. Legal Proceedings

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

Item 4. Mine Safety Disclosures

Not applicable.

Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

MARKET INFORMATION FOR CLASS A COMMON STOCK

Our Class A Common Stock has been listed on the Nasdaq Global Select Market under the symbol "EXFY" since November 10, 2021. Prior to that date, there was no public trading market for our Class A Common stock. Our LT10 and LT50 common stock are neither listed nor publicly traded.

HOLDERS OF OUR COMMON STOCK

As of March 25, 2021 there were 71 stockholders of record of our Class A common stock. This number does not include beneficial owners whose shares are held by nominees in street name.

As of March 25, 2021 the Expensify Voting Trust held all of the outstanding shares of our LT10 common stock and LT50 common stock.

DIVIDEND POLICY

We currently intend to retain all available funds and any future earnings to fund the development and growth of our business, and therefore we do not anticipate declaring or paying any cash dividends on any class of our common stock in the foreseeable future. Any future determination as to the declaration and payment of dividends, if any, will be at the discretion of our board of directors (or duly authorized committee thereof, including our Executive Committee), subject to compliance with contractual restrictions and covenants in the agreements governing our current and future indebtedness, including our loan and security agreement with Canadian Imperial Bank of Commerce. Any such determination will also depend upon our business prospects, results of operations, financial condition, cash requirements and availability, and other factors that our Executive Committee or our board of directors may deem relevant. The holders of our Class A, LT10 and LT50 common stock are entitled to receive dividends if, as and when declared from time to time by our board of directors out of legally available funds.

RECENT SALES OF UNREGISTERED SECURITIES

Plan-Related Issuances

From January 1, 2021 through November 10, 2021 (the date of the filing of our registration statement on Form S-8), we issued and sold to our employees, consultants and other service providers an aggregate of 1,758,960 shares of our common stock upon the exercise of stock options under our 2009 Stock Plan, at exercise prices ranging from \$0.07 to \$0.97 per share, for a weighted-average exercise price of \$0.39 and aggregate consideration of approximately \$1.3 million.

From January 1, 2021 through November 10, 2021 (the date of the filing of our registration statement on Form S-8), we issued and sold to our employees, consultants and other service providers an aggregate of 3,352,160 shares of our common stock upon the exercise of stock options under our 2019 Plan, at exercise prices ranging from \$0.97 to \$10.78 per share, for a weighted-average exercise price of \$2.88 and aggregate consideration of approximately \$5.0 million.

From January 1, 2021 through November 10, 2021 (the date of the filing of our registration statement on Form S-8), we granted to our employees, consultants and other service providers options to purchase an aggregate of 837,160 shares of our common stock under our 2019 Stock Plan ("2019 Plan"), at exercise prices ranging from \$7.21 to \$12.97 per share.

From January 1, 2021 through November 10, 2021 (the date of the filing of our registration statement on Form S-8), we granted to our employees, consultants and other service providers restricted stock units for an aggregate of 4,339,690 shares of our Class A common stock and 4,339,690 shares of our LT50 common stock under our 2019 Plan.

The offers, sales and issuances of the securities described above were deemed to be exempt from registration under Rule 701 promulgated under the Securities Act as transactions under compensatory benefit plans and contracts relating to compensation, or under Section 4(a)(2) of the Securities Act as transactions by an issuer not involving a public offering. The recipients of such securities were our directors, employees or bona fide consultants and received the securities under our equity incentive plans. Appropriate legends were affixed to the securities issued in these transactions.

Warrants

In November 2021, we sold to Silicon Valley Bank an aggregate of 428,067 shares of Class A common stock upon the net exercise of (i) warrants to purchase 300,000 shares of our Class A common stock at \$0.07 per share and (ii) warrants to purchase 130,080 shares of our Class A common stock at \$0.53 per share.

The issuance and sale of securities described above were deemed to be exempt from registration under Section 4(a)(2) of the Securities Act as transactions by an issuer not involving a public offering. Appropriate legends were affixed to the securities issued in these transactions.

Exchange Offer

On November 9, 2021, we completed an exchange offer open to all of our employees and other service providers, whereby participants elected to exchange, on a one-for-one basis, an aggregate of 13,556,800 shares of our Class A common stock for 7,332,640 shares of our LT10 common stock and 6,224,160 shares of our LT50 common stock. The issuance of securities in the exchange offer was deemed to be exempt from registration pursuant to Section 3(a)(9) of the Securities Act on the basis that the exchange offer constituted an exchange with existing holders of our securities, no commission or other remuneration was paid to any party for soliciting such exchange, and the transactions did not involve a public offering.

USE OF PROCEEDS

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

ISSUER PURCHASE OF SECURITIES

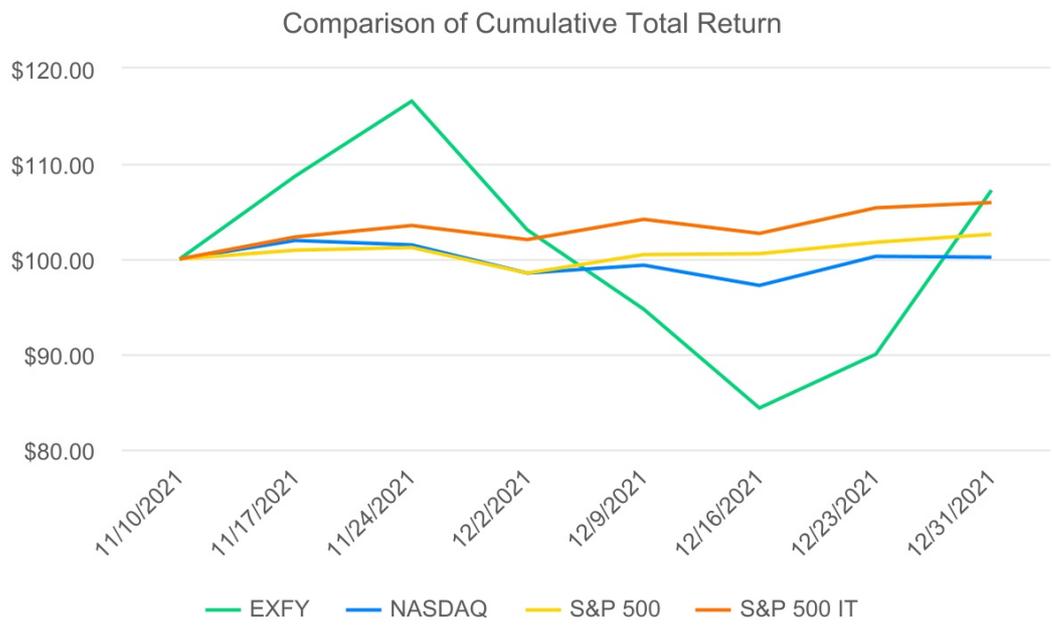
None.

PERFORMANCE GRAPH

This performance graph shall not be deemed "filed" with the SEC for purposes of Section 18 of the Exchange Act or incorporated by reference into any filing of Expensify, Inc. under the Securities Act or the Exchange Act.

The graph below compares the cumulative total stockholder return on our Class A common stock with the cumulative total return on the Nasdaq Composite Index ("NASDAQ"), S&P 500 Index ("S&P 500"), and the S&P 500 Information Technology Index ("S&P 500 IT"). The graph assumes \$100 was invested at the market close on November 10, 2021, which was the first day our Class A common stock began trading. Data for the Nasdaq Composite Index, S&P 500 Index, and S&P 500 Information Technology

Index assume reinvestment of dividends. The graph uses the closing market price on November 10, 2021 of \$41.06 per share as the initial value of our Class A common stock. The comparisons in the graph below are based upon historical data and are not indicative of, nor intended to forecast, future performance of our Class A common stock.



Item 6. [Reserved.]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis of our financial condition and results of operations together with our audited consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements based upon current plans, expectations and beliefs involving risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and in other parts of this Annual Report on Form 10-K. A discussion of the year ended December 31, 2020 compared to the year ended December 31, 2019 has been reported previously in our final prospectus dated November 9, 2021, filed with the SEC on November 12, 2021 pursuant to Rule 424(b) of the Securities Act, under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations."

OVERVIEW

Expensify is a cloud-based expense management software platform that helps the smallest to the largest businesses simplify the way they manage money. Every day, people from all walks of life in organizations around the world use Expensify to scan and reimburse receipts from flights, hotels, coffee shops, office supplies and ride shares. Since our founding in 2008, we have added over 10 million members to our community and processed and automated over 1.1 billion expense transactions on our platform, freeing people to spend less time managing expenses and more time doing the things they love. For the year ended December 31, 2021, an average of 711,000 paid members across 53,000 companies and over 200 countries and territories used Expensify to make money easy.

Initial Public Offering

In November 2021, we closed our initial public offering (the "IPO") of 11,190,392 shares of our Class A common stock at \$0.0001 par value per share (the Class A common stock), in which we sold 2,608,696 shares of Class A common stock, and the selling stockholders sold 8,581,696 shares of Class A common stock at an IPO price of \$27.00 per share. This total sale of 11,190,392 shares of Class A common stock in our IPO includes the full exercise of the underwriters' option to purchase an additional 1,459,616 shares of Class A common stock from certain selling stockholders at an IPO price of \$27.00 per share. We did not receive any proceeds from the sale of shares of Class A Common Stock in the offering by the selling stockholders. We received aggregate net proceeds of approximately \$57.5 million after deducting underwriting discounts and commissions of approximately \$4.9 million and offering costs of approximately \$8.0 million.

Immediately prior to the effectiveness of our IPO registration statement, we filed an amendment to our Amended and Restated Certificate of Incorporation to create three classes of authorized common stock: Class A, LT10, and LT50 common stock. All shares of common stock then outstanding were reclassified as Class A common stock except for shares under our exchange offer, which provided employees and other service providers the opportunity to exchange, on a one-for-one basis, their Class A common stock into LT10 or LT50 shares. Under our exchange offer, 13,556,800 shares of Class A common stock were exchanged for 7,332,640 shares of LT10 common stock and 6,224,160 shares of LT50 common stock. Upon closing of the IPO, all convertible preferred stock then outstanding, was converted into 42,031,390 shares of common stock on a ten-for-one basis and reclassified into Class A common stock. In addition, 430,080 shares of common stock warrants were converted to an equivalent number of shares of Class A common stock warrants.

Immediately prior to the closing of our IPO, we filed our Amended and Restated Certificate of Incorporation authorizing a total of 1,000,000,000 shares of Class A common stock which entitles holders to one vote per share, 25,000,000 shares of LT10 common stock, which entitles holders to 10 votes per share, and 25,000,000 shares of LT50 common stock, which entitles holders to 50 votes per

share. In addition, the Amended and Restated Certificate of Incorporation authorized a total of 10,000,000 shares of undesignated preferred stock.

OUR BUSINESS MODEL

Our employee-centric product strategy, viral and bottom-up business model, word-of-mouth adoption and unique company culture come together to drive value for our members and a competitive advantage for us. We believe that if we remain hyper-focused on our end-user members, and build great products, our members will continue to drive adoption.

We primarily generate revenue from annual subscriptions to our cloud-based platform, driven by the number of paid members active on a monthly basis. Individuals or companies pay for subscriptions on behalf of themselves, their employees and contractors, who we collectively refer to as members. We define a customer as any member who pays for themselves and zero or more other members, grouped into one or more "expense policies." This might be an individual, an entire company, or a department of a larger company. The definition of customer inherently excludes sole proprietors on Track or Submit plans.

We monetize transactions from the Expensify Card by receiving a percentage of the interchange for all spend on the card. As we expand our platform, we intend to increase the number of integrations and to more actively promote the Expensify Card with complementary use cases beyond expense management to both new and existing customers to drive increased adoption.

Key Factors Affecting Our Performance

Our performance depends on many factors, including the following:

INVESTING IN PRODUCT-LED GROWTH

We are focused on continuing to grow the number of paid members on our platform. Relative to other software companies, we invest more in product development and less in sales. This investment in product allows us to develop easy-to-use but powerful features that encourage adoption of our platform. Our ability to grow our paid members depends on our viral, "bottom-up" adoption cycle that starts with an individual employee. After downloading our free app to submit expenses and realizing the benefits of Expensify, our enthusiastic members champion our platform internally, spread it via word-of-mouth or invites to other employees and often convince decision makers to adopt Expensify company-wide. In order to continue to grow, we believe we must continue prioritizing investments in our platform to delight our members and drive viral expansion.

CONTINUING TO CONVERT FREE MEMBERS

Our success depends on converting users who try the free aspects of the Expensify platform into paid members. While our viral model means that employees or contractors often introduce Expensify into small and medium businesses ("SMBs"), companies subscribe and pay for the majority of our paid members.

INVESTING TO MAINTAIN MARKET CONSENSUS

Our viral and word-of-mouth adoption model is effective in part because we have established ourselves as a recognized leader in expense management for SMBs. We deploy large scale brand advertising to promote our platform superiority and create market consensus that Expensify is the category leader for expense management software. We believe this enables us to focus on creating great viral features for our members rather than relying on low-margin, unscalable activities of traditional sales and marketing to drive customer acquisition.

RETAINING EXISTING CUSTOMERS

Expense management touches many functions across a company. To provide a seamless experience for our customers, we integrate with accounting, ERP and travel software used by SMBs and their employees every day. We also have frictionless integrations with many of the technology providers that generate the most receipts for our members, such as Uber and Lyft. Expensify delivers an expense management platform that we believe customers like, and that embeds us within organizations. Because of these two factors, we have historically enjoyed high customer retention rates that often outperform enterprise retention rates. We believe an additional factor that drives our retention rates is that SMBs generally re-evaluate their technology solutions less frequently, and as such, there is rarely a conscious choice to choose to continue using Expensify for another year.

Gross logo retention and net seat retention are important indicators of customer satisfaction and usage of our platform. We calculate our gross logo retention rate as of the end of a period by using (a) the number of distinct companies who have ever had 5 or more paid members paying for a subscription during the period ending one year prior as the denominator and (b) the number of those same companies that are still paying for at least 1 subscription during the more recent period as the numerator. In 2020 and 2021, our annual gross logo retention was 86% and 83%, respectively. We calculate our net seat retention rate as of the end of a period by using (a) the number of paid member seats from companies who have ever had 5 or more paid members paying for a subscription during the period ending one year prior as the denominator and (b) the number of paid member seats at those same companies during the more recent period as the numerator. In 2020 and 2021, our net seat retention was 96% and 93%, respectively. The COVID-19 pandemic impacted our retention as our customers ceased (or paused) operations, and scaled back usage of our platform as their business travel and other expenses declined. Our growth will depend on our ability to continue to retain existing customers.

INTRODUCING FEATURES TO EXPAND OUR RELATIONSHIP WITH EXISTING CUSTOMERS

We fully launched the Expensify Card in 2020 and, despite pullback in corporate expenses with the COVID-19 pandemic, customers began adopting the card. Going forward, we intend to more actively promote the Expensify Card to both new and existing customers to drive increased adoption. Outside of the Expensify Card, we have invested, and will continue to invest, in developing features complementary and adjacent to expense management. At most companies, not every employee generates expenses that would be submitted via an expense report on a monthly basis. As we add additional features that are used by all employers, we have the potential to monetize the segment of our customers' employees that are not submitting expense reports.

IMPACT OF COVID-19

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

Business travel, traditionally a significant driver of expenses on our platform, has been severely curtailed during the pandemic with complex regional effects as lockdowns were put in place and altered rapidly. As a result of the pull-back in travel related expenses and other expenses that were not generated in a work from home environment, many of our customers that remained on our platform had fewer employees incurring expenses on a monthly basis in 2020. After a steady increase in paid members over multiple years, the average number of paid members on our platform declined 15% from 742,000 in the quarter ended March 31, 2020 to 633,000 in the quarter ended September 30, 2020 and we have rebounded to 711,000 paid members in the quarter ended December 31, 2021. Our activity is still recovering from May 2020 as the United States and certain other parts of the world continue to rebound from COVID-19. The amount of expenses incurred by the paid members remaining on our platform has also declined as a result of the factors stated above. While activity decreased and

remains at lower levels than pre-pandemic, our revenue only declined until the quarter ended June 30, 2020. This initial adverse impact on revenue was mitigated by the prevalence of our annual contracts and minimum user requirements in those contracts as well as a price change that became effective in May 2020. We introduced the Expensify Card in 2020, immediately before the pandemic. Given the decline in the volume of expenses and potential customers' reluctance to adopt a new card in this unusual environment, growth from monetizing the transactions from the Expensify Card has taken longer than anticipated, but the rate of adoption is increasing despite the COVID headwinds.

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

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

See the section titled "Risk Factors" for further discussion of the possible impact of the COVID-19 pandemic on our business.

Key Business Metrics and Non-GAAP Financial Measures

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

KEY BUSINESS METRICS

Paid Members

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

The number of paid members on our platform grew each quarter through March 31, 2020, when the COVID-19 pandemic severely impacted the operations of our customers and SMBs broadly, and greatly reduced business travel, which has traditionally been a significant driver of expenses on our platform. While the full lasting impact of the COVID-19 pandemic on the global economy and SMBs in particular remains uncertain, there have been signs of recovery as the economy has slowly reopened. This is evident by the number of paid members on our platform growing each quarter from March 31, 2021 through December 31, 2021 as COVID-19 restrictions began to ease. See the section titled "Impact of COVID-19" above for additional information.

The following table sets forth the average number of paid members for the quarters ended March 31, 2020 through December 31, 2021.

Quarter ended	Paid members (in thousands)
March 31, 2020	742
June 30, 2020	630
September 30, 2020	633
December 31, 2020	645
March 31, 2021	631
June 30, 2021	639
September 30, 2021	667
December 31, 2021	711

NON-GAAP FINANCIAL MEASURES

Adjusted EBITDA and Adjusted EBITDA Margin

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

	Year ended December 31,	
	2021	2020
	(in thousands, except percentages)	
Adjusted EBITDA	\$ 9,536	\$ 26,755
Adjusted EBITDA margin	7 %	30 %

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

We define non-GAAP net income as net income from operations in accordance with US GAAP excluding stock-based compensation and IPO-related bonus costs, which we consider to be the discretionary cash bonuses paid to our employees during 2021. Refer to the subsection titled "Liquidity and Capital Resources", for further detail over the discretionary cash bonuses paid to employees in 2021. We define non-GAAP net income margin as non-GAAP net income divided by total revenue for the same period. We are focused on profitable growth and we consider non-GAAP net income to be an important measure because it helps illustrate underlying trends in our business that could otherwise be masked by the effect of stock-based compensation and the one-time IPO-related discretionary cash

bonus costs. Both expenses are not considered indicative of the core operating performance of our business.

	Year ended December 31,	
	2021	2020
	(in thousands, except percentages)	
Non-GAAP net income	\$ 49,432	\$ 16,127
Non-GAAP net income margin	35 %	18 %

Limitations and Reconciliations of Non-GAAP Financial Measures

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

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

Adjusted EBITDA and Adjusted EBITDA Margin

	Year ended December 31,	
	2021	2020
	(in thousands, except percentages)	
Net (loss) income	\$ (13,558)	\$ (1,710)
Net (loss) income margin	(9)%	(2)%
Add:		
(Benefit) provision for income taxes	(174)	4,662
Interest and other expenses, net	3,497	2,718
Depreciation and amortization	5,197	3,248
Stock-based compensation	14,574	17,837
Adjusted EBITDA	\$ 9,536	\$ 26,755
Adjusted EBITDA margin	7 %	30 %

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

	Year ended December 31,	
	2021	2020
	(in thousands, except percentages)	
Net (loss) income	\$ (13,558)	\$ (1,710)
Net (loss) income margin	(9)%	(2)%
Add:		
Stock-based compensation	14,574	17,837
IPO-related bonus expense	48,416	—
Non-GAAP net income	\$ 49,432	\$ 16,127
Non-GAAP net income margin	35 %	18 %

COMPONENTS OF RESULTS OF OPERATIONS

Revenue

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

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

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

Cost of revenue, net

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

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

	Year ended December 31,	
	2021	2020
	(in thousands)	
Expensify Interchange Amount	\$ 3,128	\$ 1,096
Vendor Fees	225	90
Consideration from a Vendor	\$ 2,903	\$ 1,006

As described in the subsection titled "Liquidity and Capital Resources", discretionary cash bonuses, which we also refer to as "IPO-related bonus expense" as described in the subsection titled "Non-GAAP Financial Measures," were paid to employees in 2021 and had a significant impact to Cost of revenue, net expenses during the annual period ended December 31, 2021.

Operating Expenses

Research and Development

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

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

As described in the subsection titled "Liquidity and Capital Resources", discretionary cash bonuses, which we also refer to as "IPO-related bonus expense" as described in the subsection titled "Non-GAAP Financial Measures," were paid to employees in 2021 and had a significant impact to Research and development expenses during the annual period ended December 31, 2021.

Sales and Marketing

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

As described in the subsection titled "Liquidity and Capital Resources", discretionary cash bonuses, which we also refer to as "IPO-related bonus expense" as described in the subsection titled "Non-GAAP Financial Measures," were paid to employees in 2021 and had a significant impact to Sales and marketing expenses during the annual period ended December 31, 2021.

General and Administrative

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

As described in the subsection titled "Liquidity and Capital Resources", discretionary cash bonuses, which we also refer to as "IPO-related bonus expense" as described in the subsection titled "Non-GAAP Financial Measures," were paid to employees in 2021 and had a significant impact to General and administrative expenses during the annual period ended December 31, 2021.

Interest and Other Expenses, Net

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

Benefit (Provision) for Income Taxes

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

Results of Operations

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

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

	Year ended December 31,	
	2021	2020
	(in thousands, except share and per share data)	
Revenue	\$ 142,835	\$ 88,072
Cost of revenue, net ⁽¹⁾	53,693	32,414
Gross margin	89,142	55,658
Operating expenses:		
Research and development ⁽¹⁾	10,988	6,728
General and administrative ⁽¹⁾	60,742	33,372
Sales and marketing ⁽¹⁾	27,664	9,888
Total operating expenses	99,394	49,988
(Loss) income from operations	(10,252)	5,670
Interest and other expenses, net	(3,480)	(2,718)
(Loss) income before income taxes	(13,732)	2,952
Benefit (provision) for income taxes	174	(4,662)
Net loss	\$ (13,558)	\$ (1,710)
Less: income allocated to participating securities	—	—
Net loss attributable to common stockholders	\$ (13,558)	\$ (1,710)
Net loss per share attributable to Class A, LT10 and LT50 common stockholders:		
Basic and diluted	\$ (0.36)	\$ (0.06)
Weighted-average shares of common stock used to compute net loss per share attributable to Class A, LT10 and LT50 common stockholders:		
Basic and diluted	38,039,222	27,424,480

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

	Year ended December 31,	
	2021	2020
	(in thousands)	
Cost of revenue, net	\$ 4,115	\$ 2,2
Research and development	1,617	2,4
General and administrative	7,356	12,6
Sales and marketing	1,486	4
Total stock-based compensation expense	\$ 14,574	\$ 17,8

Comparison of the Years Ended December 31, 2021 and 2020

Revenue

	Year ended December 31,		Change	
	2021	2020	Amount	%
	(in thousands, except percentages)			
Revenue	\$ 142,835	\$ 88,072	\$ 54,763	62 %

Revenue increased \$54.8 million, or 62%, in 2021 compared to 2020, primarily due to (i) an update to the Company's terms of service, which resulted in annual contracts becoming noncancellable and (ii) a pricing change, which led to a significant increase in the average paid member price during the year ended December 31, 2021 compared to the same period in 2020, each of which occurred in May 2020.

Cost of Revenue, Net and Gross Margin

	Year ended December 31,		Change	
	2021	2020	Amount	%
	(in thousands, except percentages)			
Cost of revenue, net	\$ 53,693	\$ 32,414	\$ 21,279	66 %
Gross margin	89,142	55,658	\$ 33,484	60 %
Gross margin %	62 %	63 %		

Cost of revenue, net increased \$21.3 million, or 66%, in 2021 compared to 2020, primarily due to an increase in employee compensation related to discretionary cash bonuses and stock-based compensation allocated to Cost of revenue, net. Employees directly engaged in supporting our customers and providing maintenance of our platform received \$13.7 million in bonuses during the year ended December 31, 2021. For further detail over the cash bonuses, refer to the subsection titled "Liquidity and Capital Resources."

In addition to cash bonuses, Cost of revenue, net increased due to a higher volume of payment processing fees directly related to an increase in reimbursement activity, increased efforts in support and implementation services, and increased outsourcing activities related to maintaining the platform. Consideration from a vendor reduced Cost of revenue, net by \$2.9 million and \$1.0 million for the years ended December 31, 2021 and 2020, respectively. The increase in consideration from a vendor was driven by the increased adoption and spend captured from members using the Expensify Card.

Gross margin decreased slightly to 62% in 2021 compared to 63% in the same period in 2020. Although revenue increased by 62% for the same period, Cost of revenue, net increased at a higher rate due to the factors described in the preceding paragraph.

Research and Development

	Year ended December 31,		Change	
	2021	2020	Amount	%
	(in thousands, except percentages)			
Research and development	\$ 10,988	\$ 6,728	\$ 4,260	63 %

Research and development expenses increased by \$4.3 million, or 63%, in 2021 compared to 2020, primarily due to an increase in employee compensation related to discretionary cash bonuses. Employees directly engaged in the planning and preliminary project stage and post-implementation stage of new products and features received \$8.5 million in bonuses during the year ended December 31, 2021. For further detail over the cash bonuses, refer to the subsection titled "Liquidity and Capital Resources." Increases to Research and development expenses were partially offset by increased

employee time spent in the application development stage of projects for our new products and features, which we consider to be capitalizable.

Sales and Marketing

	Year ended December 31,		Change	
	2021	2020	Amount	%
	(in thousands, except percentages)			
Sales and marketing	\$ 27,664	\$ 9,888	\$ 17,776	180 %

Sales and marketing expenses increased \$17.8 million, or 180%, in 2021 compared to 2020, primarily due to an increase in advertising spend to gain further brand awareness in addition to an aggressive reduction of our advertising and other sales and marketing expenses during the year ended December 31, 2020 in direct result of the COVID-19 pandemic. Furthermore, sales and marketing expenses increased due to employee compensation related to discretionary cash bonuses in 2021. Employees directly engaged in sales and marketing activities received \$5.0 million in bonuses during the year ended December 31, 2021. For further detail over the cash bonuses, refer to the subsection titled "Liquidity and Capital Resources."

General and Administrative

	Year ended December 31,		Change	
	2021	2020	Amount	%
	(in thousands, except percentages)			
General and administrative	\$ 60,742	\$ 33,372	\$ 27,370	82 %

General and administrative expenses increased \$27.4 million, or 82%, in 2021 compared to 2020, primarily due to increased compensation to our executive employees and discretionary cash bonuses of \$21.2 million paid to employees directly engaged in general and administrative activities. For further detail over the cash bonuses, refer to the subsection titled "Liquidity and Capital Resources."

Interest and Other Expenses, Net

	Year ended December 31,		Change	
	2021	2020	Amount	%
	(in thousands, except percentages)			
Interest and other expenses, net	\$ (3,480)	\$ (2,718)	\$ (762)	28 %

Interest and other expenses, net increased \$0.76 million, or 28% in 2021 compared to 2020. The increase was driven by the U.S. dollar getting stronger in 2021 resulting in higher foreign transaction exchange losses.

Benefit (Provision) for Income Taxes

	Year ended December 31,		Change	
	2021	2020	Amount	%
	(in thousands, except percentages)			
Benefit (provision) for income taxes	\$ 174	\$ (4,662)	\$ 4,836	(104)%

We recorded a benefit for income taxes of \$0.2 million in 2021 compared to a \$4.7 million provision for income taxes in 2020. We follow the asset and liability method of accounting for income taxes, whereby we recognize deferred income taxes for the tax consequences of temporary differences between the financial statement carrying amounts and the tax basis of the assets and liabilities. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a

tax benefit will not be realized. During the year ended December 31, 2021, we recorded a valuation allowance of \$2.4 million. No valuation allowance was recorded during the year ended December 31, 2020. The provision for income taxes reflects taxable income earned and taxed in U.S. federal and state and non-U.S. jurisdictions.

During the years ended December 31, 2021 and 2020, our effective income tax rate was 1.3% and 157.9%, respectively. The effective income tax rate differs from the statutory rate in 2021 primarily due to the limitation imposed by Internal Revenue Code Section 162(m), the inclusion of a valuation allowance, and the impact of stock-based compensation, which resulted in a \$15.5 million, \$2.4 million, and \$(8.5) million permanent item, respectively. The effective income tax rate differs from the statutory rate in 2020 primarily due to the impact of stock-based compensation related to secondary market transactions, which resulted in a \$15.3 million permanent item.

Liquidity and Capital Resources

Since our inception, we have financed our operations primarily through our cash flow from operations, sales of our equity securities and borrowings under our credit facilities. In November 2021, upon completion of our IPO, we received aggregate net proceeds of approximately \$57.5 million after deducting underwriting discounts and commissions of approximately \$4.9 million and offering costs of approximately \$8.0 million. As of December 31, 2021, we had \$98.4 million in cash and cash equivalents. As of December 31, 2021, we had \$67.8 million in outstanding indebtedness.

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

CASH BONUSES

In June 2021 for the Company's named executive officers and in July 2021 for all other employees, we determined that we would pay a cash bonus to each of our employees in a value that approximates the cost of each employee exercising 45% of their total stock options, limited by the total stock options outstanding and held by each existing employee as of June 15, 2021, including the tax withholding applicable to each employee. We included both vested and unvested stock options outstanding and held by each existing employee as of June 15, 2021 by each employee in determining the cash bonus paid. No employee was obligated to use the cash bonus to exercise their outstanding stock options.

During the year ended December 31, 2021, we recorded bonus expenses related to the employee stock option exercise cash bonus of \$48.4 million. All bonuses were fully paid to employees during the year ended December 31, 2021. Of the total bonus expenses related to the employee stock option exercise cash bonus during the year ended December 31, 2021, the bonus expense for our named executive officers was \$7.9 million.

The cash bonus is included in the following components of expenses on the accompanying consolidated statements of income (in thousands):

	Year ended December 31, 2021	
Cost of revenue, net	\$	13,708
Research and development		8,550
General and administrative		21,174
Sales and marketing		4,984
Total	\$	48,416

The following table presents the cash bonus in components of expenses (unaudited) for each of the quarters during the year ended December 31, 2021. These cash bonuses were only applicable during the year ended December 31, 2021. This unaudited breakout for each quarter has been prepared on the same basis as the annual consolidated financial statements included in this Annual Report on Form 10-K. The cash bonus is included in the following components of expenses (in thousands):

	Three months ended			
	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021
Cost of revenue, net	\$ —	\$ —	\$ 8,962	\$ 4,746
Research and development	—	3,599	3,871	1,080
General and administrative	—	4,340	10,368	6,466
Sales and marketing	—	—	3,085	1,899
Total	\$ —	\$ 7,939	\$ 26,286	\$ 14,191

Employee cash bonuses capitalized as internally developed software costs were \$1.5 million for the year ended December 31, 2021.

CASH FLOWS

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

	Year ended December 31,	
	2021	2020
	(in thousands)	
Net cash provided by operating activities	\$ 5,486	\$ 7,585
Net cash used by investing activities	(7,614)	(4,295)
Net cash provided by financing activities	80,565	8,787
Net increase in cash, cash equivalents and restricted cash	\$ 78,437	\$ 12,077

CASH PROVIDED BY OPERATING ACTIVITIES

During the year ended December 31, 2021, cash provided by operating activities was \$5.5 million, which was primarily driven by non-cash charges including depreciation and amortization and stock-based compensation. In addition, there were increases in settlement liabilities which represent increased expense reimbursement activity and increases in accrued expenses and other liabilities. The timing of the settlement of certain operating liabilities and receipt of certain operating assets can affect the amounts reported as net cash provided by operating activities on the consolidated statements of cash flows. The main offsets to net cash provided by operating activities were an increased net loss due to cash bonuses paid to employees during 2021 and the timing of receipt of certain operating assets such as accounts receivable and prepaid expenses.

Net cash provided by operating activities decreased for the year ended December 31, 2021 compared to the same period in 2020 primarily due to an increased net loss as a result of cash bonuses paid to employees during 2021 and the timing of the settlement of certain operating liabilities and receipt of certain operating assets.

CASH USED IN INVESTING ACTIVITIES

During the year ended December 31, 2021, cash used in investing activities was \$7.6 million, primarily consisting of software development costs and the purchase of property and equipment related to the build-out of our offices in Portland and San Francisco.

Net cash used in investing activities increased for the year ended December 31, 2021 compared to the same period in 2020, primarily due to increased software development costs. Software development costs increased due to continued investment in our platform and cash bonuses paid to developers in 2021 that were capitalized.

CASH PROVIDED BY FINANCING ACTIVITIES

During the year ended December 31, 2021, cash provided by financing activities was \$80.6 million, primarily consisting of proceeds from our initial public offering, net of underwriters' discounts and commissions. Additional proceeds from our amended and restated loan and security agreement with CIBC and exercises of stock options were partially offset by principal payments to fully payoff our remaining balances on our amortizing and non-amortizing term loans with CIBC.

Net cash provided by financing activities increased for the year ended December 31, 2021 compared to the same period in 2020, primarily due to the proceeds received from our initial public offering and amended and restated loan and security agreement with CIBC. These increases were partially offset by the borrowings under our line of credit during the year ended December 31, 2020.

CREDIT FACILITIES

Amortizing Term Mortgage

Under the amortizing term mortgage agreement with CIBC for our commercial building in Portland, Oregon, the Company borrowed \$8.3 million in August 2019, which requires interest and principal payments be made each month over a 30-year period. Interest accrues at a fixed rate of 5% per year until August 2024, at which point the interest rate changes to the Wall Street Journal Prime Rate minus 0.25% for the remaining term of the mortgage. The borrowings are secured by the building. As of December 31, 2021 and December 31, 2020, the outstanding balance of the amortizing term mortgage was \$8.0 million and \$8.1 million, respectively.

Loan and Security Agreement

Our loan and security agreement with CIBC, as amended and restated in September 2021 (2021 amended term loan), includes a \$75.0 million term loan, consisting of a \$45.0 million initial term loan with an option at a later date to enter into an additional \$30.0 million delayed term loan, and a \$25.0 million revolving line of credit. Approximately \$24.0 million of the loan proceeds were used to immediately repay the remaining balances under the amortizing and non-amortizing term loans at the time of the amendment and restatement in September 2021 as well as the commitment fees and any other debt issuance costs associated with the amended agreement. The remaining proceeds from the initial term loan went towards our normal business operations.

The loan and security agreement was originally entered into in May 2018. The initial term loan of \$45.0 million entered into by the Company in September 2021 is payable over a 60 month period with principal and accrued interest payments due each quarter thereafter, which commences with the first payment due on September 30, 2021. Quarterly principal payments are fixed and escalate throughout the term. The amounts borrowed are payable with interest at the bank's reference rate plus 2.25% (5.5% as of December 31, 2021) and continuing on a quarterly basis through the end of the term loan. The borrowings are secured by substantially all our assets. As of December 31, 2021, the outstanding balance of the 2021 amended term loan and revolving line of credit was \$44.9 million and \$15.0 million, respectively. The term loan and revolving line of credit mature in September 2026 and September 2024, respectively.

See Note 7 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for further information.

Certain Covenants

We are subject to customary covenants under our loan and security agreement, which unless waived by CIBC, restrict our and our subsidiaries' ability to, among other things incur additional indebtedness, create or incur liens, permit a change of control or merge or consolidate with other companies, sell or transfer assets, pay dividends or make distributions, make acquisitions, investments or loans, or payments and prepayments of subordinated indebtedness, subject to certain exceptions. We must also maintain certain financial covenants: for the first year, a total annual recurring revenue leverage ratio not to exceed 0.8 to 1.0, tested on the last day of each fiscal quarter, and maintaining liquidity at times not less than \$10.0 million, in each case as defined in the loan and security agreement; and thereafter, a total EBITDA net leverage ratio, tested each quarter, of not less than 5.00 to 1.00 from September 30, 2022 through and including June 30, 2023, not less than 4.00 to 1.00 from September 30, 2023 through and including June 30, 2024, and not less than 3.00 to 1.00 from September 30, 2024 and thereafter, and a fixed charge coverage ratio of not less than 1.10 to 1.100, tested on the last day of each calendar quarter.

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

As of December 31, 2021, we were not in compliance with all of our debt covenants. Specifically, we were not in compliance with the covenant in our loan and security agreement with CIBC restricting investments in certain subsidiaries over a threshold of free cash flow (as defined by the debt agreement), however we obtained a waiver from CIBC. As of the date of this Annual Report on Form 10-K, we do not believe non-compliance with this covenant had a material impact on us or our operations. We expect to be in compliance with all debt covenants by the end of the fiscal quarter ended March 31, 2022.

Contractual Obligations and Commitments

The following table summarizes our contractual obligations and commitments as of December 31, 2021:

	Payments due by period			Total
	(in thousands)			
	Less than 1 year	1-3 years	More than 3 years	
Principal payments on debt	\$ 15,588	\$ 2,707	\$ 49,546	\$ 67,841
Interest payments on debt	2,850	8,343	7,358	18,551
Finance lease commitments	816	476	—	1,292
Operating lease commitments	795	333	—	1,128
Total	\$ 20,049	\$ 11,859	\$ 56,904	\$ 88,812

Indemnification Agreements

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

Off-Balance Sheet Arrangements

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

Critical Accounting Estimates

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

EMPLOYEE AND EMPLOYEE-RELATED EXPENSES

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

REVENUE RECOGNITION

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

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

The Company's contracts are either month-to-month arrangements billed monthly in arrears based on a specified number of members or annual arrangements billed monthly in arrears based on a minimum number of monthly members. Month-to-month contracts can be terminated by either party at any time without penalty. Annual subscription customers who wish to terminate their contracts before the end of the term are required to pay the remaining obligation in full plus any fees or penalties set forth in the agreement. In May 2020, the Company updated its terms of service, which resulted in annual contracts becoming noncancelable and a pricing change, which led to an increase in the per member price for paid members.

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

performance obligation over time each month as it provides the SaaS and support services to customers and as such generally recognizes revenue monthly based on the number of monthly members and contractual rate per member.

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

Revenue is recognized net of applicable taxes imposed on the related transaction. The Company charges the customer on a monthly basis, in arrears, with typical payment terms being 30 days. A contract asset is the right to consideration for transferred goods or services and arises when the amount of revenue recognized exceeds amounts billed to a customer. As a result of a price increase in 2020 that was applicable to certain annual contracts and is being billed incrementally by the Company over a twelve month period, the Company recorded revenue for such contracts on a straight line basis over the twelve month period affected by the price increase. This resulted in contract assets that consist of unbilled receivables for revenue recognized in excess of billings. The contract asset will decrease as the price increase is applied to the amounts billed to customers, over the twelve month period. The Company recorded an immaterial amount and \$1.2 million of contract assets for unbilled receivables within Other current assets on the Company's consolidated balance sheet as of December 31, 2021 and 2020, respectively. Since the Company's performance obligation is satisfied monthly, at any reporting period, the Company has no unsatisfied, or partially unsatisfied, performance obligations.

COMMON STOCK VALUATIONS

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

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

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

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

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

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

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

STOCK-BASED COMPENSATION

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

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

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

All RSUs granted to employees before the effectiveness of the IPO Registration Statement were measured based on the fair value of the underlying common stock on the grant date, which was consistent with the factors described within the Black-Scholes option pricing model. All RSUs granted

to employees after the effectiveness of the IPO Registration Statement are measured based on the fair value of the underlying common stock on the grant date, which is determined by the closing price, on the date of the grant, of its Class A common stock, which is traded on the Nasdaq Global Select Market.

Refer to Note 9 for further detail over stock-based compensation and the stock incentive plans of the Company.

Recent Accounting Pronouncements

See Note 2 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for recently adopted accounting pronouncements and recently issued accounting pronouncements not yet adopted.

Emerging Growth Company Status

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

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

FOREIGN CURRENCY EXCHANGE RISK

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

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

INTEREST RATE RISK

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

INFLATION RISK

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

Item 8. Financial Statements and Supplementary Data

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Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of Expensify, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Expensify, Inc. (the Company) as of December 31, 2021 and 2020, the related consolidated statements of income, convertible preferred stock and stockholders' deficit, and cash flows, for the three years in the period ended December 31, 2021, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021 in conformity with U.S generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2020.

San Francisco, California

March 31, 2022

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

	As of December 31,	
	2021	2020
Assets		
Cash and cash equivalents	\$ 98,398	\$ 34,401
Accounts receivable, net	15,713	10,024
Settlement assets	21,880	14,308
Prepaid expenses	7,436	927
Related party loan receivable, current	14	600
Other current assets	14,201	3,404
Total current assets	157,642	63,664
Capitalized software, net	6,359	3,722
Property and equipment, net	15,930	15,363
Lease right-of-use assets	2,202	3,733
Deferred tax assets, net	370	418
Other assets	710	833
Total assets	\$ 183,213	\$ 87,733
Liabilities, convertible preferred stock and stockholders' equity (deficit)		
Accounts payable	\$ 3,752	\$ 2,328
Accrued expenses and other liabilities	11,046	3,535
Borrowings under line of credit	15,000	15,000
Current portion of long-term debt, net of issuance costs	549	2,454
Lease liabilities, current	1,549	1,575
Settlement liabilities	21,680	14,308
Total current liabilities	53,576	39,200
Lease liabilities, non-current	802	2,350
Deferred tax liabilities, net	—	916
Other liabilities	153	877
Long-term debt, net of issuance costs	52,067	30,321
Total liabilities	106,598	73,664
Commitments and contingencies (Note 12)		
Convertible preferred stock, par value \$0.0001; 0 and 4,203,139 shares authorized, issued and outstanding as of December 31, 2021 and 2020, respectively; (aggregate liquidation preference of \$0 and \$24,929,457 as of December 31, 2021 and 2020, respectively)	—	45,105
Stockholders' equity (deficit):		
Common stock, par value \$0.0001; 1,000,000,000 and 95,000,000 shares of Class A common stock authorized as of December 31, 2021 and 2020, respectively; 67,844,060 and 29,366,940 shares of Class A common stock issued and outstanding as of December 31, 2021 and 2020, respectively; 25,000,000 and 0 shares of LT10 common stock authorized as of December 31, 2021 and 2020, respectively; 7,332,640 and 0 shares of LT10 common stock issued and outstanding as of December 31, 2021 and 2020, respectively; 25,000,000 and 0 shares of LT50 common stock authorized as of December 31, 2021 and 2020, respectively; 6,224,160 and 0 shares of LT50 common stock issued and outstanding as of December 31, 2021 and 2020, respectively	6	—
Additional paid-in capital	142,515	21,312
Accumulated deficit	(65,906)	(52,348)
Total stockholders' equity (deficit)	76,615	(31,036)
Total liabilities, convertible preferred stock and stockholders' equity (deficit)	\$ 183,213	\$ 87,733

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

	Year ended December 31,		
	2021	2020	2019
Revenue	\$ 142,835	\$ 88,072	\$ 80,460
Cost of revenue, net	53,693	32,414	31,985
Gross margin	89,142	55,658	48,475
Operating expenses:			
Research and development	10,988	6,728	4,110
General and administrative	60,742	33,372	15,930
Sales and marketing	27,664	9,888	27,188
Total operating expenses	99,394	49,988	47,228
(Loss) income from operations	(10,252)	5,670	1,247
Interest and other expenses, net	(3,480)	(2,718)	(2,757)
(Loss) income before income taxes	(13,732)	2,952	(1,510)
Benefit (provision) for income taxes	174	(4,662)	2,751
Net (loss) income	\$ (13,558)	\$ (1,710)	\$ 1,241
Less: income allocated to participating securities	—	—	(1,241)
Net loss attributable to common stockholders	\$ (13,558)	\$ (1,710)	\$ —
Net loss per share attributable to Class A, LT10 and LT50 common stockholders:			
Basic and diluted	\$ (0.36)	\$ (0.06)	\$ —
Weighted-average shares of common stock used to compute net loss per share attributable to Class A, LT10 and LT50 common stockholders:			
Basic and diluted	38,039,222	27,424,480	25,921,890

Expensify, Inc.
Consolidated Statements of Convertible Preferred Stock and Stockholders' Equity (Deficit)
Year Ended December 31,
(in thousands, except share and per share data)

	Convertible preferred stock		Common stock		Additional paid-in capital	Accumulated deficit	Total stockholders' equity (deficit)
	Shares	Amount	Shares	Amount			
Balance at December 31, 2018	4,203,139	\$ 45,105	24,522,320	\$ —	\$ —	\$ (51,879)	\$ (51,879)
Issuance of common stock upon exercise of stock options	—	—	2,122,810	—	482	—	482
Stock-based compensation	—	—	—	—	1,706	—	1,706
Repurchase of common stock	—	—	(55,200)	—	(14)	—	(14)
Net income	—	—	—	—	—	1,241	1,241
Balance at December 31, 2019	4,203,139	\$ 45,105	26,589,930	\$ —	\$ 2,174	\$ (50,638)	\$ (48,464)
Issuance of common stock upon exercise of stock options	—	—	2,777,010	—	1,301	—	1,301
Stock-based compensation	—	—	—	—	17,837	—	17,837
Net loss	—	—	—	—	—	(1,710)	(1,710)
Balance at December 31, 2020	4,203,139	\$ 45,105	29,366,940	\$ —	\$ 21,312	\$ (52,348)	\$ (31,036)
Conversion of convertible preferred stock to common stock	(4,203,139)	(45,105)	42,031,390	5	45,100	—	45,105
Issuance of common stock upon exercise of warrants	—	—	428,067	—	—	—	—
Issuance of common stock upon initial public offering	—	—	2,608,696	—	57,458	—	57,458
Issuance of common stock upon exercise of stock options	—	—	6,965,767	1	3,504	—	3,505
Vesting of early exercised stock options	—	—	—	—	567	—	567
Stock-based compensation	—	—	—	—	14,574	—	14,574
Net loss	—	—	—	—	—	(13,558)	(13,558)
Balance at December 31, 2021	—	\$ —	81,400,860	\$ 6	\$ 142,515	\$ (65,906)	\$ 76,615

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

	Year Ended December 31,		
	2021	2020	2019
Cash flows from operating activities:			
Net (loss) income	\$ (13,558)	\$ (1,710)	\$ 1,241
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	5,197	3,248	2,845
Reduction of operating lease right-of-use assets	741	1,311	1,192
Loss on impairment, receivables and sale or disposal of equipment	319	162	60
Stock-based compensation	14,574	17,837	1,706
Amortization of debt issuance costs	32	32	32
Deferred tax assets	48	2,437	(2,855)
Deferred tax liabilities	(916)	916	—
Changes in assets and liabilities:			
Accounts receivable	(6,006)	(2,170)	(1,955)
Settlement assets	173	2,878	1,599
Prepaid expenses	(6,509)	270	3,628
Other current assets	(4,100)	(1,393)	45
Related party loan receivable	586	—	—
Other assets	124	(248)	(31)
Accounts payable	1,424	(714)	446
Accrued expenses and other liabilities	7,511	1,774	226
Operating lease liabilities	(801)	(1,374)	(1,252)
Settlement liabilities	7,372	(16,548)	5,503
Other liabilities	(725)	877	—
Net cash provided by operating activities	5,486	7,585	12,430
Cash flows from investing activities:			
Purchase of property and equipment	(2,706)	(2,488)	(3,235)
Proceeds from sale or disposal of property and equipment	—	2	4
Software development costs	(4,908)	(1,809)	(1,673)
Net cash used by investing activities	(7,614)	(4,295)	(4,904)
Cash flows from financing activities:			
Principal payments of finance leases	(774)	(808)	(793)
Principal payments of term loan	(25,191)	(319)	(39)
Proceeds from term loan	45,000	—	—
Principal payments of line of credit	—	(1,000)	—
Proceeds from line of credit	—	9,613	5,500
Repurchases of common stock	—	—	(14)
Vesting of restricted common stock	567	—	—
Proceeds from initial public offering, net of underwriters' discounts and commissions	57,458	—	—
Proceeds from issuance of common stock on exercise of stock options	3,505	1,301	482
Net cash provided by financing activities	80,565	8,787	5,136
Net increase in cash and cash equivalents	78,437	12,077	12,662
Cash and cash equivalents and restricted cash, beginning of period	46,878	34,801	22,139
Cash and cash equivalents and restricted cash, end of period	\$ 125,315	\$ 46,878	\$ 34,801
Supplemental disclosure of cash flow information:			
Cash paid for interest	\$ 3,082	\$ 2,929	\$ 2,708

Cash paid for income taxes	\$	6,922	\$	150	\$	216
Noncash investing and financing items:						
Commercial building and land acquired with long-term debt (net of issuance costs of \$8,226)	\$	—	\$	—	\$	10,644
Right-of-use assets acquired with lease liabilities	\$	—	\$	1,260	\$	1,210
Reconciliation of cash, cash equivalents and restricted cash to the consolidated balance sheets						
Cash and cash equivalents	\$	98,398	\$	34,401	\$	9,990
Restricted cash included in other current assets		8,651		1,955		421
Restricted cash included in other assets		47		48		246
Restricted cash included in settlement assets		18,219		10,474		24,144
Total cash, cash equivalents and restricted cash	\$	125,315	\$	46,878	\$	34,801

NOTE 1 – DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

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

In early 2020, Expensify launched the Expensify credit card (the Expensify Card). Expensify primarily distributes the Expensify Card to large corporate customers in the U.S. that subsequently distribute the card to their employees for business use. The Expensify Card allows customers to have real-time control over their employees' spending and compliance with spending limits in addition to eReceipt reporting on purchases made.

Information regarding the subsidiaries of Expensify are as follows:

- Expensify established a wholly-owned subsidiary in the United Kingdom (UK), Expensify LTD., in 2015 that primarily serves to promote and market Expensify's services to customers and potential customers of Expensify in the UK.
- Expensify established a wholly-owned subsidiary in Australia, Expensify PTY LTD., in 2017 that primarily serves to promote and market Expensify's services to customers and potential customers of Expensify in Australia.
- Expensify established a wholly-owned subsidiary, 401 SW 5th Ave LLC, in 2019 with the subsidiary's primary purpose being to hold title to the commercial building purchased in Portland, Oregon.
- Expensify established a wholly-owned subsidiary, Expensify.org, in 2019 which is a nonprofit benefit organization. Expensify.org is included within the consolidated financial statements of Expensify as Expensify has both a majority voting interest in the board of Expensify.org and an economic interest in the organization. In early 2020 with the introduction of the Expensify Card, Expensify committed to donate 10% of its consideration received from a vendor for monetizing Expensify Card activities to Expensify.org in addition to lump sum discretionary contributions. Beginning in January 2021, an additional commitment was made to donate 25 cents for every dollar Expensify paid to white male Expensify employees to Expensify.org to fund social justice and equity efforts. For the years ended December 31, 2021 and 2020, Expensify, Inc. contributed \$3.1 million and \$0.1 million to Expensify.org, respectively. \$0.3 million in commitments from Expensify, Inc. remain open for contribution as of December 31, 2021. An immaterial amount in commitments from Expensify, Inc. remained open for contribution as of December 31, 2020. All intercompany transactions and balances have been eliminated in consolidation. Any contributions from Expensify.org to a charitable organization is recorded as an expense within General and administrative expenses on the consolidated financial statements upon payment. Contributions from Expensify.org to a charitable organization were immaterial during the years ended December 31, 2021, 2020 and 2019, respectively.
- Expensify established wholly-owned subsidiaries, Expensify Canada Inc. and Expensify Netherlands B.V., in 2020 that primarily serve to promote and market Expensify's services to customers and potential customers of the Company in Canada and the Netherlands, respectively.

- Expensify established a wholly-owned subsidiary, Expensify Payments LLC, in 2020 that primarily serves as the licensed provider of money transmission services for Expensify with its expense management program.
- Expensify established a wholly-owned subsidiary, Expensify Lounge LLC, in 2021 that primarily serves to manage, promote and market Expensify's lounge operations in the United States.

Initial Public Offering – The Company's registration statement on Form S-1 (the IPO Registration Statement) related to its initial public offering (IPO) was declared effective on November 9, 2021 and the Company's Class A common stock began trading on the Nasdaq Global Select Market on November 10, 2021. On November 15, 2021, the Company closed its IPO of 11,190,392 shares of the Company's Class A common stock at \$0.0001 par value per share (the Class A common stock), in which the Company sold 2,608,696 shares of Class A common stock, and the selling stockholders sold 8,581,696 shares of Class A common stock at an IPO price of \$27.00 per share. This total sale of 11,190,392 shares of Class A common stock in the IPO includes the full exercise of the underwriters' option to purchase an additional 1,459,616 shares of Class A common stock from certain selling stockholders at an IPO price of \$27.00 per share. The Company did not receive any proceeds from the sale of shares of Class A Common Stock in the offering by the selling stockholders. The Company received aggregate net proceeds of approximately \$57.5 million after deducting underwriting discounts and commissions of approximately \$4.9 million and offering costs of approximately \$8.0 million.

Immediately prior to the effectiveness of the IPO Registration Statement, the Company filed an Amendment to the Amended and Restated Certificate of Incorporation to create three classes of authorized common stock: Class A, LT10, and LT50 common stock. All shares of common stock then outstanding were reclassified as Class A common stock except for shares under the Company's exchange offer, which provided employees and other service providers the opportunity to exchange, on a one-for-one basis, their Class A common stock into LT10 or LT50 shares. Under this exchange offer, 13,556,800 shares of Class A common stock were exchanged for 7,332,640 shares of LT10 common stock and 6,224,160 shares of LT50 common stock. Upon closing of the IPO, all convertible preferred stock then outstanding, was converted into 42,031,390 shares of common stock on a ten-for-one basis and reclassified into Class A common stock. In addition, 430,080 shares of common stock warrants were converted to an equivalent number of shares of Class A common stock warrants.

Immediately prior to the closing of the IPO, the Company filed its Amended and Restated Certificate of Incorporation authorizing a total of 1,000,000,000 shares of Class A common stock which entitles holders to one vote per share; 25,000,000 shares of LT10 common stock, which entitles holders to 10 votes per share; and 25,000,000 shares of LT50 common stock, which entitles holders to 50 votes per share. In addition, the Amended and Restated Certificate of Incorporation authorized a total of 10,000,000 shares of undesignated preferred stock.

Basis of Presentation and Principles of Consolidation – The accompanying consolidated financial statements include the accounts of Expensify and its wholly-owned subsidiaries (the Company) and have been prepared in accordance with generally accepted accounting principles in the United States (U.S. GAAP). All intercompany transactions and balances have been eliminated in consolidation.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Risks and Uncertainties – The Company evaluates its operations periodically to determine if any risks and uncertainties exist that could impact its operations in the near term. During December 2019, the novel coronavirus (COVID-19) emerged and subsequently spread worldwide. The World Health Organization declared COVID-19 a global pandemic in March 2020, resulting in federal, state and local governments and private entities implementing various restrictions, including travel restrictions,

restrictions on public gatherings, stay at home orders and advisories and quarantining of people who may have been exposed to the virus. The Company has been actively monitoring COVID-19 and its impact globally. Management believes the remote working arrangements and travel restrictions imposed by various governmental jurisdictions as a result of COVID-19 had limited impact on the Company's ability to maintain internal operations during the years ended December 31, 2021 and 2020, respectively.

The full extent to which the COVID-19 pandemic will directly or indirectly impact the Company's business, results of operations and financial condition will depend on future developments that are highly uncertain, including the result of new information that may emerge concerning COVID-19 and the actions taken to contain it or treat it. The Company's estimates may be subject to change as new events occur and additional information emerges, and such changes will be recognized or disclosed in the consolidated financial statements as they become known. While the full lasting impact of the COVID-19 pandemic on the global economy and our customers remains uncertain, the Company believes that use of the platform will continue to rebound and increase as economies fully reopen and business travel resumes to pre-pandemic levels.

The Company does not believe that there are any significant risks as a result of the COVID-19 pandemic that have not already been disclosed in the consolidated financial statements.

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

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

Foreign Currency – The Company uses the U.S. dollar as its functional currency. Foreign currency assets and liabilities are remeasured into the U.S. dollar at the end-of-period exchange rates except for prepaid expenses, property and equipment and related depreciation and amortization, and lease right-of-use assets and related amortization, which are remeasured at the historical exchange rates. Revenues and expenses are remeasured at average exchange rates in effect during each period. Gains or losses from foreign currency transactions are included in the consolidated statements of income.

Cash and Cash Equivalents – Cash consists of funds deposited with banks. The Company considers all highly liquid investments with an original maturity of three months or less at the date of purchase to be cash equivalents. The recorded carrying amount of cash equivalents, which is cost plus accrued interest, if any, approximates fair value. As of December 31, 2021 and 2020, the Company had no cash equivalents.

Restricted Cash – Restricted cash amounts included within Other assets on the consolidated balance sheets as of December 31, 2021 and 2020 relate to cash deposited with a Commercial Bank required as collateral for corporate credit cards issued by the respective Commercial Bank in the U.S. and UK as well as bank-to-bank transfers in the UK. These restricted cash amounts are considered immaterial. The Company also has an immaterial amount of cash required to be held within a trust account for monthly management and maintenance operating fees for the 401 SW 5th Ave commercial building owned by the Company and an immaterial amount of restricted cash to be held as a general short-term

reserve with a Commercial Bank for Expensify Payments LLC. These restricted cash amounts are included within Other current assets on the consolidated balance sheets.

In addition, cash in transit for funds held for customers to the Company's Payment Processor and Expensify Card collateral for funds held for customers represent restricted cash maintained in segregated Company bank accounts that are held for the exclusive benefit of customers. The Company restricts the use of the assets underlying the funds held for customers to meet regulatory requirements and classifies the assets as current based on their purpose and availability to fulfill the Company's direct obligation under funds due to customers. These restricted cash amounts are included within Other current assets on the consolidated balance sheets. Refer to Note 6 for the breakout of these amounts within Other current assets as of December 31, 2021 and 2020.

The Company also includes restricted cash amounts within Other current assets on the consolidated balance sheets for cash held by Expensify.org. This cash is restricted for use towards social justice and equity efforts of Expensify.org and is classified as current based on the immediate availability of the cash towards fulfilling these efforts. Refer to Note 6 for the breakout of these amounts within Other current assets as of December 31, 2021 and 2020.

Restricted cash also includes amounts included within Settlement assets for funds held for customers that are deposited into a Commercial Bank account held by the Company for the benefit of the customers until remitted to the customer's members. Refer to the Settlement assets and liabilities policy note below for further detail.

Accounts Receivable and Allowance for Doubtful Accounts – Accounts receivable are recorded at the invoiced amount, net of an allowance for doubtful accounts. The allowance for doubtful accounts is based on the Company's assessment of the collectability of the accounts receivable. Management considers the following factors when determining the collectability of specific customer accounts: customer creditworthiness, past transaction history with the customer, current economic industry trends and changes in customer payment terms. Past due balances over 60 days and other higher risk amounts are reviewed individually for collectability. Based on management's assessment, the Company provides for estimated uncollectible amounts through a charge to earnings and a credit to an established allowance for doubtful accounts. Balances that remain outstanding after the Company has used reasonable collection efforts are written off no later than 90 days past due. The Company recorded an immaterial amount of allowance for doubtful accounts as of December 31, 2021 and 2020, respectively.

Concentrations of Credit Risk – Financial instruments that potentially subject the Company to credit risk consist primarily of cash and cash equivalents and accounts receivable. Cash and cash equivalents are deposited with federally insured commercial banks in the United States that may at times exceed federally insured limits. Management believes that these financial institutions are financially sound, and the Company has not experienced material losses to date. The Company generally does not require collateral or other security in support of accounts receivable except for the restricted cash accounts discussed in the respective Restricted cash policy note above. There were no customers representing 10% or more of revenue during the years ended December 31, 2021, 2020, and 2019. In addition, there were no customers representing 10% or more of accounts receivable as of December 31, 2021 and 2020.

Settlement Assets and Liabilities – Settlement assets and liabilities arise due to the time required between the approval of an expense reimbursement and settlement of funds in the member's account facilitated by a third-party vendor used by the Company for settlement. Funds are collected from customers by the Company and are deposited into a Commercial Bank account held by the Company for the benefit of the customers until remitted to the customer's members. Upon an approved request for expense reimbursement from customers, the Company initiates the transaction from its Commercial Bank accounts where funds are held and remits the funds directly to the customer's users after a clearing period of three business days, including the day of the transaction. For reimbursement of transactions through the Expensify Card, the clearing period is typically two business days, including

the day of transaction, for the funds to be settled. The Company records settlement receivable and corresponding liability upon approval of the expense reimbursement. Settlement receivables are reported on the consolidated balance sheets when the approval of the expense reimbursement occurs until the funds are cleared in the Company's Commercial Bank account. The Commercial Bank account and settlement receivables roll up into the Settlement assets financial statement line item on the consolidated balance sheets. Any Settlement asset balance that remains outstanding after five business days is written off by the Company. Write offs related to the Settlement asset balances of the Company for the years ended December 31, 2021 and 2020 were immaterial. The Company did not record an allowance for doubtful accounts against the Settlement assets as write offs to date have been immaterial. Settlement liability is reported on the consolidated balance sheets from when the expense reimbursement is approved until the funds are cleared in the member's account.

Leases – The Company determines if an arrangement is a lease at inception by evaluating whether there is an identified asset and whether the Company controls the use of the identified asset throughout the period of use. The Company determines the classification of the lease, whether operating or financing, at the lease commencement date, which is the date the leased assets are made available for use.

Operating and finance leases are included in lease right-of-use (ROU) assets and lease liabilities in the consolidated balance sheets. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating and finance lease ROU assets and liabilities are recognized at commencement date based on the present value of future minimum lease payments over the lease term. The Company uses rates implicit in the lease, or if not readily available, its incremental borrowing rate, to calculate its ROU assets and liabilities. The operating and finance lease ROU assets also include any lease payments made before commencement and exclude lease incentives.

The Company's lease terms may include options to extend or terminate the lease, and the Company includes those options in the lease terms when it is reasonably certain it will exercise them. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. Lease expense for finance lease payments is recognized on a straight-line basis over the lesser of the lease term or the estimated useful life of the asset. The Company made the policy election to account for short-term leases by recognizing the lease payments in the income statement on a straight-line basis over the lease term and not recognizing these leases on the Company's consolidated balance sheets. Variable lease payments are recognized in the income statement in the period in which the obligation for those payments is incurred. The Company has real estate and data center equipment lease agreements with lease and non-lease components for which the Company has made the accounting policy election to account for these agreements as a single lease component. Modifications are assessed to determine whether incremental differences result in new contract terms and accounted for as a new lease or whether the additional right-of-use should be included in the original lease and continue to be accounted with the remaining ROU asset.

Property and Equipment – Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the respective assets, typically three years for computer equipment, five years for furniture and fixtures and thirty years for buildings. Land has an unlimited useful life and is not depreciated. Leasehold improvements are amortized over the lesser of the lease term or the estimated useful life of the asset. Expenditures for repairs and maintenance are charged to expense as incurred. Upon disposal, the cost and related accumulated depreciation and amortization are removed from the accounts and the resulting gain or loss is reflected in the consolidated statements of income. To date, gains or losses from disposition of property and equipment have been immaterial.

Construction in progress is stated at cost, which includes the cost of construction and other direct costs attributable to the construction. No depreciation is recorded for construction in progress until

such time as the relevant assets are completed and put into use. Construction in progress as of December 31, 2021 and 2020 represents leasehold improvements under installation.

Capitalized Software Development Costs – The Company capitalizes internal and external costs directly related to obtaining or developing internal-use software during the application development stage of the projects. Additionally, the Company capitalizes qualifying costs incurred for upgrades and enhancements that result in additional functionality to existing software. Maintenance activities or minor upgrades are expensed in the period performed. The Company's internal-use software is reported at cost less accumulated amortization. Amortization begins once the project is ready for its intended use, which is usually when the software code goes into production. The Company amortizes the asset on a straight-line basis over a period of three years, which is the estimated useful life. During the years ended December 31, 2021, 2020 and 2019, the Company capitalized \$4.9 million, \$1.8 million and \$1.7 million, respectively, in software development costs.

Long-Lived Assets – Long-lived assets, primarily capitalized software development costs, property and equipment and lease right-of-use assets, are evaluated for impairment when events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. When indications of impairment are present and the estimated undiscounted future cash flows from the use of the asset are less than the asset's carrying value, the related asset will be written down to fair value. Any impairment losses are included in general and administrative operating expenses on the consolidated statements of income. Impairment losses on long-lived assets were immaterial for the years ended December 31, 2021, 2020 and 2019.

Deferred Offering Costs – Deferred offering costs consist primarily of accounting, legal, and other fees related to the IPO. Upon completion of the IPO, deferred offering costs of \$8.0 million were reclassified to stockholders' equity and recorded net against the IPO proceeds. The Company had no capitalized deferred offering costs as of December 31, 2021 and 2020, respectively.

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

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

The Company's contracts are either month-to-month arrangements billed monthly in arrears based on a specified number of members or annual arrangements billed monthly in arrears based on a minimum number of monthly members. Month-to-month contracts can be terminated by either party at any time without penalty. Annual subscription customers who wish to terminate their contracts before the end of the term are required to pay the remaining obligation in full plus any fees or penalties set forth in the agreement. In May 2020, the Company updated its terms of service, which resulted in annual contracts becoming noncancelable and a pricing change, which led to an increase in the per member price for paid members.

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

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

Revenue is recognized net of applicable taxes imposed on the related transaction. The Company charges the customer on a monthly basis, in arrears, with typical payment terms being 30 days. A contract asset is the right to consideration for transferred goods or services and arises when the amount of revenue recognized exceeds amounts billed to a customer. As a result of a price increase in 2020 that was applicable to certain annual contracts and is being billed incrementally by the Company over a twelve month period, the Company recorded revenue for such contracts on a straight line basis over the twelve month period affected by the price increase. This resulted in contract assets that consist of unbilled receivables for revenue recognized in excess of billings. The contract asset will decrease as the price increase is applied to the amounts billed to customers, over the twelve month period. The Company recorded an immaterial amount and \$1.2 million of contract assets for unbilled receivables within Other current assets on the Company's consolidated balance sheet as of December 31, 2021 and 2020, respectively. Since the Company's performance obligation is satisfied monthly, at any reporting period, the Company has no unsatisfied, or partially unsatisfied, performance obligations.

Cashback Rewards – Beginning in August 2021, the Company offers a cashback rewards program to all customers based on volume of Expensify card transactions and SaaS subscription tier. Cashback rewards are earned on a monthly basis and paid out the following month. The Company considers their cashback payments to customers as consideration payable to a customer under the scope of ASC 606 and it is therefore recorded as contra revenue within Revenue on the consolidated statements of income. The Company records a cashback rewards liability that represents the consideration payable to customers for earned cashback rewards. The cashback rewards liability is impacted over time by customers meeting eligibility requirements in conjunction with the SaaS subscription tier of the customer and the timing of payments to customers. The accrued cashback rewards liability was \$0.2 million as of December 31, 2021 and is recorded within Accrued expenses and other liabilities on the consolidated balance sheets. The cashback rewards cost was \$1.1 million during the year ended December 31, 2021.

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

The Company utilizes the Black-Scholes option pricing model to determine the estimated fair value of stock options. The Company recognizes these stock-based compensation costs on a straight-line basis over the requisite service period of the award, which is generally the option vesting term of four years. Forfeitures are recorded as they occur.

The Black-Scholes option pricing model requires management to make a number of assumptions, including the fair value and expected volatility of the Company's underlying common stock, expected life of the award, risk-free interest rate and expected dividend yield. Prior to the IPO, the fair value of common stock was determined by the Board of Directors based on a number of factors, including independent third-party valuations of our common stock, which considered estimates of our future performance and valuations of comparable companies. The Company also considered prices at which others have purchased our stock, and the likelihood and timing of achieving a liquidity event. When awards were granted or revalued between the dates of valuation reports, the Company considered the change in common stock fair value and the amount of time that lapsed between the two reports to determine whether to use the latest common stock valuation or an interpolation between two valuation

dates for purposes of valuing stock-based awards. Subsequent to the completion of the IPO, the fair value of the Company's underlying common stock is determined by the closing price, on the date of grant, of its Class A common stock, which is traded on the Nasdaq Global Select Market.

The Company granted employees restricted stock units (RSUs) that settle in shares of Class A and LT50 common stock, which became effective immediately before the effectiveness of the IPO Registration Statement on November 9, 2021. All RSUs granted to employees after the effectiveness of the IPO Registration Statement have a service condition only and are recognized on a straight-line basis over the requisite service period of the award, which is generally the RSU vesting term of eight years. The Company measures these RSUs granted based on the fair value of the underlying common stock on the grant date, which is determined by the closing price, on the date of the grant, of its Class A common stock, which is traded on the Nasdaq Global Select Market.

All RSUs granted to employees before the effectiveness of the IPO Registration Statement were considered RSUs with both a service and performance condition for accounting purposes. The Company measures these RSUs based on the fair value of the underlying common stock on the grant date, which was consistent with the factors described within the Black-Scholes option pricing model. Once the performance condition was satisfied for these RSUs on November 9, 2021, the Company recognized a cumulative one-time stock-based compensation expense for the service period satisfied prior to this date. All remaining stock-based compensation for these awards will be recognized over the remaining service period using an accelerated graded method. The service period of these awards is the RSU vesting term of eight years.

The Company granted RSUs in November 2021 to its Non-Employee Directors, which is comprised solely of the Company's Audit Committee members, in connection with each member's initial appointment to the Board of directors and consummation of the IPO. All RSUs granted to Non-Employee Directors settle in shares of Class A common stock and are recognized on a straight-line basis over the requisite service period of the award, which is generally the initial RSU grant vesting term of three years. Subsequent to the initial RSUs granted, the Company will grant RSUs to Non-Employee Directors on an annual basis at each annual stockholders' meeting that will vest upon the earlier of the satisfaction of a service condition or a performance condition, which is considered a change in control event. These annual RSU grants will be recognized on a straight-line basis over the requisite service period of the award, which is one year. Furthermore, RSUs will be granted to Non-Employee Directors on a quarterly basis as a retainer for their services, which vest only upon the satisfaction of a service condition. These annual RSU grants will be recognized on a straight-line basis over the requisite service period of the award, which is three months. The Company measures all RSUs granted to Non-Employee Directors based on the fair value of the underlying common stock on the grant date, which is determined by the closing price, on the date of the grant, of its Class A common stock, which is traded on the Nasdaq Global Select Market. With the exception of the RSUs granted to Non-Employee Directors in November 2021, there were no other RSUs granted to Non-Employee Directors during the year ended December 31, 2021.

Forfeitures are recorded as they occur for all RSUs. Refer to Note 9 for further detail over stock-based compensation and the stock incentive plans of the Company.

Employee Stock Option Exercise Cash Bonus – In June 2021 for the Company's named executive officers and in July 2021 for all other employees, the Company determined that it would pay a cash bonus to each of its employees in a value that approximates the cost of each employee exercising 45% of their total stock options issued, limited by the total stock options outstanding as of June 15, 2021, including the tax withholding applicable to each employee. The Company included both vested and unvested stock options outstanding and held by each existing employee as of June 15, 2021 in determining the cash bonus paid to each employee.

In addition to using the exercise cost of the stock options through June 15, 2021, the Company relied on an estimate to determine the tax withholding that could be applicable to each employee based on if they were to exercise the stock options. In order to determine this estimate, the Company relied on

third-party tax consultants that reviewed a number of assumptions provided by management, including the applicable taxable income to the employee as a result of the cash bonus in 2021 and the spread of the fair value of the options based on the latest independent third-party common stock valuation as of June 15, 2021 and the exercise price of the same options applicable to each employee. No employee was obligated to use the cash bonus to exercise their outstanding stock options.

During the year ended December 31, 2021, the Company recorded bonus expenses related to the employee stock option exercise cash bonus of \$48.4 million. All bonuses were fully paid to employees during the year ended December 31, 2021. Of the total bonus expenses related to the employee stock option exercise cash bonus during the year ended December 31, 2021, the bonus expense for the Company's named executive officers was \$7.9 million.

Employee stock option exercise cash bonus is included in the following components of expenses on the accompanying consolidated statements of income (in thousands):

	Year ended December 31,	
	2021	
Cost of revenue, net	\$	13,708
Research and development		8,550
General and administrative		21,174
Sales and marketing		4,984
Total	\$	48,416

Employee cash bonuses capitalized as internally developed software costs were \$1.5 million for the year ended December 31, 2021.

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

Cost of Revenue, Net – Cost of revenue, net primarily consists of expenses related to hosting the Company's service, including the costs of data center capacity, credit card processing fees, third-party software license fees, amortization of finance lease right-of-use assets, outsourcing costs to support customer service and outsourcing costs to support and process the SmartScan technology, net of consideration from a vendor for monetizing Expensify Card activities. This consideration, net of credit card processing fees paid to the vendor, is included as a reduction to cost of revenue of \$2.9 million and \$1.0 million for the years ended December 31, 2021 and 2020, respectively. There was an immaterial amount of consideration, net of credit card processing fees paid to the vendor, during the year ended December 31, 2019. Additional costs include amortization expense on capitalized software development costs and personnel-related expenses, including stock-based compensation, cash bonuses and employee costs attributable to supporting our customers and maintenance of our platform.

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

of the projects. All research and development expenses, excluding capitalized software development costs, are expensed as incurred.

General and Administrative - General and administrative expenses primarily consist of personnel-related expenses, including stock-based compensation for executive management and any employee time allocated to administrative functions, including finance and accounting, legal, and human resources. In addition to personnel-related expenses, general and administrative expenses consist of rent, utilities, depreciation on property and equipment and external professional services, including accounting, audit, tax, finance, legal and compliance, human resources and information technology. General and administrative expenses are expensed as incurred.

Sales and Marketing – Sales and marketing primarily consist of personnel-related expenses, including stock-based compensation, advertising expenses, branding and public relations expenses, referral fees for strategic partnerships and other benefits that the Company provides to its referral and affiliate partners. The Company expenses the costs of sales and marketing, including promotional expenses, as incurred.

Income Taxes – Deferred tax liabilities and assets are recognized for the expected future tax consequences of temporary differences between financial statement carrying amounts and the tax basis of assets and liabilities and net operating loss (NOL) and tax credit carryforwards. Valuation allowances are established when necessary to reduce deferred tax assets to the amount more likely than not expected to be realized.

The Company accounts for uncertainty in income taxes using a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement. The Company classifies any liabilities for unrecognized tax benefits as current to the extent that the Company anticipates payment (or receipt) of cash within one year. Interest and penalties related to uncertain tax positions are recognized in the provision for income taxes.

In January 2018, the FASB released guidance on the accounting for tax on the global intangible low-taxed income (GILTI) provisions of the Tax Cuts and Jobs Act. The GILTI provisions impose a tax on foreign income in excess of a deemed return on tangible assets of foreign corporations. The guidance indicates that either accounting for deferred taxes related to GILTI inclusions or treating any taxes on GILTI inclusions as period cost are both acceptable methods subject to an accounting policy election. The Company has elected to treat any potential GILTI inclusions as a period cost.

The Company's provision for income taxes does not include provisions for foreign withholding taxes associated with the repatriation of undistributed earnings of certain foreign subsidiaries that the Company intends to reinvest indefinitely in its foreign subsidiaries.

On December 27, 2020, the U.S. president signed into law the Consolidated Appropriations Act, 2021, which includes further COVID-19 economic relief and extension of certain expiring tax provisions. The relief package had no material impact to the Company's tax positions.

California Assembly Bill 85 (AB 85) was signed into law by the governor on June 29, 2020. The legislation suspends the California net operating loss deductions for 2020, 2021 and 2022 for certain taxpayers and imposes a limitation of California tax credits utilization for 2020, 2021 and 2022. The legislation disallows the use of California net operating loss deductions if the taxpayer recognizes business income and its income subject to tax is greater than \$1 million. Additionally, business credits will only offset a maximum of \$5 million of California tax liability. The Company has estimated its 2021 California state taxable income to be below \$1 million. As such, the Company will be eligible to use California net operating loss deductions and California tax credits in 2021.

On February 9, 2022, California Senate Bill 133 (SB 133) was signed into law. The new bill lifted the 2022 limitation for California net operating losses and tax credit utilization disallowed by AB 85. Given the Company's expected taxable loss position in 2021, this legislation will not impact the provision for the year ended December 31, 2021. The Company will continue to monitor possible California net operating loss and credit limitations in future periods.

Net Loss Per Share Attributable to Common Stockholders - The Company computes net loss per share attributable to common stockholders using the two-class method required by ASC 260, *Earnings per Share*, for participating securities. All series of the Company's previously outstanding convertible preferred stock were participating securities as the holders of such stock were entitled to receive stated noncumulative dividends when and if declared and then they could participate on a pari passu basis in the event that a dividend was paid on common stock. The holders of previously outstanding convertible preferred stock did not have a contractual obligation to share in the Company's losses. The undistributed earnings were allocated between common stock and participating securities as if all earnings had been distributed during the period presented.

Since the Company has not declared dividends, the undistributed earnings are first allocated to the previously outstanding convertible preferred stock up to the amount of the undeclared stated dividends. However, since the amount of the undeclared stated dividends exceeds available undistributed earnings for the year ended December 31, 2019, the dividend is allocated only up to the amount of available earnings. For the years ended December 31, 2021 and 2020, the Company generated a net loss and, therefore, no loss is allocated to the holders of the previously outstanding convertible preferred stock.

Basic net loss per share attributable to common stockholders is computed by dividing net loss for the period by the weighted-average number of outstanding shares of common stock during the period, less weighted-average shares subject to repurchase. Diluted net loss per share attributable to common stockholders is computed by dividing net loss for the period by the weighted-average number of outstanding shares of common stock and, when dilutive, potential shares of common stock outstanding during the period using the more dilutive of the treasury stock method or if-converted method, as applicable. The dilutive effect of previously outstanding participating securities is calculated using the more dilutive of the treasury method or the two-class method. For periods in which the Company reports net losses, diluted net loss per share attributable to common stockholders is the same as basic net loss per share attributable to common stockholders, because potentially dilutive common shares are anti-dilutive.

Segment Reporting - The Company operates as one reportable segment because its chief operating decision maker, who is the executive committee that consists of the chief executive officer, the chief financial officer and the chief operating officer, reviews the Company's financial information on a consolidated basis for purposes of making decisions regarding allocating resources and assessing performance. All long-lived assets are located in the United States.

The table below provides the Company's total revenue by geographic area (in thousands). No other individual country outside of the United States accounted for more than 10% of total revenue.

	Year ended December 31,		
	2021	2020	2019
Revenue by Customers' Geographic Locations			
United States	\$ 127,652	\$ 79,108	\$ 72,861
All other locations	15,183	8,964	7,599
Total revenue	\$ 142,835	\$ 88,072	\$ 80,460

No individual customer represents more than 10% of the Company's total revenue for the years ended December 31, 2021, 2020 and 2019.

Emerging Growth Company Status - The Company is an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012 (the JOBS Act). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until those standards apply to private companies. The Company has elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that it is (i) no longer an emerging growth company or (ii) affirmatively and irrevocably opts out of the extended transition period provided in the JOBS Act. As a result, the consolidated financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates.

The JOBS Act does not preclude an emerging growth company from early adopting new or revised accounting standards. See Recently adopted accounting pronouncements for further detail.

Recently Adopted Accounting Pronouncements – As part of its initiative to reduce complexity in the accounting standards, in December 2019 the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, which eliminates certain exceptions related to the approach for intra-period tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. ASU No. 2019-12 also clarifies and simplifies other aspects of the accounting for income taxes. The standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020, with early adoption permitted. The Company early adopted ASU No. 2019-12 on January 1, 2020. The adoption of ASU No. 2019-12 had no material impact to the Company's consolidated financial statements and related disclosures.

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

NOTE 3 – CAPITALIZED SOFTWARE

Capitalized software development costs consisted of the following (in thousands):

	As of December 31,	
	2021	2020
Capitalized software development costs	\$ 10,966	\$ 6,170
Less: accumulated amortization	(4,607)	(2,448)
	<u>\$ 6,359</u>	<u>\$ 3,722</u>

Amortization expense related to capitalized software development costs for the years ended December 31, 2021, 2020 and 2019 was \$2.3 million, \$1.0 million and \$0.6 million, respectively. Amortization expense related to capitalized software development costs is recorded in Cost of revenue, net on the consolidated statements of income.

NOTE 4 – PROPERTY AND EQUIPMENT

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

	As of December 31,	
	2021	2020
Computers and equipment	\$ 311	\$ 929
Furniture and fixtures	1,462	1,210
Leasehold improvements	7,106	6,937
Commercial building	6,493	6,493
Land	4,151	4,151
Construction in progress	2,391	304
	<u>21,914</u>	<u>20,024</u>
Less: accumulated depreciation and amortization	(5,984)	(4,661)
	<u>\$ 15,930</u>	<u>\$ 15,363</u>

For the years ended December 31, 2021, 2020 and 2019, depreciation and amortization expense related to Property and equipment was \$2.1 million, \$1.4 million and \$1.4 million, respectively. Depreciation and amortization expense related to Property and equipment is recorded in General and administrative on the consolidated statements of income.

NOTE 5 – LEASES

The Company has operating leases for corporate offices and finance leases primarily for data center equipment. The operating and finance leases have remaining lease terms of one to two years. The operating and finance leases contain options to extend or terminate the lease. However, these were not included in the lease terms of the operating leases as the Company is not reasonably certain to exercise those options. The Company included options to extend the lease terms of the finance leases as the Company is reasonably certain to exercise those options.

During 2019, the Company entered into additional finance lease agreements to finance the acquisition of property and equipment (primarily data center equipment) valued at \$315,792. These agreements expire at various dates during 2022. The related assets secure these leases. During 2019, the Company also entered into a two-year operating lease agreement for office space in the U.K. and recorded an operating lease right-of-use asset of \$893,936.

In August 2020, the Company entered into a new finance lease agreement that combined several of the remaining data center equipment leases into one consolidated agreement with the same lessor. The new agreement updated the expiration date of the lease payments to July 31, 2023. All other terms and conditions of the finance lease agreements remained the same. During the year ended December 31, 2021, the Company did not enter into any additional finance lease agreements to finance the acquisition of new property and equipment. There were no new operating lease agreements entered into during the years ended December 31, 2021 and 2020.

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

	Year ended December 31,		
	2021	2020	2019
Finance lease cost:			
Amortization of ROU assets	\$ 790	\$ 827	\$ 820
Interest on lease liabilities	42	39	44
Total finance lease cost	832	866	864
Operating lease cost	821	898	1,462
Short-term lease cost	128	549	358
Total lease cost	\$ 1,781	\$ 2,313	\$ 2,684

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

	As of December 31,	
	2021	2020
Finance lease ROU asset (included within Lease right-of-use assets)	\$ 1,251	\$ 2,041
Operating lease ROU asset (included within Lease right-of-use assets)	\$ 951	\$ 1,692
Weighted-average remaining lease term (in years):		
Finance leases	1.58	2.58
Operating leases	1.40	2.31
Weighted-average discount rate:		
Finance leases	2.5 %	2.5 %
Operating leases	5.3 %	5.3 %

	Year ended December 31,		
	2021	2020	2019
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	\$ (880)	\$ (961)	\$ (1,509)
Operating cash flows from finance leases	(42)	(39)	(44)
Financing cash flows from finance leases	(774)	(808)	(793)
ROU assets obtained in exchange for operating lease liabilities	—	—	894
ROU assets obtained in exchange for finance lease liabilities	—	1,260	316

To calculate the ROU assets and liabilities, the Company uses the discount rate implicit in lease agreements when available. When the implicit discount rates are not readily determinable, the Company uses the incremental borrowing rate. The Company determines the incremental borrowing rate using interest rates from the Company's secured borrowings after taking into consideration the nature of the debt, such as borrowings collateralized by the exact building in the lease, and payment structure, including frequency and number of payments in the agreement.

Maturities of lease liabilities as of December 31, 2021 were as follows (in thousands):

	Finance leases	Operating leases
For the year ending:		
2022	\$ 816	\$ 795
2023	476	333
2024	—	—
2025	—	—
2026	—	—
Thereafter	—	—
Total lease payments	1,292	1,128
Less: imputed interest	(26)	(43)
Less: lease liabilities, current	(793)	(756)
Lease liabilities, non-current	<u>\$ 473</u>	<u>\$ 329</u>

Maturities of lease liabilities as of December 31, 2020 were as follows (in thousands):

	Finance leases	Operating leases
For the year ending:		
2021	\$ 816	\$ 880
2022	816	795
2023	476	333
2024	—	—
2025	—	—
Thereafter	—	—
Total lease payments	2,108	2,008
Less: imputed interest	(68)	(123)
Less: lease liabilities, current	(774)	(801)
Lease liabilities, non-current	<u>\$ 1,266</u>	<u>\$ 1,084</u>

NOTE 6 – SIGNIFICANT BALANCE SHEET COMPONENTS

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

	As of December 31,	
	2021	2020
Expensify.org restricted cash	\$ 3,078	\$ —
Expensify Card posted collateral for funds held for customers	5,115	1,714
Cash in transit for funds held for customers	388	241
Contract assets	8	1,165
Expensify Payments LLC restricted cash	55	—
Income tax receivable	5,412	—
Other	145	284
	<u>\$ 14,201</u>	<u>\$ 3,404</u>

Accrued Expenses and Other Liabilities – Accrued expenses and other liabilities consisted of the following (in thousands):

	As of December 31,	
	2021	2020
Accrued expense reports	\$ 246	\$ 73
Partner payouts and advertising fees	574	23
Hosting and license fees	36	134
Credit card processing fees	56	254
Professional and other fees	1,274	1,133
Sales, payroll and other taxes payable	4,936	1,250
Cashback rewards	239	—
Interest payable	783	490
Restricted common stock liability for early stock option exercises	2,443	—
Other	459	178
	\$ 11,046	\$ 3,535

NOTE 7 – FINANCING ARRANGEMENTS

Amortizing Term Mortgage – Under the amortizing term mortgage agreement with CIBC for the Company's commercial building in Portland, Oregon, the Company borrowed \$8.3 million in August 2019, which requires interest and principal payments be made each month over a 30-year period. Interest accrues at a fixed rate of 5% per year until August 2024, at which point the interest rate changes to the Wall Street Journal Prime Rate minus 0.25% for the remaining term of the mortgage. The borrowings are secured by the building. As of December 31, 2021 and December 31, 2020, the outstanding balance of the amortizing term mortgage was \$8.0 million and \$8.1 million, respectively.

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

Under the 2021 amended term loan with CIBC, the initial term loan of \$45.0 million entered into by the Company in September 2021 is payable over a 60 month period with principal and accrued interest payments due each quarter thereafter, which commences with the first payment due on September 30, 2021. Quarterly principal payments are fixed and will begin with quarterly payments of \$0.1 million commencing on September 30, 2021 with increases to \$0.2 million beginning October 1, 2024 and \$0.6 million beginning October 1, 2025 with any remaining principal balance becoming due and payable at the end of the term loan in September 2026. The amounts borrowed are payable with interest at the bank's reference rate plus 2.25% (5.5% as of December 31, 2021) beginning on September 30, 2021 and continuing on a quarterly basis through the end of the term loan. The borrowings are secured by substantially all the Company's assets. As of December 31, 2021, the outstanding balance of the 2021 amended term loan was \$44.9 million.

Upon completion of the IPO in November 2021, the Company became obligated to pay a \$2.5 million success fee as part of the Company's 2021 amended term loan entered into with CIBC during September 2021. This amount was paid to CIBC in November 2021.

Monthly Revolving Line of Credit – The line of credit agreement with CIBC, as amended with the 2021 amended term loan entered into by the Company in September 2021, provides borrowings up to \$25.0 million. As of December 31, 2020, the line of credit agreement with CIBC provided borrowings up to \$15,000,000. Borrowings under the line bear interest at the bank's reference rate plus 1.00% (4.25% as of December 31, 2021 and 2020) and are secured by substantially all of the Company's assets. As of December 31, 2021 and 2020, the Company had drawn \$15.0 million under the line of credit. As of December 31, 2021, the Company had \$10.0 million of capacity available for borrowings under the line of credit. As of December 31, 2020, the Company had no capacity available for borrowings under the line of credit agreement.

Non-Amortizing Term Loan – Under the non-amortizing term loan agreement with CIBC, the Company borrowed \$11.0 million in May 2018, and such agreement was amended in November 2018. The term loan is an interest-only loan (fixed at 9.5% per year) for 60 months that becomes due and payable at the end of the note term in November 2023. The borrowings are secured by substantially all the Company's assets. As of December 31, 2021, the non-amortizing term loan agreement with CIBC was fully paid off with the 2021 amended term loan entered into by the Company in September 2021. As of December 31, 2020, the outstanding balance of the non-amortizing term loan was \$11.0 million.

Amortizing Term Loan – Under the amortizing term loan agreement with CIBC, the Company borrowed \$14.0 million in November 2018, which requires interest-only payments on the outstanding borrowings through November 1, 2020. Beginning in November 2020, the amount outstanding at such time becomes payable over a 36-month period with principal and accrued interest payments due each month thereafter. The amounts borrowed are payable with interest at the bank's reference rate plus 2.25% (5.5% at December 31, 2020) beginning in November 2020 through 2023. The borrowings are secured by substantially all the Company's assets. As of December 31, 2021, the amortizing term loan agreement with CIBC was fully paid off with the 2021 amended term loan entered into by the Company in September 2021. As of December 31, 2020, the outstanding balance of the amortizing term loan was \$13.8 million.

During the years ended December 31, 2021 and 2020, respectively, the Company incurred an immaterial amount of costs related to the amortizing term mortgage and term loan agreements. These debt issuance costs are reflected as a reduction of the carrying amount of the long-term debt and are being amortized to interest expense over the term of the agreements. As of December 31, 2021 and 2020, the unamortized debt issuance costs remaining are \$0.2 million and \$0.1 million, respectively.

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

Year ending December 31,	(in thousands)
2022	\$ 15,588
2023	595
2024	715
2025	1,397
2026 and thereafter	49,546
	\$ 67,841
Less: discount for issuance costs	(225)
	\$ 67,616
Less: line of credit	(15,000)
Less: current portion, net of issuance costs	(549)
Total long-term debt, net of issuance costs	\$ 52,067

The Company is subject to customary covenants under its revolving line of credit agreement, non-amortizing term loan agreement, amortizing term loan agreement, and 2021 amended term loan agreement, which unless waived by CIBC, restrict its and its subsidiaries' ability to, among other things, incur additional indebtedness, create or incur liens, permit a change of control or merge or consolidate with other companies, sell or transfer assets, pay dividends or make distributions, make acquisitions, investments or loans, or payments and prepayments of subordinated indebtedness, subject to certain exceptions. If the Company fails to perform its obligations under these and other covenants, CIBC's credit commitments could be terminated and any outstanding borrowings, together with accrued interest, under the credit or loan agreements could be declared immediately due and payable.

As of December 31, 2021, the Company was not in compliance with all debt covenants, specifically the covenant restricting investments in certain subsidiaries over a threshold of free cash flow (as defined by the 2021 amended term loan), but obtained a waiver from CIBC. The Company believes that non-compliance with this covenant. The Company does not believe non-compliance with this covenant had any impact on the Company or its operations. The Company expects to be in compliance with all debt covenants by the end of the fiscal quarter ended March 31, 2022. As of December 31, 2020, the Company was in compliance with all debt covenants.

NOTE 8 – CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)

Immediately prior to the closing of the IPO, the Company filed its Amended and Restated Certificate of Incorporation authorizing a total of 1,000,000,000 shares of Class A common stock which entitles holders to one vote per share; 25,000,000 shares of LT10 common stock, which entitles holders to 10 votes per share; and 25,000,000 shares of LT50 common stock, which entitles holders to 50 votes per share. In addition, the Amended and Restated Certificate of Incorporation authorized a total of 10,000,000 shares of undesignated preferred stock.

Convertible Preferred Stock – Upon closing of the IPO, all convertible preferred stock then outstanding, was converted into 42,031,390 shares of common stock on a ten-for-one basis and reclassified into Class A common stock. As such, there is no convertible preferred stock outstanding as of December 31, 2021. As of December 31, 2020, convertible preferred stock consisted of the following:

(in thousands, except share and per share data)	Shares authorized	Shares issued and outstanding	Original issuance price per share	Liquidation amount	Carrying value
Series A	1,090,868	1,090,868	\$ 0.9167	\$ 1,000	\$ 1,000
Series B	1,401,399	1,401,399	\$ 2.67903	3,754	22,827
Series B-1	644,541	644,541	\$ 5.54619	3,575	4,108
Series C	1,066,331	1,066,331	\$ 15.5677	16,600	17,170
	<u>4,203,139</u>	<u>4,203,139</u>		<u>\$ 24,929</u>	<u>\$ 45,105</u>

Prior to the completion of the IPO, the significant features of the Company's previously outstanding convertible preferred stock was as follows:

Dividend Provisions – The holders of Series A convertible preferred stock (Series A), Series B convertible preferred stock (Series B), Series B-1 convertible preferred stock (Series B-1) and Series C convertible preferred stock (Series C) were entitled to receive, when and if declared by the Board of Directors, noncumulative dividends at a rate of \$0.07334, \$0.21432, \$0.4437 and \$1.2454 per share per annum, respectively, adjusted for certain events, such as stock splits and combinations. After payment of such dividends, any additional dividends or distributions would be distributed among the holders of the convertible preferred stock and common stock pro rata based on the number of shares held by each holder. The Company has declared no dividends to date.

Liquidation Preference – In the event of any liquidation, dissolution or winding up of the Company, the holders of convertible preferred stock for Series A, Series B, Series B-1, or Series C then outstanding were entitled to be paid, prior and in preference to any distribution of any of the assets, funds, or proceeds available for distribution, the original issuance price per share equal to \$0.9167, \$2.67903, \$5.54619, or \$15.56770, respectively, plus declared but unpaid dividends. If assets were not sufficient to permit such payment, payment would have been made on a pro rata, equal priority, pari passu basis.

As the shares of convertible preferred stock contained liquidation features that were not solely within the Company's control, these liquidation features resulted in the Series A, Series B, Series B-1 and Series C convertible preferred stock being classified as mezzanine equity rather than as a component of stockholders' equity (deficit).

Conversion Rights – Upon closing of the IPO, each share of Series A, Series B, Series B-1 and Series C then outstanding automatically converted into ten fully paid and nonassessable shares of Class A common stock as the IPO gross proceeds exceeded \$50 million.

Redemption Rights – Except in the case of liquidation, the convertible preferred stock was not redeemable at the option of the holder.

Voting Rights – The holders of each share of convertible preferred stock were entitled to the number of votes equal to the number of shares of common stock into which such shares were convertible.

Warrants – The Company issued warrants during various dates in 2013 and in December 2016 to purchase 430,080 shares of common stock in relation to the previous credit agreement entered into with Silicon Valley Bank.

Although the credit agreement was terminated in 2018, the common stock warrants remained outstanding until exercised or expired. The warrants issued in 2013 and 2016 were exercisable immediately at \$0.07 and \$0.53 per share, respectively, with expiration dates ten years after issuance. The Company recorded the common stock warrants in Additional paid-in capital at their grant date fair value which approximates the exercise price.

Following the completion of the IPO in November 2021, Silicon Valley Bank net exercised all common stock warrants then outstanding for 428,067 shares of Class A common stock. As such, there are no common stock warrants outstanding as of December 31, 2021. The following table discloses important information regarding common stock warrants issued and outstanding at December 31, 2020:

Date issued	Number of warrant shares	Fair value on issuance date (in thousands)	Exercisable through
September 2013	150,000	\$ 10	September 2023
October 2013	150,000	10	October 2023
December 2016	130,080	69	December 2026
	<u>430,080</u>	<u>\$ 89</u>	

NOTE 9 – STOCK INCENTIVE PLANS

2009 and 2019 Stock Option Plans – In 2009, the Company's Board of Directors approved the adoption of a stock plan (the 2009 Stock Plan). As amended in 2015, the 2009 Stock Plan permitted the Company to grant awards covering up to 16,495,150 shares of the Company's common stock. In January 2018, the Company increased the number of shares of common stock reserved under the 2009 Stock Plan by 535,130 shares, from 16,495,150 shares to 17,030,280. In April 2019, the Company approved the adoption of a new stock plan (the 2019 Stock Plan). The 2019 Stock Plan permits the Company to grant up to 8,173,970 additional shares, increasing the overall common stock reserved for grant to 25,204,250 shares. In September 2021, under the 2019 Stock Plan, the Company's Board of

Directors approved and authorized 8,679,380 restricted stock units to be granted, which consisted of an aggregate of 4,339,690 shares of each of Class A and LT50 common stock effective as of immediately prior to the effectiveness of the Company's IPO Registration Statement on November 9, 2021. On November 9, 2021, the Company increased the common stock reserved for issuance under the 2019 Stock Plan, as amended and restated, to an aggregate of 16,856,770 shares of the Company's LT50 and Class A common stock.

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

2021 Incentive Plans – In November 2021, the Company's Board of Directors adopted, and its stockholders approved, the 2021 Incentive Plans, which both became effective immediately before the effectiveness of the IPO Registration Statement and use a combined share reserve. Under the 2021 Incentive Plans, 11,676,932 shares of the Company's Class A common stock are reserved for issuance pursuant to a variety of stock-based awards, including incentive stock options, nonqualified stock options, stock appreciation rights (SARs), restricted stock awards, RSUs, and other forms of equity and cash compensation under the 2021 Plan and purchase rights and matching awards under the ESPP. The number of shares initially reserved for issuance or transfer pursuant to awards under the 2021 Incentive Plans will be increased by the number of shares represented by awards outstanding under the 2009 Stock Plan and 2019 Stock Plan that become available for issuance following the effective date for certain reasons that include but not limited to expiration, cancellation or repurchase by the Company and will automatically increase each January 1, beginning on January 1, 2022 and continuing through January 1, 2031, by the lesser of (A) 6% of the aggregate number of shares of all classes of the Company's common stock outstanding on the immediately preceding calendar year, or (B) such lesser number of shares as determined by the Company's board of directors or compensation committee; provided, however, that no more than 87,576,990 shares of stock may be issued upon the exercise of incentive stock options.

ESPP – The offering periods of the ESPP are three months long beginning on each March 15, June 15, September 15 and December 15 of each fiscal quarter, except for the initial offering period. The enrollment date for each offering period shall be the first day of the offering period, and the exercise date of each offering period shall be the last day of the offering period. The initial offering period will begin on March 15, 2022 with the first offering period thereunder ending on June 14, 2022.

The price at which Class A common stock is purchased under the ESPP will be equal to the average of the high and low fair market value of a share of the Company's Class A common stock as of the last day of the offering period. At the end of each offering period, the Company may provide a discretionary match up to 1/10 of a share of the Company's Class A common stock for each share of Class A common stock purchased by or issued to an employee under the ESPP that is retained through the end of the applicable offering period. No fractional shares will be issued by the Company. The Company will round to the nearest full share for shares purchased by an employee as well as any matched shares issued to an employee under the ESPP. The match rate applicable to each offering period shall be limited to 1.5% of the shares of any class of Company capital stock outstanding as of the exercise date applicable to such offering period.

The Company will estimate the fair value of matched shares provided by the Company under the ESPP using the Black-Scholes option-pricing model on the date of grant. The Company will recognize stock-based expense related to the matched shares provided by the Company pursuant to its ESPP on a straight-line basis over the offering period, which is typically three months. As of December 31, 2021, no Class A common stock has been issued or purchased by employees under the ESPP.

Restricted Stock Units – The 2019 Stock Plan and the 2021 Plan authorize the grant of RSUs. No RSUs were granted as of December 31, 2020 for either plan. In September 2021, under the 2019 Stock Plan, the Company's Board of Directors approved and authorized 8,679,380 restricted stock units to be granted, which consisted of an aggregate of 4,339,690 shares of each of Class A and LT50 common stock effective as of immediately prior to the effectiveness of the Company's IPO Registration Statement on November 9, 2021. Of this total, 2,980,260 RSUs, comprised of 1,490,130 shares of each of Class A and LT50 common stock were considered granted for accounting purposes in September 2021 to the Company's named executive officers and certain members of management as the Company and these certain employees had a mutual understanding of the key terms and conditions of the award on the board approval date, which occurred on September 24, 2021. RSUs granted to employees in September 2021 vest upon the satisfaction of both a performance and service condition. The performance condition was satisfied immediately prior to the effectiveness of the IPO Registration Statement, which occurred on November 9, 2021. The service condition for these awards is satisfied over eight years with a cliff vest for 1/8 of the grant on September 15, 2022 and quarterly vesting of 1/32 of the grant every December 15, March 15, June 15 and September 15 thereafter until fully vested.

In November 2021, the Company granted 5,666,260 RSUs, comprised of 2,833,130 shares of each of Class A common stock and LT50 common stock, to certain employees that were not included in the September RSU grant. These RSUs only have a service condition, which is equivalent with the service condition of the awards granted in September 2021, and were deemed granted for accounting purposes on November 10, 2021, the date these certain employees had a mutual understanding of the key terms and conditions of the award.

Pursuant to the Company's Non-Employee Director Compensation Program adopted under the 2021 Incentive Plans upon closing of the IPO, the Company granted 27,780 RSUs in total of shares of Class A common stock to members of the Company's audit committee during November 2021 in connection with each member's initial appointment to the Board of Directors and consummation of the IPO. For accounting purposes, the grant date was considered to be November 12, 2021 as this was the date the Company filed its IPO price pursuant to Rule 424(b) (4). The IPO price was a key determination of the number of RSUs awarded to members of the Audit Committee and therefore on this date the Company and each Audit Committee member had a mutual understanding of the key terms and conditions of the awards granted. The RSUs granted vest upon the earlier of the satisfaction of a service condition or a performance condition, which is considered a change in control event. The service condition for these awards is satisfied over three years with quarterly vesting of the grant until fully vested.

During the year ended December 31, 2021, RSU activity was as follows:

	Class A Common Stock ⁽¹⁾	LT50 Common Stock ⁽¹⁾	Weighted average grant date fair value per share
Outstanding at December 31, 2020	—	—	\$ —
RSUs granted	4,351,040	4,323,260	\$ 33.79
RSUs vested	—	—	\$ —
RSUs cancelled/forfeited/expired	(21,510)	(21,510)	\$ 41.06
Outstanding at December 31, 2021	<u>4,329,530</u>	<u>4,301,750</u>	<u>\$ 33.75</u>

(1) Class A common stock and LT50 common stock both became effective on November 9, 2021, which is the date of effectiveness of the Company's IPO Registration Statement.

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

Stock Options – Both stock plans provide for the grant of incentive and nonstatutory stock options to employees, nonemployee directors and consultants of the Company. Under the stock plans, the exercise price of incentive stock options must be at least equal to 110% of the fair value of the common stock on the grant date for a “ten-percent holder” or 100% of the fair value of the common stock on the grant date for any other employee. The exercise price of nonstatutory options granted must be at least equal to 100% of the fair value of the Company’s common stock on the date of grant.

Under both stock plans, most options typically vest over four years and are exercisable at any time after the grant date. Each employee has the right to exercise unvested stock options for restricted common stock. However, if the employee is terminated either voluntarily or involuntarily prior to all of the exercised options vesting, the Company has the right to repurchase the unvested early exercised shares at the original purchase price. Early exercises of options are not deemed to be substantive exercises for accounting purposes and accordingly, amounts received for early exercises are recorded as a liability. These repurchase terms are considered to be a forfeiture provision and do not result in variable accounting. During the year ended December 31, 2019, the Company repurchased 55,200 shares of exercised unvested common stock, for \$1,794,703, of which \$13,919 of the exercise cost of the repurchase was recorded within Additional paid-in capital and the remaining \$1,780,784 of the repurchase was recorded as stock-based compensation expense. There were no repurchases of common stock during the years ended December 31, 2021 and 2020.

As of December 31, 2021, there were 1,437,760 shares subject to repurchase related to stock options early exercised and not yet vested, but that are expected to vest. As of December 31, 2021, the Company recorded a liability related to these shares subject to repurchase in the amount of \$2.4 million, which is included within Accrued expenses and other liabilities in the accompanying consolidated balance sheets. These amounts are reclassified to common stock and additional paid in capital as the underlying shares vest. There were no early exercised shares subject to repurchase as of December 31, 2020.

During the year ended December 31, 2020, by mutual agreement, the Company modified the terms and conditions of certain stock option awards originally granted in 2019 by cancelling the original awards granted and reissuing new stock option awards on new grant dates during the year ended December 31, 2020 with an increased fair value per share on the awards on the new grant date. As a result of the modification, only the grant date changed. All vesting conditions, number of shares granted in the stock option awards and contractual terms of the stock options remained the same. The Company treated these changes to the stock option awards as modifications of the terms and conditions of an equity award. The modification impacted certain stock option awards of 42 employees of the Company. During the year ended December 31, 2020, the modification had an immaterial impact on stock-based compensation expense and the consolidated financial statements.

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

	Shares	Weighted average exercise price per share	Weighted average remaining contractual life (in years)
Outstanding at December 31, 2019	15,545,850		
Options granted	1,638,020	\$ 2.11	
Options exercised	(2,777,010)	\$ 0.47	
Options cancelled/forfeited/expired	(894,040)	\$ 2.57	
Outstanding at December 31, 2020	<u>13,512,820</u>	\$ 0.78	6.35
Exercisable at December 31, 2020	13,222,800	\$ 0.78	6.31
Options granted	962,080	\$ 8.90	
Options exercised	(6,965,767)	\$ 0.94	
Options cancelled/forfeited/expired	(315,940)	\$ 1.61	
Outstanding at December 31, 2021	<u>7,193,193</u>	\$ 1.87	6.45
Exercisable at December 31, 2021	7,001,403	\$ 1.81	6.31

The total pretax intrinsic value of options exercised during the years ended December 31, 2021, 2020 and 2019 was \$80.7 million, \$11.3 million and \$4.7 million, respectively. The total pretax intrinsic value of options outstanding at December 31, 2021, 2020 and 2019 was \$302.8 million, \$86.8 million and \$40.4 million, respectively. The intrinsic value is the difference between the estimated fair value of the Company's common stock at the date of exercise and the exercise price for in-the-money options. The weighted average grant date fair value of options granted during the years ended December 31, 2021, 2020 and 2019 was \$6.87, \$1.69 and \$1.65, respectively.

As of December 31, 2021, there was \$13.2 million of unrecognized stock-based compensation cost related to unvested stock options, which is expected to be recognized over a weighted average period of 1.7 years. As of December 31, 2020, there was \$10.8 million of unrecognized stock-based compensation cost related to unvested stock options, which is expected to be recognized over a weighted average period of 3.70 years.

Cash received from option exercises and purchases of shares under the stock plans for the years ended December 31, 2021, 2020 and 2019 was \$3.5 million, \$1.3 million and \$0.5 million, respectively.

The fair value of option grants was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	Year ended December 31,		
	2021	2020	2019
Fair value of common stock per share	\$ 12.16	\$ 2.66	\$ 2.40
Exercise price per share	\$ 8.90	\$ 2.11	\$ 1.02
Expected dividend yield ⁽¹⁾	— %	— %	— %
Risk-free interest rate ⁽²⁾	1.1 %	0.6 %	2.4 %
Expected volatility ⁽³⁾	51.5 %	50.5 %	42.5 %
Expected life (in years) ⁽⁴⁾	5.98	5.80	6.20

(1) The Company has no history or expectation of paying cash dividends on its common stock.

(2) The risk-free interest rate is based on the U.S. Treasury yield for a term consistent with the expected life of the awards in effect at the time of grant.

- (3) The Company estimates the volatility of its common stock at the date of grant based on the expected weighted-average volatility for a group of publicly traded companies in a similar industry or with similar service offerings, with a term of one year or greater. There have been no grants of stock options after the completion of the IPO.
- (4) The expected life of stock options granted under the option plans is determined using the simplified method, which deems the expected life to be the average of the time-to-vesting and the contractual life of the stock-based awards. The expected life represents the period of time that options granted are expected to be outstanding.

Stock-Based Compensation

The following table summarizes the stock-based compensation expense recognized for the different stock incentive plans discussed above (in thousands):

	Years ended December 31,		
	2021	2020	2019
Stock options	\$ 3,425	\$ 2,582	\$ 3,487
Secondary sales of common stock	—	15,255	—
Restricted stock units	11,149	—	—
Total	\$ 14,574	\$ 17,837	\$ 3,487

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

	Years ended December 31,		
	2021	2020	2019
Cost of revenue, net	\$ 4,115	\$ 2,272	\$ 846
Research and development	1,617	2,469	741
General and administrative	7,356	12,648	1,496
Sales and marketing	1,486	448	404
Total	\$ 14,574	\$ 17,837	\$ 3,487

During the year ended December 31, 2019, \$1.8 million of stock-based compensation expense for the repurchase of unvested early exercised shares during the period was included on the consolidated statements of income; however, as the excess of the repurchase price over the fair value of the shares was determined to be a cash bonus, it was not included within Additional paid-in capital as of and for the year ended December 31, 2019.

During the year ended December 31, 2020, the Company's Chief Executive Officer, David Barrett, sold a portion of his common stock to new investors. Due to the Company's involvement in the transaction, the sale of common stock was determined to be compensatory, and the Company recorded \$11.1 million to stock-based compensation expense for the sale price in excess of fair value.

Stock-based compensation expense capitalized as internally developed software costs was \$0.6 million for the year ended December 31, 2021. These amounts were not material for the years ended December 31, 2020 and 2019, respectively.

For RSUs granted in September 2021, the Company recorded a cumulative one-time stock-based compensation expense on the date the performance condition was satisfied for the requisite service period satisfied by the employees prior to that date. Upon the date of the performance condition being satisfied on November 9, 2021, the Company recorded cumulative stock-based compensation expense of approximately \$2.9 million related to these RSUs. The Company will recognize all remaining stock-based compensation expense over the vesting period using an accelerated graded method.

For RSUs granted to members of the Audit Committee, the Company records all stock-based compensation expense on a straight line basis over the requisite service period from the day of grant,

which is considered one year for annual grants and three years for initial RSUs granted to members of the Audit Committee. During the year ended December 31, 2021, total stock-based compensation recorded by the Company related to members of the Audit Committee was \$0.1 million.

NOTE 10 – INCOME TAXES

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

	Year ended December 31,		
	2021	2020	2019
Current income tax benefit (expense):			
Federal	\$ (99)	\$ (688)	\$ —
State	(239)	(517)	(56)
Foreign	(356)	(81)	(49)
	<u>\$ (694)</u>	<u>\$ (1,286)</u>	<u>\$ (105)</u>
Deferred income tax benefit (expense):			
Federal	912	(3,161)	2,169
State	(415)	(232)	687
Foreign	371	17	—
	<u>868</u>	<u>(3,376)</u>	<u>2,856</u>
Total benefit (provision) for income taxes	<u>\$ 174</u>	<u>\$ (4,662)</u>	<u>\$ 2,751</u>

The effective income tax rate differs from the statutory rate in 2021 primarily due to the limitation imposed by Internal Revenue Code Section 162(m), the inclusion of a valuation allowance, and the impact of stock-based compensation, which resulted in a \$15.5 million, \$2.4 million, and \$(8.5) million permanent item, respectively. The effective income tax rate differs from the statutory rate in 2020 primarily due to the impact of stock-based compensation related secondary market transactions, which resulted in a \$15.3 million permanent item.

	Year ended December 31,		
	2021	2020	2019
Statutory rate	21.0 %	21.0 %	21.0 %
State tax*	4.7 %	20.2 %	42.5 %
Research and development (R&D) credit	5.1 %	2.5 %	12.6 %
Rate differentials for controlled foreign corporations (CFCs) and charitable organizations that affect valuation allowance	(1.9)%	0.6 %	(2.8)%
Permanent items and others	1.0 %	3.5 %	(11.2)%
Stock-based compensation - federal	16.5 %	110.1 %	(13.4)%
Change in valuation allowance - federal	(18.1)%	— %	133.2 %
162(m) limitation	(27.0)%	— %	— %
Total	<u>1.3 %</u>	<u>157.9 %</u>	<u>181.9 %</u>

* State taxes include the impact of stock-based compensation expense related to secondary market transactions in 2020.

The components of the net deferred tax assets are as follows (in thousands):

	As December 31,	
	2021	2020
Deferred tax assets (liabilities):		
NOL carryforwards	\$ 415	\$ 275
Tax credit carryforwards	318	81
Accruals and reserves	169	231
Stock-based compensation	2,364	449
Interest expense limitation	245	—
Lease liabilities	591	984
Charitable contributions	525	—
Property and equipment	271	(650)
Capitalized software development costs	(1,524)	(933)
ROU assets	(554)	(935)
Total	2,820	(498)
Less: valuation allowance	(2,450)	—
Deferred tax assets (liabilities), net	\$ 370	\$ (498)

The Company assessed its ability to realize the benefits of its domestic deferred tax assets (DTA) by evaluating all available positive and negative evidence, objective and subjective in nature, including (1) cumulative results of operations in recent years, (2) sources of recent pre-tax income, (3) estimates of future taxable income and (4) the length of net operating loss (NOL) carryforward periods. The Company determined it is in a three-year cumulative taxable income position as of December 31, 2020. As of December 31, 2021, the Company expects to be in a taxable loss position in the long-term foreseeable future primarily due to estimated increases in stock-based compensation expense as a result of the RSUs granted during 2021.

After an evaluation of all available qualitative and quantitative evidence, both positive and negative in nature, the Company concluded it is more likely than not that taxable losses will be incurred in future periods, which will prevent the Company from fully realizing the benefits of its DTAs prior to expiration. Accordingly, the net deferred tax assets for Expensify, Inc. have been fully offset by a valuation allowance. The remaining net deferred tax assets of the Company as of December 31, 2021 solely relate to the UK. The valuation allowance increased by approximately \$2.4 million from 2020 to 2021. No valuation allowance was deemed necessary as of December 31, 2020.

As of December 31, 2021, the Company had NOL carryforwards for federal and state tax purposes of \$0 and \$3.1 million, respectively. As of December 31, 2020, the Company had NOL carryforwards for federal and state tax purposes of \$0.1 million, and \$3.7 million, respectively. The NOL carryforwards will expire at various dates beginning in the year 2031 (state), unless previously utilized. As of December 31, 2021, the Company also had federal and state research and development tax credit carryforwards of \$1.0 million and \$1.0 million, respectively. As of December 31, 2020, the Company also had federal and state research and development tax credit carryforwards of \$0.2 million and \$0.6 million, respectively. The federal tax credits will expire at various dates beginning in the year 2029, unless previously utilized. The state tax credits do not expire and will carry forward indefinitely until utilized.

Utilization of the NOL and tax credit carryforwards may be subject to a substantial annual limitation due to ownership change limitations that may have occurred or that could occur in the future, as required by the Internal Revenue Code, as well as similar state provisions. In general, an "ownership change" as defined by Code Sections 382 and 383, results from a transaction or series of transactions over a three-year period resulting in an ownership change of more than 50 percentage points of the

outstanding stock of a company by certain stockholders or public groups. Since the Company's formation, the Company has raised capital through the issuance of capital stock on several occasions which, combined with the purchasing stockholders' subsequent disposition of those shares, have resulted in such an ownership change, and could result in an ownership change in the future upon subsequent disposition.

The Company conducted an analysis of the Company's stock ownership under Internal Revenue Code Section 382 and 383. The net operating loss carryforwards and tax credits are subject to annual limitations as a result of the ownership changes in 2010 and 2015. However, the net operating loss carryforwards and the tax credits are not expected to expire before utilization.

The Company follows the provisions of ASC Subtopic 740-10, *Accounting for Uncertainty in Income Taxes*. ASC 740-10 prescribes a comprehensive model for the recognition, measurement, presentation and disclosure in financial statements of uncertain tax positions that have been taken or expected to be taken on a tax return. As of December 31, 2021 and 2020, the Company recorded an uncertain tax position liability, exclusive of interest and penalties, of \$0.2 million and \$0.7 million respectively, within Other liabilities on the consolidated balance sheets.

As of December 31, 2021 and 2020, the Company had \$1.7 million and \$1.3 million of unrecognized tax benefits, respectively. Approximately all of the unrecognized tax benefits, if recognized, would affect the effective tax rate. A reconciliation of the amount of unrecognized tax benefits is as follows for the years ended December 31, 2021 and 2020 (in thousands):

	Year ended December 31,	
	2021	2020
Balance as of January 1	\$ 1,329	\$ 1,253
Additions based on tax positions related to current year	336	76
Additions based on tax positions of prior year	(9)	—
Balance as of December 31	<u>\$ 1,656</u>	<u>\$ 1,329</u>

Unrecognized tax benefits may change during the next twelve months for items that arise in the ordinary course of business. The Company does not anticipate a material change to its unrecognized tax benefits over the next twelve months.

The Company recognizes penalties and interest expense related to income taxes as a component of tax expense. There are immaterial amounts of interest and penalties recorded in the consolidated statements of income for the years ended December 31, 2021, 2020, and 2019 and in the consolidated balance sheets as of December 31, 2021 and 2020. There are no positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within 12 months of the reporting date.

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

NOTE 11 – NET LOSS PER SHARE

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

	Year ended December 31,		
	2021	2020	2019
Basic net loss per share:			
Numerator			
Net (loss) income	\$ (13,558)	\$ (1,710)	\$ 1,241
Less: income allocated to participating securities	—	—	(1,241)
Net loss attributable to Class A, LT10 and LT50 common stockholders, basic	<u>\$ (13,558)</u>	<u>\$ (1,710)</u>	<u>\$ —</u>
Denominator			
Weighted-average shares of common stock used to compute net loss per share attributable to common stockholders, basic and diluted	38,039,222	27,424,480	25,921,890
Net loss per share attributable to Class A, LT10 and LT50 common stockholders, basic and diluted	<u>\$ (0.36)</u>	<u>\$ (0.06)</u>	<u>\$ —</u>

The rights, including the liquidation and dividend rights, of the holders of Class A, LT10 and LT50 common stock are identical, except with respect to voting, conversion and transfer rights. Each share of Class A common stock is entitled to one vote per share, each share of LT10 common stock is entitled to 10 votes per share and each share of LT50 common stock is entitled to 50 votes per share. Each share of LT10 and LT50 common stock is convertible into one share of Class A common stock voluntarily at the option of the holder after the satisfaction of certain requirements, which includes a ten months notice period for LT10 common stock and 48 months notice period for LT50 common stock to convert to Class A common stock, or automatically upon certain events. The Class A common stock has no conversion rights. As the liquidation and dividend rights are identical for Class A, LT10 and LT50 common stock, the undistributed earnings are allocated on a proportional basis based on the number of weighted-average shares within each class of common stock during the period and the resulting net loss per share attributable to common stockholders will be the same for the Class A, LT10, and LT50 common stock on an individual or combined basis.

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

	Year ended December 31,		
	2021	2020	2019
Warrants	366,982	413,040	396,270
Weighted-average stock options	9,419,506	10,981,370	8,737,650
Convertible preferred stock	36,619,129	42,031,390	42,031,390
Total	<u>46,405,617</u>	<u>53,425,800</u>	<u>51,165,310</u>

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Litigation – The Company is involved from time to time in claims, proceedings and litigation, including the following:

On May 29, 2020, Sapphire Crossing LLC sued the Company on an expired patent. Following the Company's attempts to dismiss the case informally, Sapphire Crossing amended its complaint, dropping certain allegations and adding allegations of direct divided infringement. As of December 31,

2020, the extent of a potential liability was unknown and could not be reasonably estimated. On June 8, 2021, the case was settled and no payment was required of the Company upon settlement.

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

NOTE 13 – EMPLOYEE BENEFIT PLANS

401(k) Plan – In fiscal 2009, the Company sponsored a U.S. 401(k) defined contribution plan covering eligible employees who elect to participate. The Company is allowed to make discretionary profit sharing and 401(k) matching contributions as defined in the plan and as approved by the Board of Directors. Effective January 1, 2018, the Company matches up to 4.5% of each eligible participant's 401(k) contribution. The Company's actual contribution may be reduced by certain available forfeitures, if any, during the plan year. No discretionary profit-sharing contributions were made for the years ended December 31, 2021, 2020 and 2019. The Company's 401(k) matching contributions for the years ended December 31, 2021, 2020 and 2019 were \$0.7 million, respectively. The Company has no intention to terminate the plan.

UK Pension Plan – Since inception, in accordance with local laws and customs of the UK, the Company sponsored a UK pension plan covering eligible employees who elect to participate. The Company is allowed to make discretionary profit sharing and matching contributions as defined in the plan and as approved by the Board of Directors. The Company matches up to 4.5% of each eligible participant's contribution. The Company's actual contribution may be reduced by certain available forfeitures, if any, during the plan year. No discretionary profit-sharing contributions were made for the years ended December 31, 2021, 2020 and 2019. The discretionary matching contributions for the years ended December 31, 2021, 2020 and 2019 were \$0.1 million, respectively. The Company has no intention to terminate the plan.

NOTE 14 – RELATED PARTY TRANSACTIONS

In September 2018, the Company loaned \$0.6 million to the Company's Chief Executive Officer, David Barrett. The loan bears 6% simple interest per annum for 60 months of interest payments due monthly until the loan principal amount becomes due in full upon maturity in September 2023. During the years ended December 31, 2021, 2020 and 2019, the Company recognized an immaterial amount of interest income. As part of the loan agreement with Mr. Barrett, repayment of the loan may be accelerated upon certain events. One of these triggering events is the loan amount becoming payable immediately upon the receipt by Mr. Barrett of at least an aggregate of \$2.0 million pursuant to one or more sales or redemptions of the Company's common stock. During the year ended December 31, 2020, as part of sale of common stock from Mr. Barrett, to new investors, Mr. Barrett received more than \$2.0 million from the transaction. As a result, the loan amount became due immediately. As the amount had yet to be paid as of December 31, 2020, the Company recorded the related party loan within Related party loan receivable, current on the consolidated balance sheet as of December 31, 2020. On April 22, 2021, the Company's Board of Directors unanimously consented to provide a waiver of the accelerated term clause in relation to the 2020 sale of stock. On June 24, 2021, the related party loan was repaid in full by Mr. Barrett.

During the year ended December 31, 2021, the Company incurred sales and marketing expenses of \$0.4 million, related to partner payouts and advertising fees paid to CPA.com. CPA.com is considered a related party to the Company as Timothy L. Christen, the Chairman of the Company's audit committee in addition to being a Director on the Company's Board of Directors, also serves as a Director on CPA.com's Board of Directors.

During the year ended December 31, 2021, the Company incurred total employee compensation costs of \$1.8 million related to William Barrett, the brother of David Barrett, in connection with employment at the Company as a Success Coach. Mr. Barrett plays no personal role in determining his brother's compensation or reviewing his brother's performance.

On March 28, 2022, the Company granted an employee 43,060 RSUs, comprised of 21,530 shares of each of Class A common stock and LT50 common stock, at a grant date fair value of \$18.93 per share. These RSUs only have a service condition, which is satisfied over approximately eight years with a cliff vest for 1/8 of the grant on September 15, 2022 and quarterly vesting of 1/32 of the grant every December 15, March 15, June 15 and September 15 thereafter until fully vested.

There are no other significant related party transactions for the Company as of December 31, 2021 and 2020, except as noted elsewhere in these consolidated financial statements.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Our management, with the participation of our chief executive officer and chief financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of the end of the period covered by this Annual Report on Form 10-K. Based on such evaluation, and as discussed below, our chief executive officer and chief financial officer have concluded that as of December 31, 2021, our disclosure controls and procedures were not effective at a reasonable assurance level due to the material weakness in our internal control over financial reporting described below. In light of this fact, our management has performed additional analyses, reconciliations, and other post-closing procedures and has concluded that, notwithstanding the material weakness in our internal control over financial reporting, the consolidated financial statements for the periods covered by and included in this Annual Report on Form 10-K fairly present, in all material respects, our financial position, results of operations and cash flows for the periods presented in conformity with GAAP.

MATERIAL WEAKNESS

In connection with management's assessment of controls over financial reporting during the years ended December 31, 2021, 2020 and 2019, we identified a material weakness in our internal controls. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. The material weakness that we identified relates to insufficient technical skills to address complex issues combined with insufficient accounting staff to design and implement processes, and controls, as well as perform said reviews, necessary to ensure material misstatements do not occur.

In FY21, we continued to experience a material weakness in our internal controls, that we had insufficient technical skills to address accounting matters combined with insufficient accounting staff and internal control knowledge to design and implement processes and controls, including the review of the completeness and accuracy of reports used to record journal entries, necessary to ensure material misstatements did not occur.

To address this material weakness, we are continuing to develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we will file with the SEC is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms and that information required to be disclosed in reports under the Securities Exchange Act of 1934, as amended, or the Exchange Act, is accumulated and communicated to our principal executive and financial officers. We are also continuing to improve our internal control over financial reporting. For example, as a public company, we have worked to improve the controls around our key accounting processes and our quarterly close process, and we have hired additional accounting and finance personnel to help us implement these processes and controls. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we have expended, and anticipate that we will continue to expend, significant resources, including accounting-related costs and investments to strengthen our accounting systems. We will not be able to sufficiently remediate these control deficiencies until these steps have been completed and the controls have been operating effectively for a sufficient period of time. If any of these new or improved controls and systems do not perform as expected, we may continue to experience material weaknesses in our controls.

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

This Annual Report on Form 10-K does not include a report of management's assessment regarding internal control over financial reporting or an attestation report of our registered public accounting firm due to a transition period established by rules of the SEC for newly public companies. Additionally, our independent registered accounting firm will not be required to opine on the effectiveness of our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 until we are no longer an "emerging growth company" as defined in the JOBS Act.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

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

LIMITATIONS OF EFFECTIVENESS OF CONTROLS AND PROCEDURES

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

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this Item will be set forth in, and is incorporated by reference, to our 2022 Proxy Statement (the “2022 Proxy Statement”) to be filed with the SEC within 120 days after December 31, 2021 in connection with the solicitation of proxies for our 2022 annual meeting of stockholders.

Item 11. Executive Compensation

The information required by this Item will be set forth in, and is incorporated by reference to, the 2022 Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item will be set forth in, and is incorporated by reference to, the 2022 Proxy Statement.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item will be set forth in, and is incorporated by reference to, the 2022 Proxy Statement.

Item 14. Principal Accounting Fees and Services

The information required by this Item will be set forth in, and is incorporated by reference to, the 2022 Proxy Statement.

Part IV

Item 15. Exhibits and Financial Statements Schedules

(a) The following documents are refiled as part of this report:

1. Financial Statements

See Index to Financial Statements in Item 8 of this report.

2. Financial Statement Schedules

All financial statement schedules have been omitted as the information is not required under the related instructions or is not applicable or because the information required is already included in the financial statements or the notes to those financial statements.

3. Exhibits

The documents set forth below are filed herewith or incorporated herein by reference to the location indicated.

Exhibit No.	Name	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
3.1	Amended and Restated Certificate of Incorporation of the Registrant.	8-K	001-41043	3.1	November 15, 2021
3.2	Amended and Restated Bylaws of the Registrant.	8-K	001-41043	3.2	November 15, 2021
4.1	Form of Class A Common Stock Certificate.	S-1/A	333-260297	4.1	November 01, 2021
4.2	Amended and Restated Investors' Rights Agreement, dated as of January 22, 2015, by and among the Registrant and certain of its stockholders.	S-1/A	333-260297	4.2	October 18, 2021
4.3	Warrant to Purchase Common Stock, dated September 19, 2013, by and between the Registrant and Silicon Valley Bank.	S-1/A	333-260297	4.3	October 18, 2021
4.4	Warrant to Purchase Common Stock, dated December 20, 2016, by and between the Registrant and Silicon Valley Bank.	S-1/A	333-260297	4.4	October 18, 2021
4.5*	Description of Registrant's Securities.				
9.1*	Expensify Voting Trust Agreement				
10.1	Amended and Restated Loan and Security Agreement, dated as of September 21, 2021, by and between the Registrant, the Borrowers party thereto, and Canadian Imperial Bank of Commerce.	S-1/A	333-260297	10.1	October 18, 2021
10.2	Loan Agreement, dated as of August 22, 2019, by and between the Borrower party thereto, the Registrant, as Guarantor, and Canadian Imperial Bank of Commerce.	S-1/A	333-260297	10.2	October 18, 2021

10.3 [†]	Employment Agreement by and between the Registrant and David Barrett.	S-1/A	333-260297	10.3	October 18, 2021
10.4 [†]	Employment Agreement by and between the Registrant and Ryan Schaffer.	S-1/A	333-260297	10.4	October 18, 2021
10.5 [†]	Employment Agreement by and between the Registrant and Anuradha Muralidharan.	S-1/A	333-260297	10.5	October 18, 2021
10.6 [†]	2009 Stock Plan	S-1/A	333-260297	10.6	November 01, 2021
10.7 [†]	2009 Stock Plan – Form of Notice of Stock Option Grant (EMI)	S-1/A	333-260297	10.7	November 01, 2021
10.8 [†]	2009 Stock Plan – Form of Option Agreement	S-1/A	333-260297	10.8	November 01, 2021
10.9 [†]	2019 Stock Plan	S-1/A	333-260297	10.9	November 01, 2021
10.10 [†]	2019 Stock Plan – Form of Early Exercise Notice and Restricted Stock Purchase Agreement	S-1/A	333-260297	10.10	November 01, 2021
10.11 [†]	2019 Stock Plan – Form of Exercise Agreement (EMI)	S-1/A	333-260297	10.11	November 01, 2021
10.12 [†]	2019 Stock Plan – Form of Exercise Agreement	S-1/A	333-260297	10.12	November 01, 2021
10.13 [†]	2019 Stock Plan – Form of Option Agreement (early exercise) (Reg S)	S-1/A	333-260297	10.13	November 01, 2021
10.14 [†]	2019 Stock Plan – Form of Option Agreement (early exercise)	S-1/A	333-260297	10.14	November 01, 2021
10.15 [†]	2019 Stock Plan – Form of Notice of Stock Option Grant (EMI)	S-1/A	333-260297	10.15	November 01, 2021
10.16 [†]	2019 Stock Plan - Form of Contingent Exercise Agreement	S-1/A	333-260297	10.16	November 01, 2021
10.17 [†]	2019 Plan - Form of RSU Agreement	S-1/A	333-260297	10.17	November 01, 2021
10.18 [†]	2021 Incentive Award Plan	S-1/A	333-260297	10.18	November 01, 2021
10.19*	2021 Stock Purchase and Matching Plan				
10.20 [†]	2021 Plan - Form of RSU Agreement	S-1/A	333-260297	10.20	November 01, 2021
10.21 [†]	2021 Plan - Form of Option Agreement	S-1/A	333-260297	10.21	November 01, 2021
10.22 [†]	Non-Employee Director Compensation Program	S-1/A	333-260297	10.22	November 01, 2021
10.23 [†]	Form of Indemnification Agreement for Directors and Officers	S-1/A	333-260297	10.23	November 01, 2021
21.1	List of Subsidiaries of the Registrant.	S-1/A	333-260297	21.1	November 01, 2021
23.1*	Consent of Ernst & Young LLP as to the Registrant.				
24.1*	Power of Attorney (included on signature page).				

31.1*	Certification of the Principal Executive Officer, pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Principal Financial Officer, pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of the Principal Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of the Principal Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkable Document.
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document).

* Filed herewith.

† Indicates a management contract or compensatory plan or arrangement.

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

Item 16. Form 10-K Summary

None.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EXPENSIFY, INC.

By: /s/ David Barrett

David Barrett

Chief Executive Officer

Date: March 31, 2022

Power of Attorney

KNOWN BY ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints David Barrett and Ryan Schaffer, and each of them, as his or her true and lawful attorneys-in-fact, proxies, and agents, each with full power of substitution, for him or her in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact, proxies, and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully for all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact, proxies, and agents, or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ David Barrett</u> David Barrett	Chief Executive Officer and Director (Principal Executive Officer)	March 31, 2022
<u>/s/ Ryan Schaffer</u> Ryan Schaffer	Chief Financial Officer and Director (Principal Financial and Accounting Officer)	March 31, 2022
<u>/s/ Anuradha Muralidharan</u> Anuradha Muralidharan	Director	March 31, 2022
<u>/s/ Daniel Vidal</u> Daniel Vidal	Director	March 31, 2022
<u>/s/ Jason Mills</u> Jason Mills	Director	March 31, 2022
<u>/s/ Tim Christen</u> Tim Christen	Director	March 31, 2022
<u>/s/ Ellen Pao</u> Ellen Pao	Director	March 31, 2022
<u>/s/ Ying (Vivian) Liu</u> Ying (Vivian) Liu	Director	March 31, 2022

**DESCRIPTION OF THE REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934**

The following summary describes the capital stock of Expensify, Inc. (the "company," "we," "us," and "our"). Because the following is only a summary, it does not contain all of the information that may be important to you and is qualified in its entirety by reference to the applicable provisions of the Delaware General Corporate Law (the "DGCL") and by the full text of our amended and restated certificate of incorporation and amended and restated bylaws, copies of which have been filed as exhibits to our Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

General

The total number of shares of all classes of stock we are authorized to issue is 1,060,000,000, consisting of:

- 1,000,000,000 shares of Class A common stock, par value \$0.0001 per share;
- 25,000,000 shares of LT10 common stock, par value \$0.0001 per share;
- 25,000,000 shares of LT50 common stock, par value \$0.0001 per share; and
- 10,000,000 shares of preferred stock, par value \$0.0001 per share.

Common Stock

We have three classes of authorized common stock: Class A common stock, LT10 common stock and LT50 common stock. The rights of the holders of Class A common stock, LT10 common stock and LT50 common stock are identical, except with respect to voting, conversion and transfer rights.

Voting

Each holder of our Class A common stock is entitled to one vote per share, each holder of our LT10 common stock is entitled to 10 votes per share and each holder of our LT50 common stock is entitled to 50 votes per share on all matters submitted to a vote of the stockholders. The holders of our common stock will generally vote together as a single class on all matters submitted to a vote of our stockholders, unless otherwise required by Delaware law or our amended and restated certificate of incorporation. Delaware law could require holders of our Class A, LT10 or LT50 common stock to vote separately as a single class in the following circumstances:

- if we were to seek to amend our amended and restated certificate of incorporation to increase or decrease the par value of a class of our capital stock, then that class would be required to vote separately to approve the proposed amendment; and
- if we were to seek to amend our amended and restated certificate of incorporation in a manner that alters or changes the powers, preferences or special rights of a class of

our capital stock so as to affect them adversely, the holders of that class would be required to vote separately to approve the proposed amendment; provided that if the amendment adversely affects one or more series of the class but does not adversely affect all of the series of the class, then the only holders of the series that are adversely affected, voting together as a class, would be required to separately approve the amendment.

Our amended and restated certificate of incorporation does not provide for cumulative voting for the election of directors.

Dividend Rights

The holders of our Class A, LT10 and LT50 common stock are entitled to receive dividends if, as and when declared from time to time by our board of directors out of legally available funds. Subject to applicable law and the rights, if any, of the holders of any outstanding series of our preferred stock or any class or series having a preference over or the right to participate with the Class A, LT10 or LT50 common stock with respect to the payment of dividends in cash, our property or our shares of capital stock, dividends may be declared and paid on the shares of Class A, LT10 or LT50 common stock out of any assets of ours legally available therefore at such time and in such amounts as our board of directors shall determine; provided that if a dividend or distribution is paid in the form of Class A common stock, LT10 common stock or LT50 common stock, respectively (or in rights to acquire, or securities convertible into or exchangeable for, such shares), then holders of Class A common stock shall be entitled to receive shares of Class A common stock (or rights to acquire, or securities convertible into or exchangeable for, such shares), holders of LT10 common stock shall be entitled to receive shares of LT10 common stock (or rights to acquire, or securities convertible into or exchangeable for, such shares), and holders of LT50 common stock shall be entitled to receive shares of LT50 common stock (or rights to acquire, or securities convertible into or exchangeable for, such shares), with holders of shares of Class A, LT10 and LT50 common stock receiving, on a per share basis, an identical number of shares of Class A, LT10 or LT50 common stock (or rights to acquire, or securities convertible into or exchangeable for, such shares, as the case may be), as applicable. Notwithstanding the foregoing, our board of directors may declare and we may pay a disparate dividend per share of Class A, LT10 or LT50 common stock (whether the disparity shall be in the amount of such dividend payable per share, the form in which such dividend is payable (whether it shall be payable in cash, shares of our capital stock, other of our securities or any combination of the foregoing), the timing of the payment or otherwise).

Conversion and Transfer

Shares of our Class A common stock are not convertible. Each share of Class A common stock is freely transferable, subject to compliance with any applicable lock-up, vesting requirements under our equity plans, laws, rules and regulations, and our insider trading policy.

Each share of our LT10 and LT50 common stock is convertible into one share of our Class A common stock at the option of the holder solely upon the satisfaction of and subject to certain requirements described in our amended and restated certificate of incorporation. Shares of LT10

and LT50 common stock may be sold or transferred only upon satisfaction of and subject to certain requirements described in our amended and restated certificate of incorporation. Each share of LT10 or LT50 common stock will automatically convert into one share of Class A common stock upon the occurrence of a transfer in accordance with such requirements unless such transfer is a "Non-Converting Transfer." A "Non-Converting Transfer" means a transfer (i) to the Voting Trust (as defined below), (ii) in an LT Exchange (as defined below) or (iii) approved by the affirmative vote of a majority of the members of our board of directors. Our amended and restated certificate of incorporation also permits a majority of the members of our board of directors to waive other requirements applicable to transfer or conversion of LT10 and LT50 common stock, including the notice period described below. Additionally, our amended and restated certificate of incorporation provides that upon the death of a holder of LT10 and/or LT50 common stock, the transfer of the decedent's shares of LT10 and/or LT50 common stock to the decedent's estate will not be deemed a "transfer," and so will not be subject to the transfer requirements described in our amended and restated certificate of incorporation, and such shares will remain shares of LT10 and/or LT50 common stock. Any transfer of shares of LT10 or LT50 common stock not made in accordance with the requirements set forth in our amended and restated certificate of incorporation, unless such requirements are waived by the board of directors, will be void, and we will not treat the transferee in such a transaction as a holder of such shares for any purpose.

If a holder proposes to convert or transfer any shares of LT10 or LT50 common stock, the holder (or the beneficial holder if such shares are held in the Voting Trust) must first provide written notice to us and a copy of such notice to the Trustees (as defined below) (the "Notice"). The notice period following delivery and receipt of the Notice for each share of LT10 and LT50 common stock shall be 10 months and 50 months, respectively. During the applicable notice period, the Trustees will attempt to identify a holder of shares of Class A common stock who is currently an employee of or other service provider to our company or one of our subsidiaries (a "Class A Transferor") interested in exchanging shares of Class A common stock held by the Class A Transferor for the shares of LT10, or LT50 common stock subject to the Notice, on a one-for-one basis (each, an "LT Exchange"). If a Class A Transferor is identified, the Trustees will provide written notice to the holder of shares of LT10 and/or LT50 common stock who is seeking to convert or transfer the shares of LT common stock specified in the Notice, the Class A Transferor and us, specifying the participants in the LT Exchange, the date on which the applicable notice period expires (the "notice Expiration Date"), and any applicable instructions to facilitate the LT Exchange. If the Class A Transferor is not a party to the Voting Trust Agreement, the Class A Transferor must become a party to the Voting Trust Agreement and the shares of LT10 and/or LT50 common stock subject to the LT Exchange will remain in the Voting Trust, and will not convert into shares of Class A common stock. The LT Exchange will be deemed effective immediately prior to the close of business on the first business day following the Notice Expiration Date, subject to extension by us of up to five days if necessary to effectuate the Exchange. If the Trustees are unable to identify a Class A Transferor to participate in an LT Exchange prior to the Notice Expiration Date, then the shares of LT10 or LT50 common stock subject to the Notice will be converted into shares of Class A common stock on a

one-for-one basis immediately following the Notice Expiration Date, as set forth in the amended and restated certificate of incorporation. In the event of a sale or transfer, such shares of Class A common stock received in an LT Exchange or conversion will be the subject of such sale or transfer.

Our amended and restated certificate of incorporation provides that, from and after the time that a holder of shares of LT10 or LT50 common stock is no longer an employee of or service provider to Expensify, we will have the right to submit a written notice of conversion on such former employee or service provider's behalf, such that the shares of LT10 or LT50 common stock held by such former employee or service provider will be the subject of an LT Exchange or will convert into shares of Class A common stock following the applicable notice period.

When all of the then-outstanding shares of LT10 and LT50 common stock represent, in the aggregate, less than 2% of all then-outstanding shares of common stock, each outstanding share of LT10 and LT50 common stock will automatically convert into one share of Class A common stock.

Once converted into Class A common stock, the LT10 or LT50 common stock will not be reissued. Except for the issuance of shares of LT10 or LT50 common stock issuable in respect of any restricted stock unit outstanding at the time of our initial public offering, a dividend payable in shares of LT10 or LT50 common stock as permitted by the amended and restated certificate of incorporation, or a reclassification, subdivision, or combination of such shares, we are not permitted at any time to issue any additional shares of LT10 or LT50 common stock.

Liquidation, Dissolution and Winding Up

Upon our dissolution or liquidation, after payment in full of all amounts required to be paid to creditors and to the holders of preferred stock having liquidation preferences, if any, the holders of shares of our common stock will be entitled to receive pro rata our remaining assets available for distribution for distribution to stockholders.

No Preemptive or Similar Rights

Holders of shares of our common stock do not have preemptive, subscription or redemption rights, and our common stock is not subject to redemption or sinking fund provisions.

Fully Paid and Non-Assessable

All of the outstanding shares of our Class A, LT10 and LT50 common stock are fully paid and non-assessable.

Preferred Stock

No shares of our preferred stock are currently outstanding. Pursuant to our amended and restated certificate of incorporation, our board of directors has the authority, without further action by our

stockholders, to issue up to 10,000,000 shares of preferred stock in one or more series and to fix the rights, powers, preferences, privileges and qualification, limitations and restrictions thereof. These rights, preferences and privileges could include, without limitation, dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences, sinking fund terms and the number of shares constituting, or the designation of, such series, any or all of which may be greater than the rights of our common stock. The issuance of our preferred stock could adversely affect the voting power of holders of common stock and the likelihood that such holders will receive dividend payments and payments upon our liquidation. In addition, the issuance of preferred stock could have the effect of delaying, deferring, or preventing a change in control of our company or other corporate action.

The Voting Trust

Upon issuance, all outstanding shares of our LT10 and LT50 common stock were immediately deposited into a voting trust (the "Voting Trust") formed pursuant to a voting trust agreement (the "Voting Trust Agreement"). The Voting Trust Agreement is intended to maintain a centralized decision-making process centered around our employees, encourage our employees to hold our common stock for the long-term and provide an orderly process for the conversion and transfer of our LT10 and LT50 common stock pursuant to our amended and restated certificate of incorporation. From time to time, employees and other service providers may deposit additional voting securities of the company in the Voting Trust, including Class A common stock, and will enter into a joinder agreement to become a party to the Voting Trust Agreement if such employee is not then a party. In the event of an LT Exchange, or other Non-Converting Transfer, the shares of LT10 or LT50 common stock involved in such transfer will remain in the Voting Trust, and a transferee who is not already a party to the Voting Trust Agreement will become a party pursuant to a joinder agreement, unless the requirement to become a party is expressly waived in writing by a majority of the trustees of the Voting Trust (the "Trustees"). A holder may not withdraw shares of LT10 or LT50 common stock from the Voting Trust. A holder who beneficially owns shares of Class A common stock held in the Voting Trust may withdraw some or all of such shares of Class A common stock upon 30 days' prior written notice to the Trustees, provided, however, that (i) any shares of Class A common stock received in connection with an LT Exchange that are held in the Voting Trust at the time of the LT Exchange may be immediately withdrawn from the Voting Trust, and (ii) Class A common stock resulting from the conversion of LT10 or LT50 common stock in accordance with our amended and restated certificate of incorporation shall be deemed withdrawn from the Voting Trust automatically at the time of conversion.

The current Trustees of the Voting Trust are David Barrett, our CEO, Ryan Schaffer, our CFO, and Jason Mills, our Chief Product Officer. If at any time a Trustee (i) is unable or unwilling to serve as a Trustee by reason of death, incapacity or otherwise, (ii) ceases to be an Expensify employee or other service provider to Expensify, or (iii) is no longer one of the three holders of voting securities with the highest voting power held by the Voting Trust, unless the holder or holders with higher voting power have rejected the opportunity to serve as Trustee or are otherwise unable or unwilling to serve as Trustee, then such Trustee shall resign or be removed. Successor Trustees will be appointed by majority vote of the remaining Trustees, or if there are no remaining Trustees, by our board of directors. The policy of the Trustees with respect to

appointment of each successor Trustee shall be to offer the opportunity to serve as such Trustee to the holder of voting securities held by the Voting Trust who is then an employee of or service provider to Expensify and beneficially owns voting securities with the highest voting power (other than the then-existing Trustees). The policy of the Trustees shall be to first offer the opportunity to serve as successor Trustee to the Expensify employee or service provider holder holding voting securities with the next-highest voting power held by the Voting Trust. If such holder does not accept this offer within ten days, then the Trustees will offer the opportunity to serve as successor Trustee to the Expensify employee or service provider holder holding voting securities with the next-highest voting power, and so on, until a holder accepts the offer to serve as Trustee. When calculating "voting power" in connection with Trustee service, if Notice has been given with respect to any shares held by the current or potential Trustee, then the number of votes attributed to each LT10 or LT50 share held by such individual shall be proportionately reduced by the amount of time that has passed under the applicable notice period (i.e., a one-vote reduction for each one month that has passed since Notice was given).

Under the Voting Trust Agreement, the Trustees make all decisions with respect to the voting (but not the disposition) of the shares of common stock contributed to the Voting Trust in their sole and absolute discretion (including in his or her own interest as a holder of Expensify voting securities), and shall incur no responsibility under the Voting Trust Agreement as a stockholder, trustee or otherwise, except for his or her own individual malfeasance. The acting Trustees will have the power to vote all securities held by the Voting Trust in their sole and absolute discretion as determined by a majority of the Trustees. Although the Voting Trust Agreement does not require the Trustees to use specific criteria when determining how to vote the securities held by the Voting Trust, the qualifications required for an individual to serve as a Trustee are intended to provide alignment with the interests of the other beneficial holders. The three Trustees will at all times be employees or other service providers of the company, and will be among the largest holders of our restricted LT10 and LT50 common stock. We believe that these qualifications will result in the Trustees making decisions based on the long-term interests of the company, its employees and service providers. Although it contains certain arbitration provisions, nothing in the Voting Trust Agreement will preclude stockholders' rights to pursue claims under the United States federal securities laws. The Voting Trust is irrevocable and terminates upon the earlier of the written agreement between us and the Trustees and the date on which all shares of LT10 and LT50 common stock automatically convert into shares of Class A common stock in accordance with the terms of our amended and restated certificate of incorporation.

Registration Rights

We are party to an investors' rights agreement (the "Investors' Rights Agreement") that provides certain holders of our capital stock, including certain holders of at least 5% of our capital stock and entities affiliated with certain of our directors, with certain registration rights. The registration of shares of our common stock by the exercise of registration rights described below would enable the holders to sell these shares without restrictions under the Securities Act of 1933, as amended (the "Securities Act") when the applicable registration statement is declared

effective. We will pay the registration expenses, other than underwriting discounts and commissions, of the shares registered by the demand, piggyback and Form S-3 registrations described below.

Generally in an underwritten offering, the managing underwriter, if any, has the right, subject to specified conditions, to limit the number of shares such holders may include. The demand, piggyback and Form S-3 registration rights described below will expire upon the earliest to occur of: (a) November 15, 2026 or (b) with respect to any particular stockholder, such time as (i) such holder can sell all of its shares under Rule 144 of the Securities Act, or (ii) such stockholder holds less than 1% of our then-outstanding common stock and such stockholder can sell all of its shares under Rule 144 under the Securities Act during any three-month period.

Demand Registration Rights

Under the terms of the Investors' Rights Agreement, the holders of registrable shares are entitled to demand registration rights may request that we register all or a portion of their registrable shares for sale under the Securities Act. Such holders are entitled to registration rights, on not more than two occasions, provided that such request for registration must cover shares with an anticipated aggregate offering price, net of underwriting discounts and commissions, of at least \$10 million.

Piggyback Registration Rights

In the event that we propose to register any of our securities under the Securities Act, either for our own account or for the account of other security holders, the holders of registrable securities will be entitled to certain piggyback registration rights allowing such holders to include their shares in such registration, subject to certain marketing and other limitations. As a result, whenever we propose to file a registration statement under the Securities Act, subject to certain exceptions, the holders of these shares are entitled to notice of the registration and have the right to include their shares in the registration, subject to limitations that the underwriters may impose on the number of shares included in the offering.

Form S-3 Registration Rights

The holders of registrable shares are also entitled to certain Form S-3 registration rights. If we are eligible to file a registration statement on Form S-3, these holders have the right, upon written request from holders of at least 20% of such shares as are then outstanding, to have such shares registered by us if the anticipated aggregate offering price of such shares, net of underwriting discounts and commissions, is at least \$3 million, subject to exceptions set forth in the Investors' Rights Agreement.

Forum Selection

Our amended and restated certificate of incorporation provides that: (i) unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if such court does not have subject matter jurisdiction thereof, the federal district court of the State of Delaware) will, to the fullest extent permitted by law, be the sole and exclusive forum for: (A) any derivative action or proceeding brought on behalf of the company, (B) any action asserting a claim for or based on a breach of a fiduciary duty owed by any of our current or former directors, officers, other employees, agents or stockholders to the company or our stockholders, including without limitation a claim alleging the aiding and abetting of such a breach of fiduciary duty, (C) any action asserting a claim against the company or any of our current or former directors, officers, employees, agents or stockholders arising pursuant to any provision of the Delaware General Corporation Law or our certificate of incorporation or bylaws (as each may be amended from time to time) or as to which the Delaware General Corporation Law confers jurisdiction on the Court of Chancery of the State of Delaware, or (D) any action asserting a claim related to or involving the company that is governed by the internal affairs doctrine; (ii) the federal district courts of the United States will, to the fullest extent permitted by law, be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act; and (iii) any person or entity purchasing or otherwise acquiring or holding any interest in shares of capital stock of the company will be deemed to have notice of and consented to these provisions. Nothing in our current certificate of incorporation or bylaws or our amended and restated certificate of incorporation or amended and restated bylaws precludes stockholders that assert claims under the Exchange Act, from bringing such claims in federal court to the extent that the Exchange Act confers exclusive federal jurisdiction over such claims, subject to applicable law.

Although our amended and restated certificate of incorporation contain the choice of forum provision described above, it is possible that a court could find that such a provision is inapplicable for a particular claim or action or that such provision is unenforceable. For example, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Accordingly, there is uncertainty as to whether a court would enforce such a forum selection provision as written in connection with claims arising under the Securities Act.

Anti-Takeover Provisions

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that may delay, defer or discourage another party from acquiring control of us. These provisions may have the effect of discouraging coercive takeover practices or inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors, which we believe may result in an improvement of the terms of any such acquisition in favor of our stockholders. However, they

also give our board of directors the power to discourage acquisitions that some stockholders may favor.

Section 203 of the DGCL

We are governed by the provisions of Section 203 of the DGCL. In general, Section 203 prohibits a public Delaware corporation from engaging in a “business combination” with an “interested stockholder” for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. A “business combination” includes mergers, asset sales, or other transactions resulting in a financial benefit to the interested stockholder. In general, an “interested stockholder” is a person who, together with affiliates and associates, owns 15% or more of the corporation’s outstanding voting stock. These provisions may have the effect of delaying, deferring, or preventing a change in our control.

Multi-Series Stock

As described above in the subsection titled “Common Stock—Voting,” our amended and restated certificate of incorporation provides for a multi-class stock structure, which provides our executive officers, employees and the Trustees with significant influence over all matters requiring stockholder approval, including the election of directors and significant corporate transactions, such as a merger or other sale of our company or its assets.

Undesignated Preferred Stock

The ability to authorize undesignated preferred stock makes it possible for our board of directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to effect a change in control of our company. These and other provisions may have the effect of deterring hostile takeovers or delaying changes in control or management of our company.

Stockholder Action; Special Meeting of Stockholders.

Our amended and restated certificate of incorporation provides that from and after the date the Voting Trust holds less than a majority of the voting power of our capital stock, no action may be taken by our stockholders by consent. Our amended and restated certificate of incorporation also provides that a special meeting of stockholders may only be called by our board of directors, the chairperson of our board of directors, our chief executive officer or, for so long as the Voting Trust holds at least a majority of the voting power of our capital stock, the holders of a majority of the total voting power of the outstanding shares of our capital stock, thus limiting the ability of a stockholder to call a special meeting.

Advance Notice Requirements for Stockholder Proposals and Director Nominations

Our amended and restated bylaws establishes advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of the board of directors or a committee of the board of directors.

Election and Removal of Directors; Filling Vacancies

Because our stockholders do not have cumulative voting rights, our stockholders holding a majority of the voting power of the then outstanding capital stock are able to elect all of our directors. Our amended and restated certificate of incorporation provides for the removal of any of our directors at any time, with or without cause, by a stockholder vote by the holders of a majority of the voting power of the then outstanding capital stock. Furthermore, our board of directors has the exclusive right to set the size of the board of directors, and any vacancy on our board of directors, however occurring, including a vacancy resulting from an increase in the size of the board, may only be filled by a resolution of the board of directors unless the board of directors determines that such vacancies will be filled by the stockholders. This system of electing and removing directors and filling vacancies may discourage a third party from making a tender offer or otherwise attempting to obtain control of us because it generally makes it more difficult for stockholders to replace a majority of the directors.

Amendment of Certificate of Incorporation or Bylaws

The DGCL provides generally that the affirmative vote of the holders of a majority in voting power of the shares entitled to vote is required to amend a corporation's certificate of incorporation, unless a corporation's certificate of incorporation requires a greater percentage. Our bylaws may be amended or repealed by our board of directors or by the affirmative vote of the holders a majority in voting power of the outstanding shares of stock entitled to vote generally in the election of directors.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Computershare Trust Company, N.A. The transfer agent and registrar's address is 150 Royall Street, Canton, Massachusetts 02021.

Listing

Our Class A common stock is listed on the Nasdaq Global Select Market under the symbol "EXFY."

VOTING TRUST AGREEMENT

THIS VOTING TRUST AGREEMENT (the “**Agreement**”) is made as of November 9, 2021, by and among Expensify, Inc., a Delaware corporation (the “**Company**”); the undersigned holders (collectively, the “**Stockholders**”) of shares of LT10 common stock of the Company (“**LT10 Shares**”), LT50 common stock of the Company (“**LT50 Shares**”) and/or Class A common stock of the Company (“**Class A Shares**”); and each Trustee (as defined in Section 1), for the purpose of creating a voting trust (the “**Trust**”) with respect to the issued and outstanding LT10 Shares, LT50 Shares and/or Class A Shares held by the Stockholders and deposited in the Trust (the “**Shares**”) pursuant to Section 218 of the DGCL.

RECITALS

The Company, the Stockholders and the Trustees (as defined in Section 1) believe that it is in their respective best interests to enter into this Agreement to facilitate the exercise of voting rights relating to the Shares.

AGREEMENT

In order to implement the foregoing and in consideration of the premises and the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Creation of Trust; Trustees.**

(a) **Creation of Trust and Appointment of Initial Trustees.** The Stockholders hereby create and establish the Trust, and appoint and authorize David Barrett, Ryan Schaffer and Jason Mills (each of whom is a Beneficial Owner of Shares and an employee of the Company or an Expensify Subsidiary) as trustees of the Trust (collectively, and together with each successor Trustee appointed pursuant to the terms of this Section 1, the “**Trustees**”), pursuant to the terms and conditions of this Agreement. The Trust shall be administered by three Trustees, in accordance with the terms and conditions of this Agreement.

(b) **Successor Trustees.** If at any time a Trustee (i) is unable or unwilling to serve as a Trustee hereunder by reason of death, incapacity or otherwise; (ii) ceases to be an employee of or other service provider to the Company or an Expensify Subsidiary; or (iii) is no longer one of the three Stockholders who Beneficially Own Shares with the highest voting power (as set forth in the Trust Register, as defined below), unless the Stockholder or Stockholders with higher voting power have rejected the opportunity to serve as Trustee or are otherwise unable or unwilling to serve as Trustee, then such Trustee shall resign or be removed; provided, however, that none of the initial trustees shall be required to resign or shall be removed pursuant to clause (iii) until one (1) year following the date of this Agreement. A successor Trustee shall be appointed, in accordance with this Section 1(b), upon the majority vote of the remaining Trustees or Trustee, or if there are no remaining Trustees, by the Board of Directors of the Company, within 14 days of such resignation or removal. In addition, a successor Trustee may be designated to take office automatically upon the occurrence of events specified by the Trustees

(including the death of one or more Trustees), as they deem necessary, upon the majority vote of the then-current Trustees. The policy of the Trustees with respect to appointment of each successor Trustee shall be to first offer the opportunity to serve as such successor Trustee to the Stockholder who then (x) Beneficially Owns Shares with the highest voting power (other than the then-existing Trustees), as set forth in the Trust Register and (y) is an employee of or other service provider to the Company or an Expensify Subsidiary. If such Stockholder does not accept such offer within ten (10) days by executing documentation, in the form reasonably satisfactory to the Company, to become a party to this Agreement, then the Trustees shall offer the opportunity to serve as successor Trustee to the Stockholder holding Shares with the next-highest voting power, and so on, until a Stockholder accepts the offer to serve as successor Trustee and executes documentation, in the form reasonably satisfactory to the Company, to become a party to this Agreement. If no Stockholder accepts such offer, then the Trustees shall offer the opportunity to serve as successor Trustee to any employee or other service provider of the Company or an Expensify Subsidiary, at their discretion, until an employee or other service provider accepts the offer to serve as successor Trustee and executes documentation, in the form reasonably satisfactory to the Company, to become a party to this Agreement. When calculating “voting power” in connection with Trustee service, if Notice (as defined below) has been given with respect to any shares held by the current or potential Trustee pursuant to the Expensify Charter, then the number of votes attributed to each LT10 Share and each LT50 Share Beneficially Owned by such individual shall be proportionately reduced by the amount of time that has passed under the applicable notice period (i.e., a one vote reduction for each month that has passed since Notice was given).

(c) **Written Notice to Company.** The Trustees shall send written notice to the Company within ten (10) days after (i) the resignation or removal of any Trustee and (ii) the appointment of a successor Trustee.

(d) **Trustee Acceptance of Appointment.** Each Trustee hereby accepts his or her appointment as such pursuant to the terms and conditions of this Agreement, and agrees to administer the Trust in accordance with the terms and conditions of this Agreement, unless and until replaced by a successor Trustee as herein provided.

2. **Deposit of Shares in Trust.**

(a) **Initial Deposit of Shares.** Each Stockholder hereby deposits in trust with the Trustees all of the LT10 Shares and LT50 Shares Beneficially Owned by such Person. The Company shall reflect in its stock ledger that the Trust holds such Shares. The Trustees shall hold the Shares so deposited in trust, subject to the terms of this Agreement.

(b) **Deposits of Additional Shares by Stockholders.** From time to time following the date hereof, a Stockholder may deposit additional voting securities (including Class A Shares) of the Company in the Trust, to be held in trust by the Trustees pursuant to the terms of this Agreement, by completing and delivering to the Trustees the Election to Deposit Additional Shares set forth as Exhibit A to this Agreement. Each Stockholder also hereby agrees that any additional LT10 Shares and LT50 Shares received by such Stockholder during the term of this Agreement shall be deposited in trust with the Trustees. The Trustees shall hold the

Shares so deposited in trust, subject to the terms of this Agreement. Any voting securities of the Company deposited in the Trust after the date of this Agreement pursuant to this Section 2(b) shall be deemed to be included in the definition of “Shares” for all purposes under this Agreement. The Company shall, as promptly as practicable after any Shares are deposited in trust, reflect in its stock ledger that the Trust holds such Shares.

(c) **Additional Stockholders.** From time to time following the date hereof, a Person who is an employee of or other service provider to the Company or an Expensify Subsidiary may deposit voting securities of the Company in trust with the Trustees and become a “Stockholder” party hereto by executing and delivering to the Trustees a joinder agreement in the form set forth as Exhibit B to this Agreement and any other instruments as may be requested by the Trustees. Upon such execution and delivery, such Person shall become a party to this Agreement and for all purposes be deemed to be a “Stockholder” under this Agreement; such voting securities of the Company deposited in the Trust after the date of this Agreement pursuant to this Section 2(c) shall be deemed to be included in the definition of “Shares” for all purposes under this Agreement; and the Company shall, as promptly as practicable, update its stock ledger to reflect that the Trust holds such Shares.

(d) **Trust Register.** The Trustees shall maintain a register book, which shall reflect the number and class or series of Shares Beneficially Owned by each Stockholder and held in the Trust pursuant to the terms of this Agreement (the “**Trust Register**”). The Trustees shall treat each such Stockholder as the Beneficial Owner of such Shares, subject to the Trustees’ rights and interests hereunder. The Trustees shall not be obligated to recognize any Person as the Beneficial Owner of such Shares other than the Person in whose name the same shall be registered on the Trust Register.

(e) **Recording of Deposits and Transfers.** All Transfers of Shares, as well as all deposits of additional voting securities of the Company in trust with the Trustees as set forth in this Section 2, shall be recorded by the Trustees in the Trust Register. In addition, to the extent that any Shares cease to be outstanding, the Company shall notify the Trustees of the Shares that have ceased to be outstanding, and the Trust Register shall be revised accordingly.

(d) **Consent of Spouse.** Each Stockholder, whether or not married at the time of execution of this Agreement, and whether signing on his or her own behalf or as trustee of a revocable living trust, shall deliver at the time of execution of this Agreement a duly executed Consent of Spouse in the form set forth as Exhibit C to this Agreement. Each Stockholder further agrees to have such Consent of Spouse executed by any spouse married by him or her at any time subsequent to the date hereof while such Person is a Stockholder party hereto.

3. **Trustee’s Powers and Duties; Compensation.**

(a) **Voting Powers.** For so long as this Agreement remains in effect, the Trustees shall, pursuant to the terms of this Agreement and as determined by the majority vote of the Trustees, have the full, exclusive and unqualified right and power to vote in person or by proxy all Shares at all meetings of the stockholders of the Company in respect of any and all matters on which Shares are entitled to vote under the Expensify Charter or applicable law, to

give consents in lieu of voting such Shares at a meeting of the stockholders of the Company in respect of any and all matters on which Shares are entitled to vote under the Expensify Charter or applicable law, to enter into voting agreements, waive notice of any meeting of stockholders of the Company in respect of such Shares and to grant proxies with respect to all of the Shares, as well as in respect of any other securities with voting rights received in respect of the Shares at any time hereafter by way of a stock dividend, distribution, conversion or exchange as provided in Section 3(b), with respect to any lawful corporate action, whether or not in the ordinary course of business, and no Stockholder shall in such capacity have any rights or powers to vote such Shares or to give consents with respect to or grant proxies in respect thereof or otherwise take part in any corporate action. Without limiting the generality of the foregoing, the Stockholders (i) acknowledge that each Trustee, in his or her individual capacity, is a holder of Shares; (ii) agree that each Trustee is entitled to exercise the powers granted to the Trustees in the preceding sentence in his or her sole and absolute discretion (including in his or her own interest as a holder of Shares); and (iii) agree that, in accordance with Section 218 of the DGCL, each Trustee shall incur no responsibility as stockholder, trustee or otherwise, except for his or her own individual malfeasance.

(b) **Notices, Dividends and Distributions.** In the event that the Trustees receive any dividends or distributions (other than additional Shares or other voting securities of the Company) with respect to the Shares held by them hereunder, they shall promptly pay (or, in the event that such dividends or distributions are not cash, distribute in kind) the amount thereof received by them to each Stockholder in proportion to such Stockholder's respective interests (based on the number of Shares held by the Trustees hereunder with respect to each Stockholder); provided, however, that the Trustees may, by notice to the Company, instruct the Company to pay such dividends directly to the Stockholders. If the Trustees shall receive any Shares or other voting securities of the Company as a dividend or distribution or upon conversion of or in exchange for any Shares held by them hereunder, the Trustees shall hold such Shares or other voting securities of the Company in accordance with the terms of this Agreement and shall update the Trust Register accordingly.

(c) **Administration of Exchanges of LT10 Shares and LT50 Shares Pursuant to Expensify Charter.** For so long as this Agreement remains in effect, the Trustees shall be responsible for managing Exchanges (as defined in the Expensify Charter) pursuant to, and in accordance with, the Expensify Charter.

(d) **No Right to Sell Shares.** The Trustees shall have no authority to sell, pledge, hypothecate or otherwise dispose of the Shares or any interest therein.

(e) **Compensation of Trustees.** No Trustee shall receive any compensation for his or her services under this Agreement. This subsection shall not, however, affect the right of the Trustees to receive compensation from the Company for services performed by them in any other capacity (*e.g.*, as an officer, director, employee, service provider or otherwise).

(f) **Trustee Liability and Indemnity.** No Trustee shall be liable for any error of judgment or mistake of fact or law, or for any action or omission under this Agreement, except for such Trustee's fraud, bad faith or willful misconduct. No Trustee shall be liable for

acting on any notice, request or instruction or other document believed to be genuine and to have been executed by or on behalf of the proper party or parties. The Company shall pay all reasonable expenses of the Trustees, including counsel fees, and shall discharge all liabilities incurred by them in connection with the exercise of their powers and the performance of their duties under this Agreement. Any action or omission undertaken by a Trustee in good faith in accordance with the advice of legal counsel shall be binding and conclusive on the parties to this Agreement. The Company shall also defend, indemnify and hold the Trustees harmless from and against any and all claims and liabilities in connection with or arising out of the administration of the trust created by this Agreement or the exercise of any powers or the performance of any duties by them as herein provided or contemplated, except such as shall arise from the fraud, bad faith or willful misconduct of the Trustees.

4. **Transfer of Shares; Withdrawals and Deemed Withdrawals of Class A Shares; Termination.**

(a) **General.** The voting trust created by this Agreement shall be irrevocable, and shall terminate upon the earlier of (a) the written agreement of the Company and the Trustees, and (b) the conversion of all LT10 Shares and LT50 Shares into Class A Shares in accordance with the Expensify Charter. Except for Section 3(f), which will survive the termination of this Agreement, this Agreement shall have no further force and effect (x) upon termination of this Agreement pursuant to its terms; or (y) with respect to any Stockholder, when such Stockholder no longer Beneficially Owns any Shares or other voting securities of the Company which are subject to this Agreement.

(b) **No Withdrawals of LT10 and LT50 Shares; Transfers of LT10 Shares or LT50 Shares by Stockholders.** LT10 Shares and LT50 Shares may not be withdrawn from the Trust. Upon a Stockholder's Transfer of LT10 Shares or LT50 Shares at any time or from time to time to the extent permitted by and in accordance with (i) applicable laws, rules and regulations, (ii) the Company Insider Trading Policy, and (iii) the Expensify Charter, the Trustees shall revise the Trust Register accordingly. If such Transfer is made to a transferee that is not already a Stockholder party hereto, such transferee shall become a Stockholder party hereto pursuant to a joinder agreement in substantially the form set forth as Exhibit B hereto.

(c) **Withdrawals and Deemed Withdrawals of Class A Shares.** A Stockholder who Beneficially Owns Class A Shares held by the Trust may withdraw some or all of such Class A Shares upon thirty (30) days' prior written notice to the Trustees, to the extent permitted by and in accordance with (i) applicable laws, rules and regulations, (ii) the Company Insider Trading Policy, and (iii) the Expensify Charter; provided, however, that (i) any Class A Shares received in connection with an Exchange that are held in the Voting Trust at the time of the Exchange and (ii) any Class A Shares resulting from the conversion of LT10 Shares or LT50 Shares in accordance with the Expensify Charter shall, in each case, be deemed withdrawn from the Trust automatically at the time of Exchange or conversion, as applicable. The Trustees shall revise the Trust Register accordingly.

(d) **Distribution of Shares Upon Termination.** As soon as practicable after termination of this Agreement, the Trustees shall effect the Transfer of the Shares held in Trust

to the respective Stockholders indicated as holding such Shares in the Trust Register, and the Company shall update its stock ledger accordingly.

5. **Amendments.** This Agreement may be amended, modified or supplemented at any time and from time to time by the written agreement of the Company and Trustees; provided, that (a) the consent of the Company shall not be required to add a new party hereto in accordance with Sections 2(c) or 4(b), and (b) with respect to Section 3(d), any amendment, modification or supplement thereto may only be made with written agreement of the Company, the Trustees and each Stockholder party hereto affected by such amendment, modification or supplement.

6. **Governing Law.** This Agreement, including its existence, validity, construction, and operating effect, and the rights of the parties hereto, shall be governed by and construed in accordance with the laws of the State of Delaware without regard to otherwise governing principles of conflicts of law.

7. **Severability.** If any one or more of the provisions (or portions thereof) of this Agreement, as applied to any party or any circumstance, shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision (or portion thereof) of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision (or portion thereof) had never been contained herein. If any one or more of the provisions (or portions thereof) of this Agreement shall, for any reason, be held to be unenforceable as to duration, scope, activity or subject, such provision (or portion thereof) shall be construed by limiting and reducing it so as to make such provision enforceable to the extent compatible with the then existing applicable law. Without limiting the generality of the foregoing, it is the express intent of the parties to cause the Shares to be voted by the Trustees as provided herein. Accordingly, in the event that this Agreement is rescinded or otherwise terminated other than pursuant to its terms for any reason, the parties agree promptly to negotiate a successor voting agreement to accomplish this objective and to otherwise replicate the provisions hereof to the extent possible.

8. **Specific Performance.** The parties agree that the failure of any party to perform any obligation provided for by this Agreement could result in irreparable damage to the other parties, and that monetary damages alone would not be adequate to compensate the nondefaulting party for its injury. Any party shall therefore be entitled, in addition to any other remedy that may be available, including monetary damages, to obtain specific performance of the terms of this Agreement. If any action is brought by any party to enforce this agreement, any party against which the action is brought shall waive the defense that there is an adequate remedy at law.

9. **Notices.** All notices, consents, waivers, and other communications under this Agreement must be in writing and will be deemed to have been duly given when (a) delivered by hand (with written confirmation of receipt), (b) upon receipt, if sent by electronic or digital transmission method (including e-mail), or (c) on the date of receipt or refusal indicated on the return receipt, if sent by registered or certified mail, return receipt requested, postage and charges prepaid and properly addressed, in each case to the appropriate addresses and e-mail addresses

set forth below (or to such other addresses and e-mail addresses as a party may designate by notice to the other parties from time to time):

If to the Company:

Expensify, Inc.
401 SW 5th Ave
Portland, Oregon 97204
Attn: Legal
E-mail: legal@expensify.com

If to the Trustees:

David Barrett
c/o Expensify, Inc.
401 SW 5th Ave
Portland, Oregon 97204
E-mail:

Ryan Schaffer
c/o Expensify, Inc.
401 SW 5th Ave
Portland, Oregon 97204
E-mail:

Jason Mills
c/o Expensify, Inc.
401 SW 5th Ave
Portland, Oregon 97204
E-mail: jason@expensify.com

If to a Stockholder: to the address of such holder set forth in the Trust Register.

10. Binding Effect. Except as otherwise expressly provided herein, this Agreement shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors and all other Persons hereafter that become a party hereto. No rights or obligations hereunder may be assigned by any party hereto except as explicitly provided in this Agreement.

11. Benefit and Burden. Nothing express or implied in this Agreement is intended or shall be construed to confer upon or to provide any Person other than the parties (and including specifically any stockholder of the Company that is not a party to this Agreement) any rights or remedies hereunder or by reason hereof. This Agreement and all its conditions and provisions are intended to be, and are, for the sole and exclusive benefit of the parties hereto and their successors and permitted assigns and are not for the benefit of any other Person.

12. **Certain Rules of Construction.** To the fullest extent permitted by law, the parties hereto intend that any ambiguities shall be resolved without reference to which party may have drafted this Agreement. All Section or subsection titles or other captions in this Agreement are for convenience only, and they shall not be deemed part of this Agreement and in no way define, limit, extend or describe the scope or intent of any provisions hereof. Unless the context otherwise requires: (a) a term has the meaning assigned to it; (b) “or” is not exclusive; (c) words in the singular include the plural, and words in the plural include the singular; (d) provisions apply to successive events and transactions; (e) “herein,” “hereof” and other words of similar import refer to this Agreement as a whole and not to any particular Section, subsection or other subdivision; (f) “include” or “including” shall be deemed to be followed by “without limitation” or “but not limited to” whether or not they are followed by such phrases or words of like import; (g) all references to “Sections” or “subsections” refer to Sections or subsections of this Agreement; and (h) any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms.

13. **Waiver.** The failure of any party at any time to insist upon strict performance of any condition, promise, agreement or understanding set forth in this Agreement shall not be construed as a waiver or relinquishment of the right to insist upon strict performance of the same or any other condition, promise, agreement or understanding at a future time.

14. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof and fully supersedes any and all prior or contemporaneous agreements or understandings between the parties hereto pertaining to the subject matter hereof.

15. **Counterparts.** This Agreement and any amendment thereto may be executed in any number of multiple counterparts, each of which shall be deemed to be an original copy and all of which shall constitute one agreement, binding on all parties hereto.

16. **Inspection of Agreement.** A copy of this Agreement shall be filed in the registered office of the Company in the State of Delaware and shall be open to the inspection of any stockholder of the Company, or any beneficiary of the trust established hereunder, daily during business hours, in accordance with the applicable provisions of the DGCL.

17. **Arbitration.** It is understood and agreed between the parties hereto that any and all claims, grievances, demands, controversies, causes of action or disputes of any nature whatsoever (collectively, “**Claims**”), arising out of, in connection with, or in relation to this Agreement or the arbitrability of any Claims under this Agreement, shall be resolved by final and binding arbitration administered by the New York, New York offices of JAMS/Endispute in accordance with the then-existing JAMS/Endispute Arbitration Rules. The parties shall select a mutually acceptable neutral arbitrator from the panel of arbitrators serving with any of JAMS/Endispute’s offices, but in the event the parties cannot agree on an arbitrator, the Administrator of JAMS/Endispute shall appoint an arbitrator from such panel (the arbitrator so selected or appointed, the “**Arbitrator**”). The parties expressly agree that the Arbitrator may provide all appropriate remedies (at law and equity) or judgments that could be awarded by a court of law in Delaware, and that, upon good cause shown, the Arbitrator shall afford the parties adequate

discovery, including deposition discovery. Except as provided herein, the Federal Arbitration Act shall govern the interpretation, enforcement and all actions pursuant to this Section 17. The Arbitrator shall be bound by and shall strictly enforce the terms of this Section 17 and may not limit, expand or otherwise modify its terms. The Arbitrator shall make a good faith effort to apply the substantive law (and the law of remedies, if applicable) of the state of Delaware, or federal law, or both, as applicable, without reference to its conflicts of laws provisions. The Arbitrator is without jurisdiction to apply any different substantive law. The Arbitrator shall be bound to honor claims of privilege or work-product doctrine recognized at law, but the Arbitrator shall have the discretion to determine whether any such claim of privilege or work product doctrine applies. The Arbitrator shall render an award and a written, reasoned opinion in support thereof. Subject to the provisions of Section 8, the Arbitrator shall have power and authority to award any appropriate remedy (in law or equity) or judgment that could be awarded by a court of law in Delaware, which may include reasonable attorneys' fees to the prevailing party. The award rendered by arbitration shall be final and binding upon the parties, and judgment upon the award may be entered in any court having jurisdiction thereof. Neither a party nor the Arbitrator shall disclose the existence, content, or results of any arbitration hereunder without the prior written consent of all parties. Adherence to this dispute resolution process shall not limit the parties' right to obtain any provisional remedy, including, without limitation, injunctive or similar relief, from any court of competent jurisdiction as may be necessary to protect their rights and interests. Notwithstanding the foregoing sentence, this dispute resolution procedure is intended to be the exclusive method of resolving any Claims arising out of or relating to this Agreement. Subject to the Arbitrator's award, each party shall bear its own fees and expenses with respect to this dispute resolution process and any action related thereto and the parties shall share equally the fees and expenses of JAMS/Endispute and the Arbitrator.

18. Tax Treatment. The parties intend that the Trust be treated as a grantor trust for U.S. federal income tax purposes and not as a partnership or as an association taxable as a corporation. No party shall make any election or take any other action inconsistent with such intent unless required by law. In the event that, contrary to the parties' intent, the Trust is not treated as a grantor trust for U.S. federal income tax purposes but is instead treated as a partnership for U.S. federal income tax purposes, all items of income, gain, loss, deduction and credit with respect to each Share (together with any Shares or other voting securities of the Company distributed as a dividend or distribution upon, conversion of or in exchange for such Share held by the Trustees hereunder) shall be specially allocated to the Stockholder that deposited such Share in trust with the Trustees.

19. Definitions. Capitalized words and phrases used and not otherwise defined elsewhere in this Agreement shall have the following meanings:

"Beneficial Owner" is defined in Rule 13d-3(a) and (b) of the rules and regulations of the Securities Exchange Act of 1934, as amended. **"Beneficially Owned"** shall have a correlative meaning.

“Company Insider Trading Policy” means each applicable employee trading, black-out, window period and other policy of the Company applicable to Transfers of Shares as in effect from time to time.

“DGCL” means the General Corporation Law of the State of Delaware, as amended.

“Encumbrance” means a security interest, lien, charge, claim, community or other marital property interest, pledge, alienation, mortgage, option, hypothecation, encumbrance or similar collateral assignment by any other means, whether for value or no value and whether voluntary or involuntary (including by operation of law or by judgment, levy, attachment, garnishment, bankruptcy or other legal or equitable proceedings) or any other restriction on use, voting (including any proxy), transfer (including any right of first refusal or similar right), receipt of income or exercise of any other attribute of ownership.

“Expensify Charter” means the Company’s Amended and Restated Certificate of Incorporation, as it may be amended and/or restated from time to time in accordance with its terms.

“Expensify Subsidiary” means a Subsidiary of the Company.

“Person” means and includes an individual, a general or limited partnership, a limited liability company, a joint venture, a corporation (including any non-profit corporation), an estate, a trust, an unincorporated organization, an association, a government or any department or agency thereof or any other entity.

“Subsidiary” means, with respect to any specified Person: (a) any corporation, association or other business entity of which more than 50% of the total voting power of shares of capital stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders’ agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); or (b) any partnership (i) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (ii) the only general partners of which are that Person or one or more Subsidiaries of that Person (or any combination thereof).

“Transfer” is defined in the Expensify Charter; provided, however, that solely with respect to Section 4(b), “Transfer” shall also include a Transfer to a decedent’s estate upon the death of a holder of shares of LT Common Stock.

(Signature Pages Follow)

IN WITNESS WHEREOF, the parties hereto have executed this Voting Trust Agreement as of the date first above written.

EXPENSIFY, INC.

/s/ David Barrett

Name: David Barrett

Title: Chief Executive Officer

[Signature Page to Voting Trust Agreement]

TRUSTEES

Signature: /s/ David Barrett

Print Name: David Barrett

Signature: /s/ Ryan Schaffer

Print Name: Ryan Schaffer

Signature: /s/ Jason Mills

Print Name: Jason Mills

[Signature Page to Voting Trust Agreement]

STOCKHOLDER:

Signature: _____

Print Name: _____

[Signature Page to Voting Trust Agreement]

Exhibit A

STOCKHOLDER ELECTION TO DEPOSIT ADDITIONAL SHARES

The undersigned Stockholder hereby elects to deposit the number of additional voting securities of Expensify, Inc. (the “**Company**”) Beneficially Owned by such Stockholder and set forth below in trust with the Trustees pursuant to that certain Voting Trust Agreement, dated as of November 9, 2021, as amended from time to time (as amended, the “**Voting Trust Agreement**”), by and among the Company, each Trustee, the undersigned and the other Stockholders party thereto. Upon execution of this Stockholder Election to Deposit Additional Shares and delivery of any other instruments as may be requested by the Trustees, the voting securities of the Company deposited in the Trust pursuant hereto shall be deemed to be included in the definition of “Shares” for all purposes under the Voting Trust Agreement. Terms used and not defined herein shall have the meanings set forth in the Voting Trust Agreement.

Dated: _____

Signature of Stockholder

Print Name of Stockholder

Number of Additional Shares Deposited in the Trust Pursuant Hereto:

Class A Shares: _____

LT10 Shares: _____

LT50 Shares: _____

ACKNOWLEDGED & ACCEPTED:

EXPENSIFY, INC.

By

Name: _____

Its:

[Exhibit A to Voting Trust Agreement]

Exhibit B

JOINDER AGREEMENT

The undersigned is executing and delivering this Joinder Agreement (this “**Joinder Agreement**”) pursuant to that certain Voting Trust Agreement, dated as of November 9, 2021, as amended from time to time (as amended, the “**Voting Trust Agreement**”), by and among Expensify, Inc. (the “**Company**”), the Stockholders party thereto and each Trustee (each as defined therein). Terms used and not defined herein shall have the meanings set forth in the Voting Trust Agreement.

By executing this Joinder Agreement and delivering it to the Company, the undersigned hereby deposits in trust with the Trustees all LT10 Shares and LT50 Shares Beneficially Owned by such Person and agrees to become a party to, to be bound by, and to comply with the provisions of the Voting Trust Agreement in the same manner as if the undersigned were an original signatory to such agreement, and all of the undersigned’s LT10 Shares and LT50 Shares shall be subject to the terms and conditions of the Voting Trust Agreement.

The undersigned, whether or not married at the time of execution of this Joinder Agreement, and whether signing on his or her own behalf or as trustee of a revocable living trust, shall deliver at the time of execution of this Joinder Agreement a duly executed Consent of Spouse in the form attached as Exhibit C to the Voting Trust Agreement. The undersigned shall also have such Consent of Spouse executed by any spouse married by him or her at any time subsequent to the date hereof while such Person is a Stockholder party to the Voting Trust Agreement.

[Signature Pages Follow]

20__.

Accordingly, the undersigned has executed and delivered this Joinder Agreement as of _____,

Signature of Stockholder

Print Name of Stockholder

[Exhibit B to Voting Trust Agreement]

ACKNOWLEDGED &
ACCEPTED:

EXPENSIFY, INC.

By _____

Name:

Its:

[Exhibit B to Voting Trust Agreement]

EXHIBIT C
CONSENT OF SPOUSE

I acknowledge that I have read that certain that certain Voting Trust Agreement, dated as of _____, 2021, as amended from time to time (as amended, the “**Voting Trust Agreement**”), by and among Expensify, Inc. (the “**Company**”) and the Stockholders party thereto, and that I know its contents.

I am aware that, by the provisions of the Voting Trust Agreement that my spouse has executed and delivered to the Company (by Joinder or otherwise), my spouse agrees to grant full, exclusive and unqualified right and power to the Trustees (as defined in the Voting Trust Agreement) to vote, to execute consents, to enter into voting agreements, and to grant proxies with respect to all of the shares of LT10 common stock, LT50 common stock and/or Class A common stock of the Company beneficially owned by my spouse and deposited in the trust pursuant to the Voting Trust Agreement (the “**Shares**”).

I hereby consent to and approve of the provisions of the Voting Trust Agreement and any action hereafter taken by my spouse thereunder with respect to his or her Shares, and I agree to be bound thereby. I further agree to promptly execute upon request from time to time any other and further documents necessary to effectuate the terms of the Voting Trust Agreement and this consent. I hereby irrevocably appoint my spouse as my attorney-in-fact with respect to any amendment or exercise of any rights under the Voting Trust Agreement.

I further agree that in the event of my death or a dissolution of marriage or legal separation, my spouse shall have the absolute right to have my interest, if any, in the Shares set apart to him or her, whether through a will, a trust, a property settlement agreement or by decree of court, or otherwise, and that if he or she be required by the terms of such will, trust, settlement or decree, or otherwise, to compensate me for said interest, that the price shall be an amount equal to: (i) the fair market value of the Shares; multiplied by (ii) my percentage of ownership in such interest.

I acknowledge that I have been afforded the opportunity to obtain independent legal counsel to review and explain to me the provisions and consequences of the Voting Trust Agreement and this consent, that I have carefully read the Voting Trust Agreement and this consent, and that I fully understand the terms and consequences of the Voting Trust Agreement and this consent. By executing this consent, I hereby represent and warrant that, in so executing, I have not relied on any inducements, promises, or representations made by any other party (except as expressly set forth in the Voting Trust Agreement and this consent) or by the attorneys, accountants or other advisors of such other parties. I hereby represent and warrant that my execution of this consent is free and voluntary.

This consent, including its existence, validity, construction, and operating effect, and the rights of each of the parties hereto, shall be governed by and construed in accordance with the laws of the State of Delaware without regard to otherwise governing principles of choice of law or conflicts of law.

[Signature Page Follows]

[Exhibit C to Voting Trust Agreement]

Dated: _____

Signature of Spouse: _____

Print Name: _____

(Spouse of _____)
Print Name of Stockholder

For completion by unmarried Stockholders:

I represent and warrant to the Company and the Trustees (as defined in that certain Voting Trust Agreement, dated as of _____, 2021, as amended from time to time (as amended, the “**Voting Trust Agreement**”), by and among the Company, the Trustees and the Stockholders party thereto) that as of the date hereof, I do not have a spouse. I covenant that, for so long as I am a party to the Voting Trust Agreement, I will cause any spouse married by me at any time subsequent to the date hereof to complete and execute a Consent of Spouse in the form attached as Exhibit C to the Voting Trust Agreement.

Dated: _____

Signature of Stockholder: _____

Print Name: _____

EXPENSIFY, INC.
2021 STOCK PURCHASE AND MATCHING PLAN

ARTICLE I.
PURPOSE AND SCOPE OF THE PLAN

The Plan's purpose is to enhance the Company's ability to attract, retain and motivate service providers who make (or are expected to make) important contributions to the Company by providing these service providers with equity ownership opportunities pursuant to a plan which is intended to help such service providers provide for their future security and to encourage them to remain in the service of the Company and its Subsidiaries.

ARTICLE II.
DEFINITIONS

2.1 "**Agent**" means the brokerage firm, bank or other financial institution, entity or person(s), if any, engaged, retained, appointed or authorized to act as the agent of the Company or an Employee with regard to the Plan.

2.2 "**Administrator**" means the Committee, or such individuals to which authority to administer the Plan has been delegated under Section 8.1 hereof.

2.3 "**Board**" means the board of directors of the Company.

2.4 "**Code**" means the Internal Revenue Code of 1986, as amended.

2.5 "**Committee**" means the Compensation Committee of the Board, or another committee or subcommittee of the Board or the Compensation Committee described in Section 8.1 hereof.

2.6 "**Common Stock**" means the Class A common stock of the Company.

2.7 "**Compensation**" of an Service Provider means the Service Provider's gross regular salary, wages, fees or earnings. Such Compensation shall be calculated before withholding of any income or employment tax, but shall be deducted from the Service Provider's net income.

2.8 "**Consultant**" means any consultant or adviser engaged by the Company or a Subsidiary to render services to such entity if the consultant or adviser: (i) renders bona fide services to the Company or a Subsidiary; (ii) renders services not in connection with the offer or sale of securities in a capital-raising transaction and does not directly or indirectly promote or maintain a market for the Company's securities; and (iii) qualifies as a consultant or advisor under Instruction A.1.(a)(1) of Form S-8 under the Securities Act.

2.9 "**Director**" means a member of the Board.

2.10 "**Effective Date**" means the date prior to the Public Trading Date.

2.11 "**Eligible Service Provider**" means a Service Provider who is designated by the Administrator as eligible to participate in the Plan.

2.12 "**Employee**" means any employee of the Company or any of its Subsidiaries.

2.13 "**Enrollment Date**" means the first date of each Offering Period.

2.14 “**Equity Plan**” means the Expensify, Inc. 2021 Incentive Award Plan, as may be amended from time to time.

2.15 “**Equity Plan Award**” means an award granted under the Equity Plan.

2.16 “**Exercise Date**” means the last trading day of each Offering Period.

2.17 “**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

2.18 “**Fair Market Value**” means, as of any date, the value of a Share determined as follows:

(a) If the Common Stock is (i) listed on any established securities exchange (such as the New York Stock Exchange, the NASDAQ Global Market and the NASDAQ Global Select Market), (ii) listed on any national market system or (iii) listed, quoted or traded on any automated quotation system, its Fair Market Value shall be the average of the low and high sales price for a Share as quoted on such exchange or system for such date or, if there are no low and high sales prices for a Share on the date in question, the average of the low and high sales price for a Share on the last preceding date for which such quotation exists, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(b) If the Common Stock is not listed on an established securities exchange, national market system or automated quotation system, but the Common Stock is regularly quoted by a recognized securities dealer, its Fair Market Value shall be the mean of the high bid and low asked prices for such date or, if there are no high bid and low asked prices for a Share on such date, the high bid and low asked prices for a Share on the last preceding date for which such information exists, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; or

(c) If the Common Stock is neither listed on an established securities exchange, national market system or automated quotation system nor regularly quoted by a recognized securities dealer, its Fair Market Value shall be established by the Administrator in good faith.

2.19 “**Full Matching Shares**” shall have the meaning set forth in Section 5.2 hereof.

2.20 “**Granted Shares**” shall have such meaning as set forth in Section 3.3 hereof.

2.21 “**Match Limit**” means the maximum number of Matching Shares that may be awarded as of each Exercise Date.

2.22 “**Match Rate**” means the rate determined for Matching Shares by the Administrator.

2.23 “**Matching Shares**” shall have such meaning as set forth in Section 5.1 hereof.

2.24 “**New Exercise Date**” shall have such meaning as set forth in Section 7.4(b) hereof.

2.25 “**Non-Class A Shares**” means shares of the Company’s LT10 common stock and LT50 common stock.

2.26 “**Offering Document**” means an offering document adopted by the Administrator to govern the terms and conditions of an Offering Period.

2.27 “**Offering Period**” means, unless otherwise determined by the Administrator, each approximately three (3)-month period during the term of the Plan commencing on dates determined by the Administrator.

2.28 “**Overall Share Limit**” means the sum of (i) 11,676,932 Shares plus (ii) any Shares or Non-Class A Shares that are available for issuance under the Prior Plans as of the Effective Date plus (iii) any Shares or Non-Class A Shares that are subject to Prior Plan Awards that become available for issuance under the Plan as Shares pursuant to Article V plus (iv) an increase commencing on January 1, 2022 and continuing annually on the anniversary thereof through (and including) January 1, 2031, equal to the lesser of (A) 6% of the aggregate number of shares of all classes of the Company’s common stock outstanding on the last day of the immediately preceding calendar year and (B) such smaller number of Shares as determined by the Board or the Committee.

2.29 “**Participant**” means any Eligible Service Provider who elects to participate in an Offering Period or holds Purchased Shares, Granted Shares or Matching Shares under the Plan.

2.30 “**Payday**” means the regular and recurring established day for payment of Compensation to Service Providers.

2.31 “**Plan**” means this 2021 Stock Purchase and Matching Plan

2.32 “**Plan Account**” means a bookkeeping account established and maintained by the Company in the name of each Participant.

2.33 “**Prior Plan Award**” means an award outstanding under the Prior Plans as of immediately prior to the Effective Date.

2.34 “**Prior Plans**” means, collectively, the Expensify, Inc. 2019 Stock Plan and the Expensify, Inc. 2009 Stock Plan, each as amended or restated from time to time.

2.35 “**Public Trading Date**” means the first date upon which Common Stock is listed (or approved for listing) upon notice of issuance on any securities exchange or designated (or approved for designation) upon notice of issuance as a national market security on an interdealer quotation system.

2.36 “**Purchase Right**” the right to purchase Shares pursuant to the Plan during each Offering Period.

2.37 “**Purchased Shares**” shall have such meaning as set forth in Section 4.1 hereof.

2.38 “**Service Provider**” means an Employee, Consultant or Director.

2.39 “**Share**” means a share of Common Stock.

2.40 “**Subsidiary**” means any entity (other than the Company), whether U.S. or non-U.S., in an unbroken chain of entities beginning with the Company if each of the entities other than the last entity in the unbroken chain beneficially owns, at the time of the determination, securities or interests representing at least 50% of the total combined voting power of all classes of securities or interests in one of the other entities in such chain.

2.41 “**Withdrawal Election**” shall have such meaning as set forth in Section 6.1(a) hereof.

ARTICLE III.
OFFERING PERIOD PARTICIPATION AND GRANTED SHARES

3.1 Offering Periods. Prior to the commencement of an Offering Period, the Administrator shall adopt an Offering Document applicable to such Offering Period setting forth for such Offering Period the Enrollment Date, Exercise Date, Eligible Service Providers, Match Rate and Match Limit. Any such Offering Document adopted by the Administrator shall remain in effect until terminated, amended or superseded by a subsequent Offering Document adopted by the Administrator.

3.2 Offering Period Participation.

(a) Any Eligible Service Provider who constitutes a Service Provider on a given Enrollment Date for an Offering Period shall be eligible to participate in such Offering Period under the Plan.

(b) Except as otherwise determined by the Administrator and as set forth in Section 3.2(c) below, an Eligible Service Provider may participate in an Offering Period only by means of deductions from Compensation. Each Service Provider who is an Eligible Service Provider as of the Enrollment Date of the applicable Offering Period may elect to participate in such Offering Period and the Plan by delivering to the Company an enrollment form for the Plan designating the Eligible Service Provider's deduction authorization by such date specified by the Company.

(c) Compensation deductions with respect to an Offering Period shall be specified as a whole number percentage equal to at least one percent (1%) of the Participant's Compensation as of each Payday during the applicable Offering Period, up to one hundred percent (100%). Amounts deducted from a Participant's Compensation with respect to an Offering Period pursuant to this Section 3.2 shall be deducted each Payday and credited to the Participant's Plan Account. In the event a Participant elects to deduct a percentage of Participant's Compensation that exceeds the Participant's net Compensation, the Participant may contribute to Participant's Plan Account by making cash payments in the amount of such excess.

(d) Following at least one deduction from Compensation, a Participant may decrease (to as low as 0%) the amount deducted from such Participant's Compensation only once during an Offering Period upon ten calendar days' prior written or electronic notice to the Company. A Participant may not increase the amount deducted from such Participant's Compensation during an Offering Period.

(e) Notwithstanding the foregoing, upon the completion of an Offering Period, each Participant in such Offering Period shall automatically participate in the Offering Period that commences immediately following the completion of such Offering Period at the same payroll deduction percentage as in effect at the completion of the prior Offering Period, unless such Participant delivers to the Company a different election with respect to the successive Offering Period in accordance with this Section 3.2 hereof, or unless such Participant becomes ineligible for participation in the Plan.

3.3 Granted Shares. Separate from Offering Periods, the Administrator may grant awards of Shares ("**Granted Shares**") to Eligible Service Providers in such amounts and subject to such terms and conditions as determined in its sole discretion.

**ARTICLE IV.
PURCHASE OF SHARES AT END OF OFFERING PERIODS**

4.1 **Grant of Purchase Right; Automatic Exercise.** Each Participant shall be granted a Purchase Right with respect to an Offering Period on the applicable Enrollment Date. On the Exercise Date for such Offering Period, the Purchase Right will be automatically exercised to purchase that number of Shares calculated by dividing (i) such Participant's Compensation deductions accumulated on or prior to such Exercise Date and retained in the Participant's Plan Account on such Exercise Date by (ii) the Fair Market Value of a Share on such Exercise Date (the "**Purchased Shares**"). The balance, if any, remaining in the Participant's Plan Account (after exercise of such Participant's Purchase Right) as of such Exercise Date shall be carried forward to the next Offering Period, unless the Participant has elected to withdraw from the Plan pursuant to Section 6.1 hereof or, pursuant to Section 6.2 hereof, such Participant has ceased to be an Eligible Service Provider.

4.2 **Insufficient Shares.** If the Administrator determines that, on a given Exercise Date, the number of Shares with respect to which Purchase Rights are to be exercised may exceed any limitation on the number of Shares available for issuance under the Plan on such Exercise Date, the Administrator shall make a pro rata allocation of the Shares available for issuance on such Exercise Date in as uniform a manner as shall be practicable and as it shall determine in its sole discretion to be equitable among all Participants exercising Purchase Rights to purchase Shares on such Exercise Date, and the balance of the amount credited to the Participant's Plan Account which has not been applied to the purchase of Shares shall be paid to such Participant in one lump sum in cash within thirty days after such Exercise Date, without any interest thereon.

4.3 **Transferability.** A Purchase Right granted under the Plan shall not be transferable, other than by will or the applicable laws of descent and distribution, and shall be exercisable during the Participant's lifetime only by the Participant. No Purchase Right or interest or right to the Purchase Right shall be available to pay off any debts, contracts or engagements of the Participant or his or her successors in interest or shall be subject to disposition by pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempt at disposition of the Purchase Right shall have no effect.

**ARTICLE V.
MATCHING SHARES**

5.1 **Matching Shares.** Subject to Section 5.2, on each Exercise Date, each Participant shall automatically be granted an award of fully vested Shares ("**Matching Shares**") equal to the Match Rate multiplied by the aggregate number of Purchased Shares (including any Purchased Shares purchased on such Exercise Date), Granted Shares and Matching Shares then held by Participant, subject to Participant's continued status as an Eligible Service Provider through such Exercise Date.

5.2 **Match Limit.** If the Administrator determines that, on a given Exercise Date, the number of Matching Shares to be issued exceeds any limitation on the number of Matching Shares available for issuance, including the Match Limit, the number of Shares available as Matching Shares shall be distributed so that each Participant receives a number of Matching Shares equal to the lesser of (i) such Participant's Full Matching Shares or (ii) a number of Shares such that all Participants who do not receive their Full Matching Shares receive the same number of Shares. For purposes of the foregoing, "**Full Matching Shares**" means the number of Matching Shares a Participant would have received pursuant to Section 5.1 but for any limitation on the number of Matching Shares. For clarity and solely for purposes of illustration:

(a) If the Match Limit for an Offering Period equals 10,000 shares, Participant A's Full Matching Shares equals 2,500, Participant B's Full Matching Shares equals 3,000, and Participant C's Full Matching Shares equals 10,000, then on the applicable Exercise Date, Participant A would receive 2,500 Matching Shares, Participant B would receive 3,000 Matching Shares and Participant C would receive 4,500 Matching Shares.

(b) If the Match Limit for an Offering Period equals 10,000 shares, Participant A's Full Matching Shares equals 3,000, Participant B's Full Matching Shares equals 4,000, and Participant C's Full Matching Shares equals 5,000, then on the applicable Exercise Date, Participant A would receive 3,000 Matching Shares and each of Participant B and Participant C would receive 3,500 Matching Shares.

ARTICLE VI. TERMINATION OF PARTICIPATION

6.1 Cessation of Contributions; Voluntary Withdrawal.

(a) A Participant may cease payroll deductions during an Offering Period and elect to withdraw from participation in Offering Periods under the Plan by delivering written or electronic notice of such election (a "**Withdrawal Election**") to the Company in such form and at such time prior to the Exercise Date for such Offering Period as may be established by the Administrator. A Participant electing to withdraw from an Offering Period may elect to either (i) withdraw all of the funds then credited to the Participant's Plan Account as of the date on which the Withdrawal Election is received by the Company, in which case amounts credited to such Plan Account shall be returned to the Participant in one lump-sum payment in cash within thirty days after such election is received by the Company, without any interest thereon, and the Participant shall cease to participate in the Plan and the Participant's Purchase Right for such Offering Period shall terminate; or (ii) subject to Section 6.2 below, exercise the Purchase Right for the maximum number of whole Shares on the applicable Exercise Date with any remaining Plan Account balance returned to the Participant in one lump-sum payment in cash within thirty days after such Exercise Date, without any interest thereon, and after such exercise cease to participate in the Plan. As soon as practicable following the Company's receipt of a Withdrawal Election, the Participant's payroll deduction authorization and his or her Purchase Right to purchase Shares under the Plan shall terminate.

(b) A Participant's withdrawal from an Offering Period shall not have any effect upon the Participant's eligibility to participate in any similar plan which may hereafter be adopted by the Company or in succeeding Offering Periods which commence after the termination of the Offering Period from which the Participant withdraws.

(c) A Participant who ceases contributions under the Plan during any Offering Period shall not be permitted to resume contributions under the Plan during such Offering Period.

6.2 Termination of Eligibility. Upon a Participant's ceasing to be an Eligible Service Provider for any reason, such Participant's Purchase Right for the applicable Offering Period shall automatically terminate, such Participant shall be deemed to have elected to withdraw from the Plan, and such Participant's Plan Account shall be paid to such Participant or, in the case of such Participant's death, to the person or persons entitled thereto as set forth in an applicable beneficiary designation form (or, if there is no such applicable form, pursuant to applicable law), within thirty days after such cessation of being an Eligible Service Provider, without any interest thereon. In addition, for the avoidance of doubt, upon a Participant's termination of employment, the Participant shall cease to be eligible to receive any Matching Shares following such termination.

6.3 Changes in a Participant's Status. The Administrator will determine how the disability, death, retirement, authorized leave of absence or any other change or purported change in a Participant's employment status affects a Participant's participation in the Plan and the extent to which, and the period during which, the Participant or the Participant's legal representative, conservator, guardian or beneficiary may exercise a Purchase Right.

**ARTICLE VII.
PROVISIONS RELATING TO COMMON STOCK**

7.1 Number of Shares. Subject to the terms of this Article VII, including adjustments under Section 7.4, Shares may be issued under the Plan up to the Overall Share Limit. The issuance of a Share under the Plan shall reduce the number of Shares available for issuance under the Equity Plan and vice versa. Shares issued or delivered under the Plan may consist of authorized but unissued Shares, Shares purchased on the open market or treasury Shares.

7.2 Share Recycling.

(a) If all or any part of an Equity Plan Award or Prior Plan Award expires, lapses or is terminated, converted into an award in respect of shares of another entity in connection with a spin-off or other similar event, exchanged or settled for cash, surrendered, repurchased, canceled without having been fully exercised or forfeited, in any case, in a manner that results in the Company acquiring Shares or Non-Class A Shares covered by the Equity Plan Award or Prior Plan Award at a price not greater than the price (as adjusted to reflect any Equity Restructuring) paid by the Participant for such shares or not issuing any Shares or Non-Class A Shares covered by the Equity Plan Award or Prior Plan Award, the unused shares covered by the Equity Plan Award or Prior Plan Award will, as applicable, become or again be available, in each case, to be issued as Shares under the Plan.

(b) In addition, the following shall be available to be issued as under the Plan: (i) Shares or Non-Class A Shares tendered by a Participant or withheld by the Company in payment of the exercise price of an Equity Plan Award or Prior Plan Award and (ii) Shares or Non-Class A Shares tendered by the Participant or withheld by the Company to satisfy any tax withholding obligation with respect to an Equity Plan Award, Prior Plan Award, Purchased Shares, Matching Share or Granted Share, in each case, prior to the tenth (10th) anniversary of the Effective Date.

7.3 Share Issuance. As soon as practicable following the applicable Exercise Date or, with respect to Granted Shares, the grant date (but in no event more than thirty days thereafter), the Purchased Shares, Granted Shares or Matching Shares, as applicable, shall be delivered (either in share certificate or book entry form), in the Company's sole discretion, to either (i) the Participant or (ii) an account established in the Participant's name at a stock brokerage or other financial services firm designated by the Company. If the Company is required to obtain from any commission or agency authority to issue any such Shares, the Company shall seek to obtain such authority. Inability of the Company to obtain from any such commission or agency authority which counsel for the Company deems necessary for the lawful issuance of any such shares shall relieve the Company from liability to any Participant except to refund to the Participant such Participant's Plan Account balance, without interest thereon.

7.4 Adjustments Upon Changes in Capitalization, Dissolution, Liquidation, Merger or Asset Sale.

(a) Changes in Capitalization. Subject to any required action by the stockholders of the Company, the number of Shares which have been authorized for issuance under the Plan (and the Equity Plan) but not yet placed under a Purchase Right and the number of Shares covered by each

Purchase Right under the Plan which has not yet been exercised shall be proportionately adjusted for any increase or decrease in the number of issued Shares resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock or any other increase or decrease in the number of Shares effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been “effected without receipt of consideration.” Such adjustment shall be made by the Administrator, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of Shares subject to a Purchase Right.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Offering Period then in progress shall be shortened by setting a new Exercise Date (the “**New Exercise Date**”), and such Offering Period shall terminate immediately prior to the consummation of such proposed dissolution or liquidation, unless provided otherwise by the Administrator. The New Exercise Date shall be before the date of the Company’s proposed dissolution or liquidation. The Administrator shall notify each Participant in writing, at least ten business days prior to the New Exercise Date, that the next Exercise Date has been changed to the New Exercise Date, that the Participant’s Purchase Right, if any, shall be exercised automatically on the New Exercise Date and any Matching Shares for that Exercise Date shall be granted on the New Exercise Date, unless, as applicable, prior to such date the Participant has withdrawn from the Offering Period as provided in Section 6.1(a)(i) hereof or the Participant has ceased to be an Eligible Service Provider as provided in Section 6.2 hereof.

(c) Merger or Asset Sale. In the event of a proposed sale of all or substantially all of the assets of the Company, or the merger of the Company with or into another corporation, each outstanding Purchase Right shall be assumed or an equivalent Purchase Right substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the Purchase Right is not assumed or substituted, any Offering Periods then in progress shall be shortened by setting a New Exercise Date and any Offering Periods then in progress shall end on the New Exercise Date. The New Exercise Date shall be before the date of the Company’s proposed sale or merger. The Administrator shall notify each Participant in writing, at least ten business days prior to the New Exercise Date, that the next Exercise Date for the Participant’s Purchase Right, if any, has been changed to the New Exercise Date, that any such Purchase Right shall be exercised automatically on the New Exercise Date and any Matching Shares for such Exercise Date shall be granted on the New Exercise Date, unless, as applicable, prior to such date the Participant has withdrawn from the Offering Periods as provided in Section 6.1(a)(i) hereof or the Participant has ceased to be an Eligible Service Provider as provided in Section 6.2 hereof.

7.5 Rights as Stockholders. With respect to Shares subject to a Purchase Right or the right to receive Matching Shares, a Participant shall not be deemed to be a stockholder of the Company and shall not have any of the rights or privileges of a stockholder. A Participant shall have the rights and privileges of a stockholder of the Company when, but not until, Shares have been deposited in the designated brokerage account.

ARTICLE VIII. GENERAL PROVISIONS

8.1 Administration.

(a) The Plan shall be administered by the Committee (or another committee or a subcommittee of the Board assuming the functions of the Committee under the Plan), which, unless otherwise determined by the Board, shall consist solely of two or more members of the Board, each of

whom is intended to qualify as a “non-employee director” as defined by Rule 16b-3 of the Exchange Act and an “independent director” under the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded, in each case, to the extent required under such provision. To the extent permitted by applicable law, the Committee may delegate any or all powers under the Plan, including without limitation, the ability to determine the Match Limit for an Exercise Date, to one or more officers of the Company. The Committee may also delegate administrative tasks under the Plan to the services of an Agent and/or Employees to assist in the administration of the Plan, including establishing and maintaining an individual securities account under the Plan for each Participant.

(b) It shall be the duty of the Administrator to conduct the general administration of the Plan in accordance with the provisions of the Plan. The Administrator shall have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To establish and terminate Offering Periods;

(ii) To determine when and how Purchase Rights shall be granted and the provisions and terms of each Offering Period (which need not be identical);

(iii) To determine Eligible Service Providers;

(iv) To determine the terms and conditions of any Matching Shares, including the Match Rate and Match Limit;

(v) To determine which Eligible Service Providers shall be awarded Granted Shares and in what amounts;
and

(vi) To construe and interpret the Plan, the terms of any Offering Period and the terms of the Purchase Rights and to adopt such rules for the administration, interpretation, and application of the Plan as are consistent therewith and to interpret, amend or revoke any such rules. The Administrator, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan, any Offering Period or any Purchase Right, in a manner and to the extent it shall deem necessary or expedient to make the Plan fully effective.

(c) The Administrator may adopt rules or procedures relating to the operation and administration of the Plan to accommodate the specific requirements of local laws and procedures. Without limiting the generality of the foregoing, the Administrator is specifically authorized to adopt rules and procedures regarding handling of participation elections, compensation deductions, payment of interest, conversion of local currency, payroll tax, withholding procedures and handling of stock certificates which vary with local requirements. In its absolute discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Administrator under the Plan.

(d) All expenses and liabilities incurred by the Administrator in connection with the administration of the Plan shall be borne by the Company. The Administrator may, with the approval of the Committee, employ attorneys, consultants, accountants, appraisers, brokers or other persons. The Administrator, the Company and its officers and directors shall be entitled to rely upon the advice, opinions or valuations of any such persons. All actions taken and all interpretations and determinations made by the Administrator in good faith shall be final and binding upon all Participants, the Company and all other interested persons. No member of the Board or Administrator shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or the Purchase Rights, and all members of the Board or Administrator shall be fully protected by the Company in respect to any such action, determination or interpretation.

8.2 Accounts. A Plan Account shall be maintained for each Participant in the Plan.

8.3 No Right to Employment. Nothing in the Plan shall be construed to give any person (including any Participant) the right to remain in the employ or service of the Company or a Subsidiary or to affect the right of the Company or any Subsidiary to terminate the employment or service of any person (including any Participant) at any time, with or without cause, which right is expressly reserved.

8.4 Amendment, Suspension and Termination of the Plan.

(a) Subject to Section 8.4(b), the Board may, in its sole discretion, amend, suspend or terminate the Plan at any time and from time to time, provided, however, that any amendment will be subject to stockholder approval within twelve (12) months before or after such amendment to the extent required by applicable laws. No Purchase Right or Matching Share may be granted during any period of suspension of the Plan or after termination of the Plan. For the avoidance of doubt, without the approval of the Company's stockholders and without regard to whether any Participant rights may be considered to have been "adversely affected," the Administrator shall be entitled to change the terms of an Offering Period, the Match Rate or Match Limit, limit the frequency and/or number of changes in the amount withheld during an Offering Period, permit payroll withholding in excess of the amount designated by a Participant in order to adjust for delays or mistakes in the Company's processing of properly completed withholding elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Shares for each Participant properly correspond with amounts withheld from the Participant's Compensation, and establish such other limitations or procedures as the Board or the Committee, as applicable, determines in its sole discretion advisable which are consistent with the Plan.

(b) In the event the Administrator determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Administrator may, in its discretion and, to the extent necessary or desirable, modify or amend the Plan to reduce or eliminate such accounting consequence including, but not limited to:

(i) shortening any Offering Period so that the Offering Period ends on a New Exercise Date, including an Offering Period underway at the time of the Administrator action; and

(ii) allocating Shares.

Such modifications or amendments shall not require stockholder approval or the consent of any Participant.

(c) Upon termination of the Plan, the balance in each Participant's Plan Account shall be refunded as soon as practicable after such termination, without any interest thereon.

8.5 Use of Funds; No Interest Paid. All funds received by the Company by reason of purchase of Shares under the Plan shall be included in the general funds of the Company free of any trust or other restriction and may be used for any corporate purpose. No interest shall be paid to any Participant or credited under the Plan.

8.6 Effect Upon Other Plans. The adoption of the Plan shall not affect any other compensation or incentive plans in effect for the Company or any Subsidiary. Nothing in the Plan shall be construed to limit the right of the Company or any Subsidiary (a) to establish any other forms of incentives or compensation for Service Providers of the Company or any Subsidiary or (b) to grant or

assume Purchase Rights other than under the Plan in connection with any proper corporate purpose, including, but not by way of limitation, the grant or assumption of options in connection with the acquisition, by purchase, lease, merger, consolidation or otherwise, of the business, stock or assets of any corporation, firm or association.

8.7 Conformity to Securities Laws. Notwithstanding any other provision of the Plan, the Plan and the participation in the Plan by any individual who is then subject to Section 16 of the Exchange Act shall be subject to any additional limitations set forth in any applicable exemption rule under Section 16 of the Exchange Act (including any amendment to Rule 16b3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, the Plan shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

8.8 Tax Withholding. The Company or any Participating Subsidiary shall have the authority and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy federal, state, local and foreign taxes (including the Participant's FICA or employment tax obligation) required by law to be withheld with respect to any taxable event concerning a Participant arising as a result of the Plan. The Administrator may in its sole discretion and in satisfaction of the foregoing requirement withhold or have surrendered, or allow a Participant to elect to have the Company withhold or surrender, Shares otherwise issuable under the Plan. Unless determined otherwise by the Administrator, the number of Shares which may be so withheld or surrendered shall be limited to the number of shares which have a Fair Market Value on the date of withholding or surrender no greater than the aggregate amount of such liabilities based on the maximum statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such supplemental taxable income. The Administrator shall also have the authority and right to initiate, or permit a Participant to initiate, a broker-assisted sell-to-cover transaction whereby Shares are sold by such broker and the proceeds of such sale are remitted to the Company to satisfy tax withholding obligations.

8.9 Governing Law. The Plan and all rights and obligations thereunder shall be construed and enforced in accordance with the laws of the State of Delaware.

8.10 Notices. All notices or other communications by a Participant to the Company under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof (including without limitation the Company's stock plan administrator).

8.11 Conditions To Issuance of Shares.

(a) Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any certificates or make any book entries evidencing Shares under the Plan, unless and until the Administrator has determined, with advice of counsel, that the issuance of such Shares is in compliance with all applicable laws, regulations of governmental authorities and, if applicable, the requirements of any securities exchange or automated quotation system on which the Shares are listed or traded, and the Shares are covered by an effective registration statement or applicable exemption from registration. In addition to the terms and conditions provided herein, the Administrator may require that a Participant make such reasonable covenants, agreements, and representations as the Administrator, in its discretion, deems advisable in order to comply with any such laws, regulations or requirements.

(b) All certificates for Shares delivered pursuant to the Plan and all Shares issued pursuant to book entry procedures are subject to any stop-transfer orders and other restrictions as the Administrator deems necessary or advisable to comply with federal, state or foreign securities or other

laws, rules and regulations and the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded. The Administrator may place legends on any certificate or book entry evidencing Shares to reference restrictions applicable to the Shares.

(c) The Administrator shall have the right to require any Participant to comply with any timing or other restrictions with respect to the settlement, distribution or exercise of any Purchase Right, including a window-period limitation, as may be imposed in the sole discretion of the Committee.

(d) Notwithstanding any other provision of the Plan, unless otherwise determined by the Administrator or required by any applicable law, rule or regulation, the Company may, in lieu of delivering to any Participant certificates evidencing Shares issued under the Plan, record the issuance of Shares in the books of the Company (or, as applicable, its transfer agent or stock plan administrator).

8.12 Section 409A. Neither the Plan nor any Purchase Right or other right granted hereunder is intended to constitute or provide for “nonqualified deferred compensation” within the meaning of Section 409A of the Code and the Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance issued after the Effective Date (together, “**Section 409A**”). Notwithstanding any provision of the Plan to the contrary, if the Administrator determines that any Purchase Right or other right granted hereunder may be or become subject to Section 409A of the Code, the Administrator may adopt such amendments to the Plan and/or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions as the Administrator determines are necessary or appropriate to avoid the imposition of taxes under Section 409A of the Code, either through compliance with the requirements of Section 409A of the Code or with an available exemption therefrom.

* * * * *

EXPENSIFY, INC.
2021 STOCK PURCHASE AND MATCHING PLAN

OFFERING DOCUMENT

This document (this “**Offering Document**”) is hereby adopted by the Board of Directors of Expensify, Inc. (the “**Company**”), in its capacity as Administrator of the Company’s 2021 Stock Purchase and Matching Plan (the “**Plan**”) and is hereby incorporated by reference into and made a part of the Plan. A copy of this Offering Document may be attached to the Plan. Defined terms used herein without definition shall have the meanings specified in the Plan.

This Offering Document shall apply to Offering Periods under the Plan until this Offering Document is terminated, amended or modified by the Administrator or a new Offering Document is adopted by the Administrator of the Plan.

Eligible Service Provider: Each Employee of the Company or a Subsidiary and each Consultant customarily providing more than 20 hours of services per week shall be an Eligible Service Provider for purposes of the Plan.

Offering Periods: The initial Offering Period will commence on March 15, 2022 and end on June 14, 2022. The Plan shall be implemented using consecutive Offering Periods of three months in length beginning on each June 15, September 15, December 15 and March 15. The Enrollment Date for each Offering Period shall be the first day of the Offering Period, and the Exercise Date of each Offering Period shall be the last day of the Offering Period.

Match Rate: The Match Rate applicable to each Offering Period for each Participant shall be equal to the sum of 5% plus, solely after the Generalist Track reboot underway as of the commencement of the initial Offering Period is complete, 1% per tier of the G&R Generalist Track completed by such Participant.

Contribution Changes: Notwithstanding Section 3.2(d) of the Plan, the Administrator can permit Participants to increase or decrease deductions during the Offering Period upon prior written or electronic notice to the Company at its sole discretion.

Match Limit: The Match Limit applicable to each Offering Period shall be 1.5% of the shares of any class of Company capital stock that are outstanding as of the Exercise Date applicable to such Offering Period.

* * * * *

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

1. Registration Statement (Form S-8 No. 333-260933) pertaining to the Expensify, Inc. 2009 Stock Plan, the Expensify, Inc. 2019 Stock Plan, the Expensify, Inc. 2021 Incentive Award Plan, and the Expensify, Inc. 2021 Non-Qualified Employee Stock Purchase and Matching Plan, and
2. Registration Statement (Form S-8 No. 333-260934) pertaining to the Expensify, Inc. 2009 Stock Plan and the Expensify, Inc. 2019 Stock Plan;

of our report dated March 30, 2022 with respect to the consolidated financial statements of Expensify, Inc. included in this Annual Report (Form 10-K) of Expensify, Inc. for the year ended December 31, 2021.

/s/ Ernst & Young LLP

San Francisco, California
March 31, 2022

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

PURSUANT TO RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AS ADOPTED
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David Barrett, certify that:

1. I have reviewed this Annual Report on Form 10-K of Expensify, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. [Omitted];
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ David Barrett

David Barrett

Chief Executive Officer

(Principal Executive Officer)

Date: March 31, 2022

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

PURSUANT TO RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AS ADOPTED
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Ryan Schaffer, certify that:

1. I have reviewed this Annual Report on Form 10-K of Expensify, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. [Omitted];
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Ryan Schaffer

Ryan Schaffer

Chief Financial Officer

(Principal Financial Officer)

Date: March 31, 2022

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

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

(i) the Annual Report on Form 10-K of the Company for the year ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

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

/s/ David Barrett

David Barrett

Chief Executive Officer

(Principal Executive Officer)

Date: March 31, 2022

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

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

(i) the Annual Report on Form 10-K of the Company for the year ended December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

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

/s/ Ryan Schaffer

Ryan Schaffer

Chief Financial Officer

(Principal Financial Officer)

Date: March 31, 2022